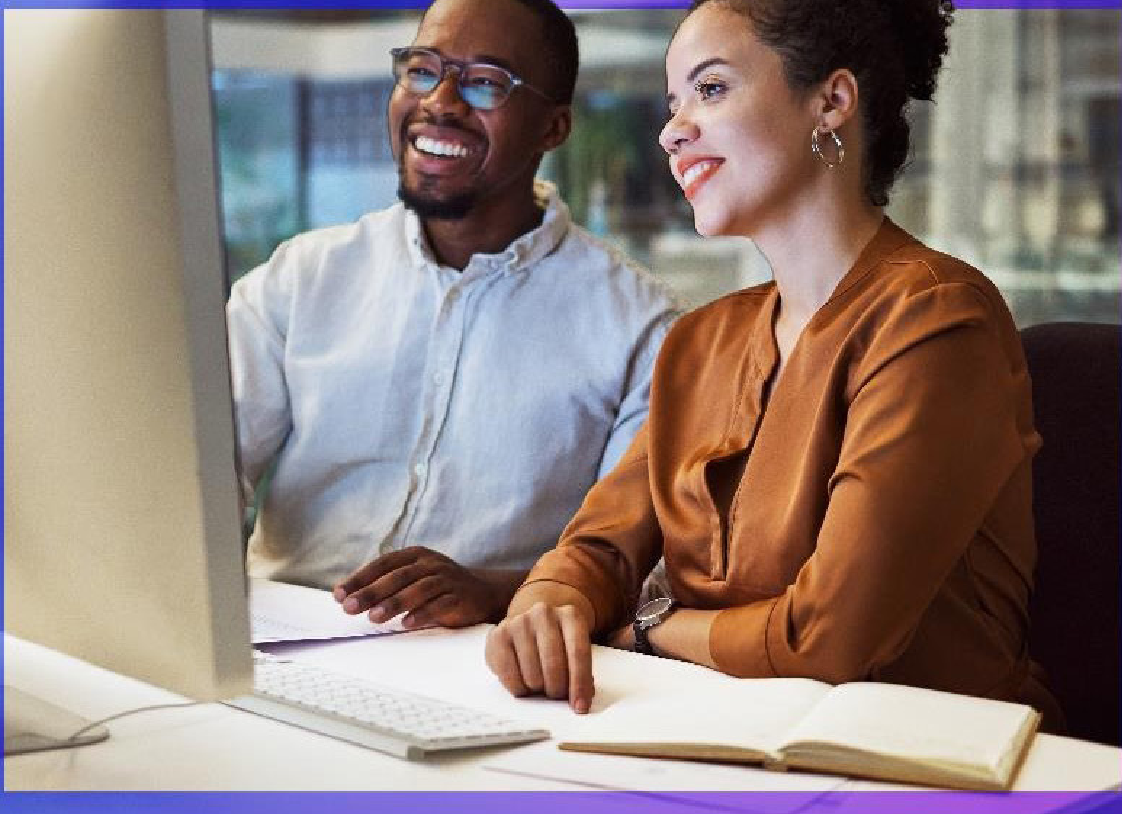
KPMG | MILLS & REEVE

Radical Collaboration
A Playbook

July 2025



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Introduction

This report is one of the key outputs for Universities UK's (UUK) transformation and efficiency taskforce which was established in December 2024 to understand where further opportunities for universities to save costs and transform their operations exist. It has become clear in this process that one of the greatest opportunities lies in collaboration – in building on what exists and in finding novel ways to deepen partnerships across the sector. The taskforce, which I chair, has produced a report that sets out the key opportunities for the sector to pursue and we have been working with key partners on producing guidance to unlock these opportunities.

KPMG and Mills & Reeve have been engaging with the sector and drawing on their own expertise to explore medium to long-term structural change and different models of operating, and the barriers and complexities which must be overcome to drive collaboration. This report marks an important step in moving us towards deeper collaboration. Like the wider taskforce's work, it is guided by conversations with the sector and learning what has come before. It sets out the principles and practical steps for the sector engage in new ways of structuring themselves to continue to deliver world-leading higher education. It acknowledges the importance of choice for higher education providers but also sets out the conditions for success that Government can help create.

Our sector's strength lies in its diversity. Our universities give students choice on what and how to study. They find unique ways to tackle society's most pressing problems and engage with the needs of their local communities. They must also lead on how new ways of operating can best serve their visions and missions, as well as drive cost savings.

I know through my engagement with leaders across the sector that there is great appetite to pursue new radical forms of collaboration but people don't always know where to look. That is why I know that this will be an invaluable resource for those considering how to rethink collaboration. I urge executive and non-executive leaders – whether they're actively looking for new forms of collaboration or not - to use this playbook to catalyse new thinking.

I would like to offer my sincere thanks to KPMG and Mills & Reeve for producing this critical resource, and for how they have supported the taskforce's work.

Nigel Carrington

Chair, UUK's Transformation and Efficiency Taskforce

Get in touch

If you would like to follow up on any of the issues in this report, please get in touch.

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Mills & Reeve and KPMG would like to sincerely thank everyone who has contributed to this report

A Perspective

Higher Education has not always looked as it does now. It has been different, and so it will be different again. But imagining change and thinking about how to shape, lead and implement it are difficult. It involves analysis and creativity at the intersection of policy, funding, culture and strategy. At a time of intense challenge for universities, this report offers both commentary and a toolkit for change.

English Higher Education has been transformed three times since the second world war. The first transformation came in the later 1950s and 1960s when the number of universities rose to nearly 40 as 'plate glass' universities like Warwick, Kent, UEA and York, and Colleges of Advanced Technology including Bath, Loughborough and Surrey were founded. The second followed the abolition of the binary divide between universities and polytechnics in 1992 which increased the number of universities to about 90. The third came after 2000 when the number of universities rose to about 150 as degree awarding powers were extended and new, for-profit providers appeared.

Change flowed from social, economic and policy conditions The first wave was associated with major changes: the growth of white-collar jobs, the success of the 1944 Education Act which increased demand for education, the introduction of student grants and, often overlooked, the abolition of National Service. The second was associated with the collapse of manufacturing and growth of the service economy, the impact of the raising of the school leaving age, and the willingness of polytechnics to expand in the 1980s. The third was associated with the digital revolution in workplaces which increased demand for graduate level employees, the Blair Government's aspiration to increase participation and the desire of graduate parents to see their children progress to HE.

As this KPMG - Mills & Reeve report makes plain, powerful factors are driving change in higher education: technology, the landscape of employment, demographic changes, an apparent weakening of the graduate wage premium, and the persistent weakness of the economy. Governments, here and elsewhere, are no longer willing or able to pay for all the services - for which demand exists, including HE. One telling quotation is that: 'the [whole] country's going to have to deliver a lot better for less through far fewer organisations that have target outcomes'. It's a line which policy makers and leaders should clip, save and remember.

The pressure on universities is intense. The sector as we currently know it cannot continue because circumstances have changed again. Something – structure, costs, participation, institutional form – must give. Addressing the crisis in university budgets demands more than adaptive efficiencies or belt-tightening before expansion can 'get back on track'. This report argues that government can and should create conditions for a sector better structured to deliver a sharper combination of research excellence, teaching quality, broad participation and economic growth. But the body of this report is addressed to leaders across the sector.
As in previous transformations of higher education, leadership matters. The structures which will take the sector forward will be based as much on what institutional leaders do as on the government's policy framework. Change demands leadership. Leadership demands creativity and imagination informed by clear analysis of what is possible. One of the underlying themes of this report is that the templates for radical collaboration often exist only in outline: we do not yet have models of 'Multi-University Trusts', or effective FE/HE structures. This report, based on deep analysis and presented thoughtfully and accessibly, outlines the toolkit of ideas, concepts and questions which will help leaders shape different futures for their organisations.

I have a personal investment in questions of merger and institutional form. In the 2010s, I was Director of the Institute of Education, University of London, a post-graduate research-led institution which had a history of financial crisis. Following the reforms to university funding in 2010, the IOE faced further challenge. In 2014, when the IOE was ranked top in the world in the QS subject rankings, my board chair, my chair of finance, my chief operating officer and my director of finance and I concluded that although the IOE could remain financially sustainable, it could not do so at the levels of quality and influence on which our strategy depended. We took the decision to merge with UCL. Ten years on, the IOE is still ranked first in the world, and it no longer experiences periodic financial crises. I have no doubt that the decision to merge was strategically correct. But that did not make it any easier.

"Change, as we all know, is difficult, and we need all the help we can get."

Professor Sir Chris Husbands
June 2025

Professor Sir Chris Husbands undertook senior roles in universities for more than two decades, most recently serving as Vice-Chancellor of Sheffield Hallam University from 2016 to 2023. He is now a Director of Higher Futures.

The higher education landscape in the UK is changing because it must. This report is a timely, astute and constructive intervention to offer solutions to the sector that prioritise innovation over homogeneity, and should help to safeguard that all-important breadth of choice that students and lifelong learners need today, tomorrow and in the years to come."

Independent Higher Education

This report will serve as a useful guide as institutions navigate the challenging financial landscape and consider new strategic collaborations. It rightly highlights how ensuring these efforts are supported through the right policy and regulatory structures will be crucial. Key to this will be effective coordination across DfE, DSIT, OfS, Skills England and local government. For these bodies to help encourage innovative approaches they will also need to foster trusted partnerships with institutions that can support collaboration whilst protecting institutional autonomy."

The Russell Group

We at GuildHE really appreciate that this 'playbook' is just that - a very practical, easy to understand toolkit that colleagues could use as the basis for thought exercises or other efforts to start mapping out potential collaborations in terms of size, shape, and function. It's very much the sort of detail-oriented, practical 'how to' that we're in dire need of across the sector, so helps to uniquely advance work in this space. We absolutely welcome it and plan to add this toolkit to our own workshop series focused on supporting our members through these challenging times."

GuildHE

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Why now?

The Higher Education context

Research, education and skills are fundamental to the success, security and future prosperity of the United Kingdom. They underpin the English Government's Modern Industrial Strategy[1] and are core to the place-based strategies of Mayoral combined authorities and more widely to a better balanced UK economy. Research and Innovation are fundamental to the UK's global competitiveness and to attracting inward investment. All of this is key to unlocking the UK's productivity puzzle.

Notwithstanding the importance of our universities to the life and economic success of the nation, the landscape of higher education in the United Kingdom is shifting. Universities are facing existential challenges, with the financial and operating sustainability of institutions becoming increasingly uncertain. Universities are facing a myriad of challenges:

- Rising costs, including fixed costs that are out of individual entities' control, including pay agreements and mandatory pension obligations, but stagnant levels of income from tuition fees

- A complex and shifting political landscape, meaning areas such as immigration and international students are under intense scrutiny

- Increased competition between institutions but also from alternatives, including online players, private sector and work-based options

- Government and regulatory scrutiny focusing on value for money, graduate outcomes, drive for regional hubs and smarter and applied education choices for students

How to respond to these challenges is the top agenda item for Vice-Chancellors, boards and Senior Leadership Teams. How to do more on widening participation; how to continue to contribute to economic growth locally, regionally and nationally; how to build on a strong civic role as an anchor institution; raise the bar on teaching and student outcomes and do all this within a funding envelope that is reducing in real terms, in real time.

Part of the answer to solving these challenges must be to shift the focus onto medium- and longer- term solutions as well as traditional efficiencies. The emphasis is moving beyond ***'doing what has always been done, more efficiently'*** to looking at structural change and different models of operating. The perennial conversations on shared services; mergers and more structured collaborative models are once again on the agendas of many University boards.

There is no doubt that financial sustainability is providing the impetus to consider transformational changes, but financial efficiency is not the only driver. To meet the diverse needs of a rapidly evolving society it seems only right to challenge the wider tertiary education sector on whether the current model – based on institutional autonomy and competition – meets the needs of the local economy, potential and current students and the wider needs of industry in the most effective way. It remains a complex landscape to navigate.

To stay relevant, and adapt to the forces impacting the sector, institutions are starting to explore bold solutions which may include forms of radical collaboration and consolidation. However, by their very nature many of these models of collaboration require the involvement of a number of parties, they are complex, culturally difficult and there are few case studies or guidance for institutions and their leaders to draw on. This paper, jointly curated by KPMG and Mills & Reeve, seeks to move the conversation beyond the theoretical and explore the *why* but also the *what* and the *how*.

[1] Invest 2035: the UK's modern industrial strategy - GOV.UK

Navigating the complexities of any form of collaboration requires careful planning, strategic execution, and a deep understanding of the unique challenges and opportunities involved. Mills & Reeve and KPMG have therefore drawn on their experience of advising on recent sector mergers, and more widely on other radical collaboration projects, in both higher education and beyond, to provide a roadmap for universities contemplating structural collaboration, guiding them through some of the challenges and opportunities that need to be navigated.

Over the next pages, we explore how potential models for strategic collaboration could be structured, alongside illustrative case studies and examples from within and outside of the sector. Collaboration is a spectrum and we'll deep dive into the range of options, explore what they would look like, the strategic drivers and key considerations of each.

Although not an easy option, if innovative solutions are needed to stabilise the future of universities, perhaps mergers and other forms of radical collaboration need to be viewed in a different light: not just a quick fix to the current financial pressures, but as strategic initiatives aimed at ensuring the long-term sustainability and relevance of the UK higher education sector.

The models in this report are not the only ones, nor will everyone agree they are the right ones.

We hope that putting flesh on the bones of options will move the discussion forward and provide helpful stimulus to the wider sector; individual HEIs and their leaders; policy makers and regulators.

We knew that there would be challenges in what we needed to do, but we didn't want to be custodians of failure. We wanted to change it and we wanted to do something different because it's pointless just picking up the same problem with not having the tools to do anything about it."

Gareth Lawrence
CFO Mersey & West Lancashire, NHS Trust

01 Guiding principles for collaboration

In creating this report, we have spoken to a wide range of stakeholders and looked at many examples and case studies. There is a very clear level of consistency on 'what "good" looks like' and what needs to be considered in entering in any form of collaboration across organisational boundaries.

Why

Your 'North Star' will be the parties' shared vision and strategic fit

Strategic intent

Do we have real clarity on WHY we are doing this? What are the strategic intentions and desired outcomes?

Focus on the beneficiaries

What will this mean for our students, staff and other stakeholders? Do these plans align to the strategic aims of local, regional or national economic growth and impact?

Create and communicate a strong, clear vision

From the start, everyone should understand the compelling strategic rationale behind the collaboration, the transition process and the expected changes, and be encouraged to engage in two-way feedback to increase the sense of involvement

This is a **long journey**, not a quick fix so plan your strategic vision accordingly

Who / What

Cultural compatibility and aligned values are key to making any strategic collaboration work

- Radical collaboration requires **leadership of the highest order** and an ability to put the future of the students at the institution before personal loyalty or interest
- Do all parties have the **right leadership with the right skills** to make this happen?

There has to be a driver to make it different, otherwise you're just banging two things together and hoping you make something new. What is that? What is that thing? What's going to make it different? What's going to change it? What's going to make it stronger than it was as two separate entities?"

Gareth Lawrence
CFO Mersey & West Lancashire, NHS Trust

The vast majority of FE mergers have been through failure and have had to have some kind of support or intervention in order to make them happen. And that comes from the fact that, when it comes down to it, Principals and CEOs and boards of governors find it almost impossible to dissolve themselves and make themselves redundant before they're forced to."

Colin Booth
Chief Executive, Luminate Group

How

How do we ensure we have sufficient capacity and capability in our organisation to make this happen?

Do the due diligence

Giving proper consideration to short- versus long-term benefits, and carrying out robust due diligence to understand risks fully and test the plans will help the organisations set their sights on opportunities at an early stage.

Engage early

And work in collaboration with government and the regulator to flag potential issues up front and work collectively to create a route through.

Develop both the structure and people

Make sure that the new merged organisation has the resources and the skills to manage the transition process by investing in suitable capability.

Select new leaders early and let them lead

By identifying and publicising the new leadership team, the merged entity can effectively cut links with past loyalties, provide clarity on leadership and lines of reporting, building cultural alignment and engagement.

Place an emphasis on integration planning

Having a robust and long-term post-merger integration plan is essential to overcoming fragmented ways of working, legacy structures and cultural issues, thereby reducing the risk of indefinitely dual running.

Win over stakeholders and develop cultural alignment. Staff are the people that make services happen, so it is vital to overcome any resistance to change. Understanding cultural differences and how to achieve alignment is critical.

Finally

Have patience to achieve long term objectives.
Formal collaboration is highly challenging, and integration is unlikely to happen quickly. To succeed, every level of the organisation requires dedicated resources, experienced people, and strong pre- and post-merger planning, all of which take time to develop and deploy.

Enablers for collaboration

For a step-by-step Collaboration Toolkit, including a summary one page diagram, please refer to Appendix 1.

01 Why – what is your North Star?

Strategic intent: WHY are doing this?

Focus on the beneficiaries: On students and staff, on the strategic aims of local, regional or national economic growth and impact.

Create and communicate a strong, clear vision

02 Who – leadership & governance

- Leadership of the highest order
- Cultural compatibility and aligned values
- Wide stakeholder engagement
- Strong governance from the get go

03 How – making it happen

- Focus on the long term and on **integration planning**
- Do the **due diligence**
- Develop both the **structure and people**
- **Engage early** and work in collaboration with government and the Regulator to flag potential issues up front

02 Where do we start?

Phase 0: Consider the strategic landscape

If strategic alliances are going to create value, they need to be carefully thought through. Long term sustainability means contingency planning for strategic collaborations should be on the agenda of most universities, no matter what your financial position is like.

However, given the complex regulatory, funding and constitutional landscape of universities and the wider tertiary sector, it is difficult to move beyond just talking about structural changes. Of course, there are exceptions, but the issue with many of the discussions is they start with structural questions about how to collaborate, when in fact the starting point should always be focused on the strategic rationale for radical collaboration.

"Collaboration with whom, at what scale, to achieve what outcome?"

Can you see the wood for the trees?

There are many significant issues that universities are dealing with at the moment across teaching, research, commercial activity and knowledge exchange, and doing so within a rapidly decreasing financial envelope. This is occupying a significant chunk of capacity across boards and Senior Leadership Teams. Alongside this, we have increasing challenges from government around economic growth, widening participation, civic role, improving teaching standards and efficiency and transformation. But there are also seismic societal shifts that are impacting education and research: the ongoing impact of global conflict and geopolitical tensions; the impact on immigration and people flows; prioritising budgets for areas such as NHS and defence; the increasing challenge of mental health issues; changing skills needs of employers and emergent industries such as sustainable construction and the ubiquitous AI; changing skills needs within the labour market....there is a lot to navigate.

"The country's going to have to deliver stuff a lot better for less, through far fewer organisations that have targeted outcomes that work for the economy."

FE Chief Executive

It feels like we are in the eye of a societal and industrial revolution. We would argue it is easy to feel an overwhelming instinct to batten down the hatches and focus on the day-to-day demands involved in running a complex organisation such as a university.

But it's important to look up and out, and in doing so ask some fundamental questions:

- Who are our stakeholders and what are their needs now and in the future?
- Does our strategy meet the needs of both our current and future students?
- How is our approach responding to the economic demand, the future of work and skills needs locally, regionally and nationally?
- What is our role in driving economic growth and are we delivering on that?
- How will we adapt to the technological revolution coming down the track?
- What kind of education is needed now and in the future?
- Why is what we are doing now the right answer?
- What do I need to stop doing?

This is not exhaustive, nor we hope controversial, but it is only by establishing a clear strategic direction that the questions relating to, collaboration, partner and/or structural form can be addressed.

How do we deliver our strategic North Star?

Once the desired strategic outcome is clear, then the next step is understanding the range of options open to the organisation, and establishing a process to assist executive teams and boards in understanding which approach is right for them and their institution to deliver the right outcomes.

This strategic options appraisal is not a process that should be rushed, and the approach will vary for each institution but should broadly follow the approach below:

Diagnose

What are the desired outcomes; who will benefit and what are our drivers?

- Define the desired end result (not end state) and outcomes
- Understand your institutional red lines: positive and negative ('because we are XXXX, we will / will not...')
- Develop prioritisation criteria against which to consider options.

Ideation

What are the range of options that could be pursued to deliver the desired outcome?

- Identify and build long-list of potential collaboration and delivery options to achieve desired outcomes (including 'as is')

Assess

What are the potentially attractive options for us?

- Map against your prioritisation criteria and red lines
- Understand what the remaining options look like; benefits; drawbacks; deliverability; cost to deliver etc.

Design and execute

What is needed for successful implementation?

- Business case; implementation roadmap; post-merger integration design; internal capacity (see 'roadmap' in Appendix 1)
- Legal and financial advice

So, while structural change will almost certainly be needed to deliver on the required efficiency changes across tertiary education, it is primarily a delivery vehicle for a strategic outcome. The desired impact on learners, on place, city or region and on productivity should always be front of mind when answering the question – why are we doing this? Or indeed, perhaps a more pertinent question:
Why wouldn't we do it?

You have become part of our community and we're richer for the merger."

James Rolfe
Chief Operating Officer,
Anglia Ruskin University

How to navigate this report

Strategic forms of collaboration exist on a spectrum. Over the next few pages, we will unpack this in more detail, looking at:

01.
The broad range of options available to organisations.

02.
Explore in detail a range of collaborative options that go beyond informal agreements to work together, and move towards contractual integration; sharing of risk and reward and ultimately corporate integration.

03.
When and how might they be appropriate; advantages of each and key issues to consider including legal, financial and regulatory.

04.
We will then deep dive into two potential models: a federation and a group structure applying a specific (though hypothetical) regional lens to bring it to life with the City of Newtown and its resident educational establishments.

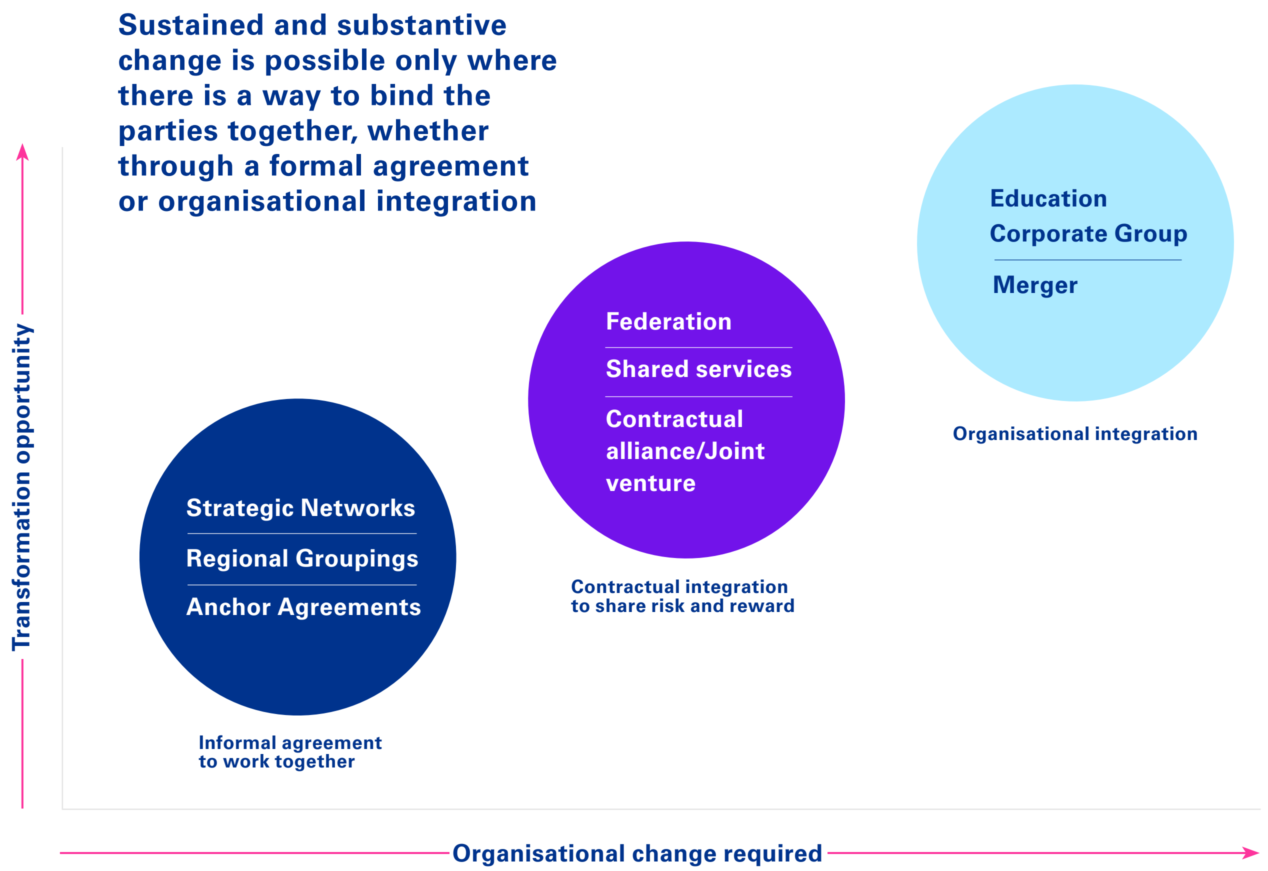
05.
We will then explore where the challenges and blockages are to more systemic collaboration, including asks of the sector, government and policy and regulation.

06.
Finally, in Appendix 1 we will unpack the Collaboration Toolkit in more detail to provide what we hope is practical guidance to the sector.

03 What collaborative models are open to us?

In considering different models it is useful to think about the range of options available and balancing their potential to deliver transformational change or different outcomes against the organisation's ability to deliver effectively.

The below diagram gives an overview of some broad types of collaborative options and their relative complexity.



Currently the majority of collaborative activity in the sector sits in the bottom left corner of the diagram. Many of these softer forms of collaboration have significant value and there are of course many nuances to the models – a federated model could also be an organisational integration for example.

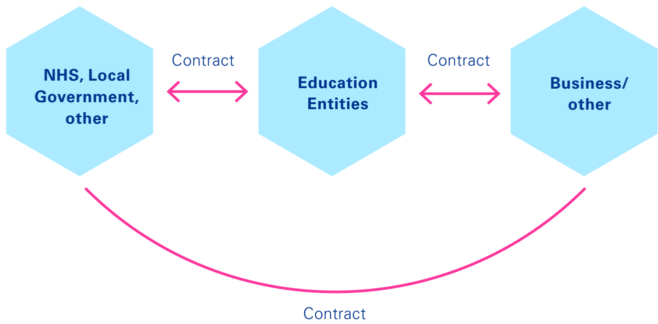
However, given the need for changes across the sector, the purpose of this document is to explore harder forms of structural collaboration. If we are to talk about Group structures, mergers or federations we need to agree what we mean. The section below provides a high-level description as to what some of the 'harder' forms of collaboration might look like.

> **Trying to corral multiple HEIs across different agendas is very challenging. Until we address that, and work how to effectively engage we are not going to maximise the growth opportunity for our region."**
>
> **A Mayoral Combined Authority**

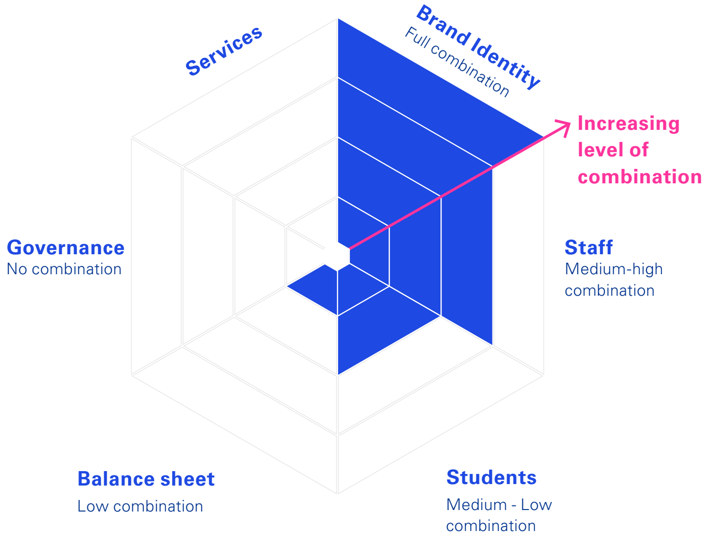
Structural models: an overview

What might these radical collaboration models look like?

Radical Collaboration key to degrees of combination:
Diagram key

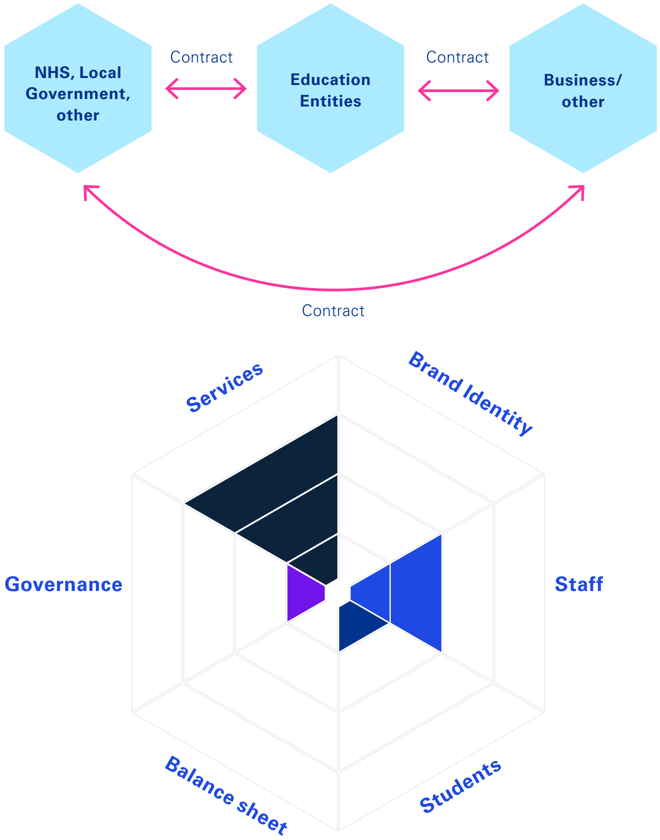


On the following pages you will see structural diagrams representing how the entities will be arranged and related in the different models of radical collaboration.



Each structural diagram will be paired with a diagram like the one above showing the level of combination for each one of six key metrics: Brand Identity, Governance, Services, Staff, Students, and Balance Sheet.

Contractual Alliance Model



As the lightest touch form of collaboration, it is not surprising that this is also the most prevalent across the sector. Contractual alliances can include setting up a jointly owned legal vehicle to funnel the activities through or the parties can operate via a contract. Contractual collaborations have been widely used across the sector for decades. A few examples include contractual alliances for jointly owned medical schools (such as the Kent and Medway Medical School), the Bloomsbury Learning Exchange, a digital education service, which exists to share effective practice between its six HE partners in Bloomsbury and enable collaboration on technology enhanced learning projects and the White Rose University Consortium which supports individuals across York, Sheffield and Leeds Universities through career development activities. This includes Mission Groups; regional grouping such as London Higher and Yorkshire Universities, where separate legal entities have been established to deliver against specific remits. But there are also examples such as Falmouth University and the University of Exeter, who have outsourced the management and delivery of facilities and other services to FX Plus, a jointly owned subsidiary company.

In brief

1

Structure

Organisations form a Contractual Alliance to reflect enhanced radical collaboration which may relate to shared services, sharing executive management, secondments or staff, facilities, student support etc.

2

Governance

Each constituent organisation remains independent and self-governed with limited accountability to the other organisations in the Contractual Alliance. There is no overarching "parent" entity: instead a joint steering Group with delegated decision-making powers may oversee and monitor the arrangements.

3

Brand Identity

Each constituent organisation would retain its own identity and brand. The Contractual Alliance would have the flexibility to develop some overarching branding to reflect the collaborative relationship among the entities.

4

Balance Sheet

Each constituent entity will maintain its own balance sheet and may pool funds to support the collaborative venture and/or share any profits arising (for example through a 'joint operation'). The nature of any arrangements would need to be assessed for accounting purposes - for example to determine if there are revenue or lease components, or VAT issues, of shared service and property arrangements.

5

Staff

Each constituent entity will employ its own staff, however the Contractual Alliance could provide opportunities for secondment of staff among the constituent organisations. Executive management roles could be shared across the Contractual Alliance (subject to managing pension and other employment issues).

6

Students

Each education entity will have its own cohort of students. Student experience may be enhanced by more efficient services, such as student support, provided by the Contractual Alliance. Contractual Alliance could be set up to enhance student opportunities across the Group including placement opportunities, and dual degrees and other shared module options.

7

Services

Facilities, back-office services, student support services could be shared via contractual arrangements within the Contractual Alliance providing opportunities for efficiencies.

Case study

Yorkshire Universities

"

Post-Brexit... The feeling was industrial strategy, a focus on place and on the importance of place was critical... And what we have absolutely majored on is a new mission and a new strategy and a new vision which is how do our universities contribute towards the success of Yorkshire economically, socially and environmentally and within this landscape... How do we encourage that collaboration within Yorkshire and be the voice for our members nationally as well?"

Dr Peter O'Brien
Executive Director,
Yorkshire Universities

In brief

Yorkshire Universities is a regional partnership of twelve Higher Education Institutions, using their collective influence to strengthen knowledge, skills and civic leadership in Yorkshire.

Why is this relevant?

It is an example of a mature **contractual alliance model using a joint venture company:**

- It is a registered charity and limited company with an independent board made up of the vice-chancellors from the member institutions. This provides a structured and regulated framework for its operations.
- The subscription formula is based on the turnover of member universities, ensuring proportional contributions to its funding.
- Yorkshire Universities employs a mix of permanent staff and self-employed consultants, allowing flexibility and expertise across various projects.

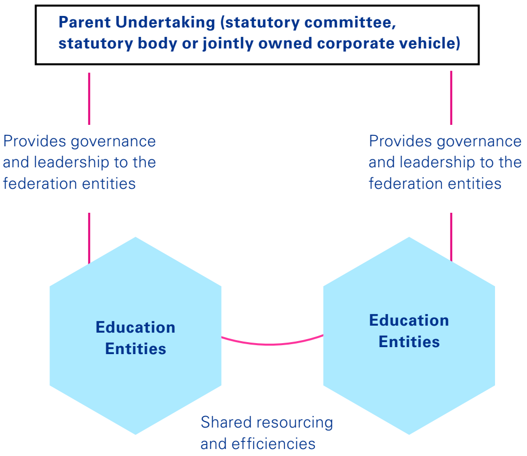
Key takeaways

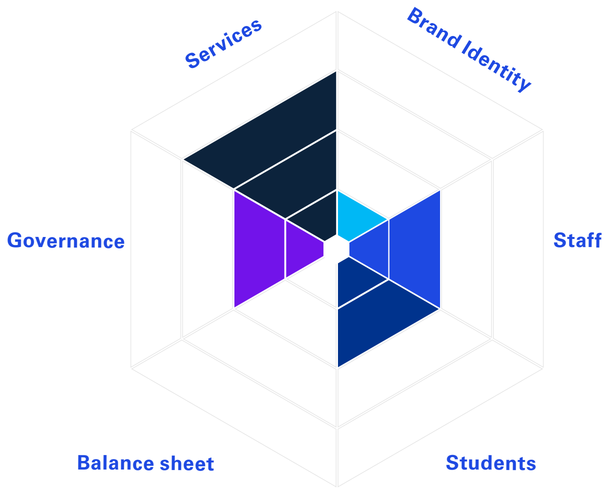
Examples of activity include:

A focus on graduate employment and employability, which led to the creation of the **Graduates West Yorkshire** programme to better connect graduates with labour market opportunities, particularly with SMEs.

- Close collaboration between Yorkshire Universities and its regional mayoral combined authorities on research and policy projects, some funded by Research England. These projects aim to provide evidence and data to support regional development and investment.
- Policy fellows are embedded within mayoral combined authorities to help identify and address evidence gaps for regional development projects.
- It has recently signed a 'compact' with the West Yorkshire Combined Authority covering areas including regional innovation, economic growth, skills and employment, global connections, and addressing complex challenges.
- They support leveraging the universities' combined international connections to support trade and investment missions, enhancing the region's global competitiveness.

Federation





Federation is a term and structure that has existed for some time in England, especially across the school sector and some parts of HE and FE, but is also common outside England as our case studies (below) demonstrate. The University of London is a prime example of a federated model in HE that provides a flexible model delivering an agreed and evolving set of services to its members.

There must be a clear, agreed purpose to the collaboration – the vision needs to be shared and supported by both collective and individual KPIs for parties. If there are no clear objectives, progress will stall. If the driver behind the collaborative model is cost savings, to gain traction there need to be demonstrable early wins/savings to generate support"

Professor Philip Nolan
Professor at Maynooth University
(National University of Ireland Maynooth)

In brief

1

Structure

Education entities remain as independent self-governed institutions and (to the extent permitted under charity law and constitutionally) transfer some leadership and governance powers to a parent undertaking which oversees some governance and leadership across the Federation, and orchestrates shared services and other efficiencies across the Federation. In the absence of legislation, the 'parent undertaking' will likely be a company limited by guarantee (with charitable objects aligned to the education entities in the Federation) but could be a statutory body if relevant legislation is introduced.

2

Governance

The level of control over governance and leadership ceded to the parent undertaking within the Federation to be agreed at the outset and will be subject to constitutional and charitable powers.

3

Brand Identity

Each education entity (HE Provider, FE College etc.) continues to exist as a separate organisation with its individual branding and identity, whilst also adopting the branding of the Federation.

4

Balance Sheet

Each education entity will maintain its own balance sheet, albeit the nature of the parent undertaking and the degree of control it has over the education entities may lead to consolidation of the accounts of the education entities with those of the parent undertaking for reporting purposes.

5

Staff

Each education entity will employ its own staff, but some staff may be employed to work within the parent undertaking e.g. CEO/President, CFO, COO - query the extent of executive function required in the parent undertaking for the Federation. It is possible to align employment terms across parts of the Federation.

6

Students

Each education entity will have its own cohort of students e.g. a HE Provider may have a cohort of undergraduate students, a FE College may have a cohort of HND students. There may be options for students to transfer, study dual degree courses or multiple modules across the Federation.

7

Services

Subject to procurement and other considerations such as VAT services such as IT, payroll, HR may be shared among the constituent education entities within the Federation.

Case study

A global example

In brief

KU Leuven Association

Why is this relevant?

The KU Leuven Association is an example of a regionally based strategic collaborative alliance of higher education providers, designed to promote greater cohesion and innovation across a diverse range of institutions.

From 2025 until 2028 the Association has five strategic priorities

- Realising a future proof education portfolio;
- Strengthening compulsory education;
- Realise an inclusive diversity policy;
- Expanding lifelong learning; and
- Strengthening (health)care

The detail

In 1994, the structure of higher education providers in Flanders underwent significant reform following legislation enabling the creation of larger entities to enhance efficiency and to achieve a more rational spread of degree programmes. The reforms were designed to stimulate research and greater internationalisation of university colleges. The reforms led in part to the merger of approximately 164 university colleges into fewer, larger organisations.

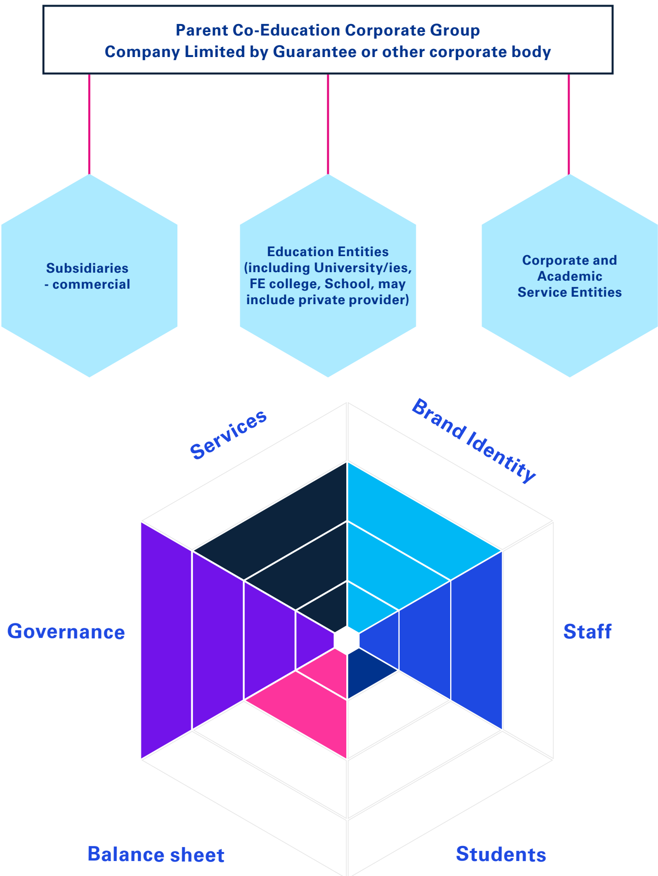
The KU Leuven Association network comprises one university (KU Leuven), four university colleges (VIVES, UC Leuven– Limburg, Odisee and Thomas More) and one school of Arts (Luca School of Arts). The network has 23 campuses located in Flanders and Brussels. The network currently employs approximately 22,000 staff and has over 116,000 students enrolled which is a 42% market share in Flanders.

Institutions pool resources, operating with a €6 million annual budget to cover things such as shared (technical) services, projects and research. Examples include: a shared IT backbone in areas such as Student Life Cycle Management and Learning Environment; libraries; and other ad hoc projects. The association also receives an additional €26 million annually from the Flemish government to fund various responsibilities that they have placed onto higher education associations, including industrial research and student sport activities.

Key takeaways

The KU Leuven Association enables partner institutions to pool resources, align programmes to improve student mobility, develop joint courses and exchange learning materials. The Association affords partners the opportunity to innovate and coordinate research collaboration. KU Leuven focuses more on strategic fundamental research, the university colleges on Applied Research.

Education Corporate Group



As we move up the complexity curve in our diagram above there are fewer examples to draw upon from within the university sector, though clearly corporate Groups will be familiar to many. Many private providers operate an efficient Group structure, and we can see this reflected in the Kaplan Group structure as well as the Galileo Group structure highlighted in the Regent's University, London case study later in this report. Being within the ambit of a parent umbrella provides an opportunity for greater strategic alignment across the Group, control over the direction of the Group and some local governance and academic oversight. However, knitting the 'family Group' together, especially where there are different types of provision across the Group, is likely to be challenging for many reasons. In reality, most corporate education Groups in the education sector have grown explicitly through takeovers or through establishing new branch campuses. However, there is potentially scope for this type of model to gain some traction as Groups of universities are looking to formalise new ways of working together in response to the current challenges.

We have a few rules and clear boundaries. So, we do a lot of work on being a values-driven organisation... if you go into one of our colleges, you'll find a strategy and approach that varies from college to college. The values are the same, but there are very few policies and rules that drive exactly what people do.“

Colin Booth
Chief Executive,
Luminate Education Group

In brief

1 Structure

A new corporate body ("Education Parent Co") is formed as the 'parent' of the Education Corporate Group to oversee the operations across the Group including education entities, commercial subsidiaries and corporate and academic service entities. Capacity for new entity to be established as the Education Parent Co, or for existing HE Provider to act as Education Parent Co (possibly on an interim basis). Each organisation within the Education Corporate Group cedes control to Education Parent Co but maintains academic control and other local governance oversight through separate boards and committees.

2 Governance

Education Parent Co will have educational objects consistent with the objects of the education entities which are also wide enough to incorporate cradle to grave education provision across the Education Corporate Group. Nimble overarching board at Education Parent Co would be responsible for the overall strategic direction of the Education Corporate Group. Academic governance would be overseen through academic councils for each different education level (eg: HE, FE, schools etc).

3 Brand Identity

The Education Corporate Group would have a brand and identity, which individual members will adopt, with the flexibility of maintaining local branding and identity across the Group.

4 Balance Sheet

Each member of the Education Corporate Group will have its own balance sheet but would be consolidated with the Education Parent Co's accounts for reporting purposes, where the Education Parent Co controls the education entities.

5 Staff

- Flexibility for centralised employment across the Education Corporate Group through corporate service entities or otherwise.
- Alignment of employment terms where relevant.

6 Students

Students would be registered with the relevant education entity with flexibility to study across the Education Corporate Group where applicable.

7 Services

Centralised shared services. Intra Group arrangements including VAT grouping would need to be considered.

Case study

Coventry

Why is it relevant?

Coventry University Group structure is an example of an evolved 'Education Group' structure designed to support continued engagement in education from 'cradle to grave' to support learners and their progression through to higher education and to widen participation through delivery across different geographical locations and a range of disciplines.

Background

In 2023 Coventry University Higher Education Corporation had a total of 11 UK subsidiaries and a further five international subsidiaries. As part of its 2030 Strategy, the University sought to develop a "Global Education Group" with one parent entity – Coventry Education Group ('CEG') – controlling the strategic direction of the Group while also providing localised academic independence to institutions within the Group. Given the regulatory regime, it will take time to fully establish the Group and a separate organisational vehicle to act as 'CEG', so initially Coventry University itself will act in that capacity.

The Group is to be made up of:

- Higher Education providers, both UK and overseas
- Universities, both physical and on-line
- FE colleges
- Schools (MATs), recognising that the Group can sponsor MATs
- Training providers
- Corporate and professional service vehicles

In line with the University 2030 Strategy, the educational entities will have freedom to focus on their specific missions and adapt their approach to suit regulatory requirements and student needs, while also benefiting from the mutually supportive Group model structure. This model prepares the Group to diversify across education, research and knowledge transfer fields, benefit from economies of scale and cost management as well as being equipped to be a truly global education provider.

The detail

In developing its approach, the University considered the balance between parent entity control and institutional autonomy. CEG has controlling votes over each entity within the Group in respect of certain strategic matters, with each entity transferring surpluses to the parent and buying central services from the parent.

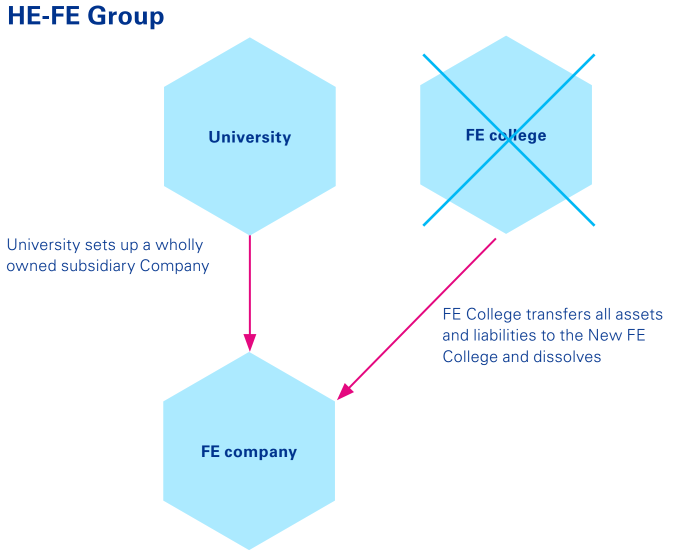
Entity Boards of Directors will be considered sub-Boards of the Group Board, reporting on matters such as finance and academic quality. Entity Boards will:

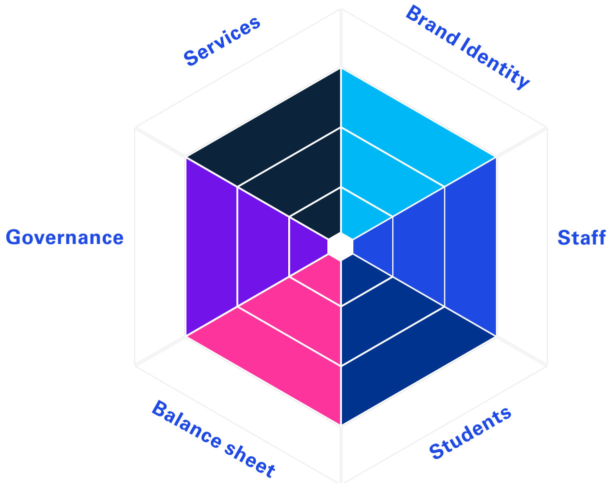
- Approve and submit their own statutory accounts;
- Be subject to external audit;
- Be responsible for the quality of the student experience;
- Be responsible to the University for the safeguarding of standards prior to achieving their own Degree Awarding Powers ("DAPs") and whenever using University DAPs; and
- Be directly responsible to their regulators and accrediting bodies.

Key takeaways

In moving to this target structure, as well as the various intermediate states, a wide range of legal, commercial, financial and tax issues have been considered. These have included looking at the possible mechanisms of strategic, governance and managerial control that CEG can exert over the other entities and how a new entity could be the parent of a University. Obtaining DAPs for several Group entities, determining the flows of funds between entities and the impact on the Corporation Tax status of each entity, including profit allocations, have been issues to overcome. One of the key difficulties has been aligning the different regulatory requirements across a multi-faceted education Group that offers a diverse portfolio of delivery.

Merger – The HE-FE Group





This is a known structure within the sector having been prevalent during the FE area review period of consolidation with several Universities taking on FE provision, including University of Derby; the University of Greater Manchester; London South Bank; Coventry University; the University of West London and Anglia Ruskin University.

In brief

1

Structure

A University will incorporate a wholly-owned subsidiary company (the “FE Company”) which has sought section 28 designation from the Secretary of State. An existing FE College will transfer all of its assets, liabilities and students to the FE Company. Once the transfer of assets and liabilities is complete, the FE College will dissolve and cease to exist.

2

Governance

The University and the FE Company will each be separate legal entities with their own board of governors. The University may exercise some light touch oversight and control over the FE Company.

3

Brand Identity

Both the University and FE Company have the flexibility to retain their own branding and identity where required.

4

Balance Sheet

The University and the FE Company will each have their own balance sheet, but these will be consolidated for reporting purposes with the University as the parent entity.

5

Staff

Staff will be employed by the FE Company although services (including staff services) will be provided by University. Employment terms may be aligned if practicable.

6

Students

The University and the FE Company will each have their own cohort of students.

7

Services

Centralised services and shared facilities. Intra Group service arrangements to be put in place and VAT issues to be considered.

Case study

Anglia Ruskin & Writtle College

Why is it relevant?

Anglia Ruskin University (ARU) and Writtle University College (WUC) merger: this is an example of a model B higher education merger whereby WUC transferred its higher education activity to ARU.

HE/FE merger – this is also an example of an HE/FE merger as WUC transferred its further education activities to a wholly owned subsidiary of ARU, Writtle College which was established to operate the newly formed further education college.

The detail

The higher education merger took place by virtue of an order granted by the Secretary of State under the Education Reform Act 1988. WUC's further education merger took place by way of a business transfer, once Writtle College (a subsidiary of ARU) received designated status under the Further and Higher Education Act. Where it was unclear if an asset or liability was part of the HE or the FE undertaking, it was transferred to ARU to be dealt with post-merger.

Writtle College is a separate FE college within the ARU Group. It retains some autonomy but benefits from support, guidance and centralised services from ARU, allowing it to benefit from efficiencies whilst it builds its FE provision.

HE Students of WUC were given the opportunity to receive a degree award from WUC post-merger, as ARU was able to use the WUC trading name on its degree certificates.

Writtle College governance arrangements were carefully structured to enable ARU to have an input into decision making but not have majority on the FE board.

ARU has welcomed the Chair of Writtle College's board to be a member of its Governing Board to ensure sufficient FE experience on the board.

Key takeaways

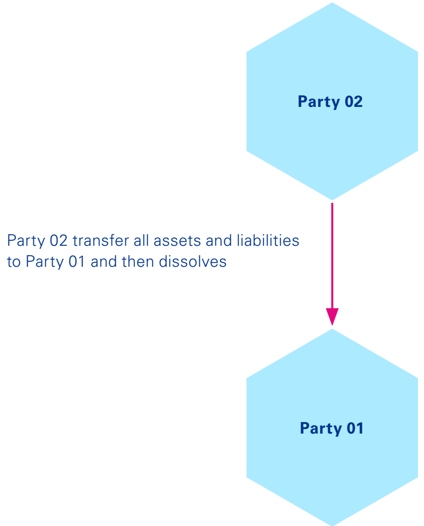
- Be really open about the opportunities and the challenges with your Board so that they can be clear about where their red lines are, because once you know where your Board's red lines are, you can work within them and that helps drive some of your negotiations
- Due diligence – avoid going down rabbit holes – make sure you know enough to make a decision but you don't necessarily need the perfect level of information before deciding to proceed with the merger. Balancing risk along the journey will be required
- Give assurances early on to your merger partner particularly around sensitive matters and don't refer to the transaction as an 'acquisition' - this is not a commercial transaction so it should be seen as a 'merger' even i f the parties are not of equal size or financial standing
- Take your stakeholders, especially your staff and your students on the journey with you
- Move at pace with a clear project plan and stick to it if at all reasonably possible. There is always a risk of losing momentum, and it's vitally important for service continuity that this doesn't happen
- Enable your management teams to work together from as early as possible to set the tone for the integration
- There is a big difference between a legal process for a merger and a cultural merger – cultural integration does not happen overnight and needs careful planning and time to settle

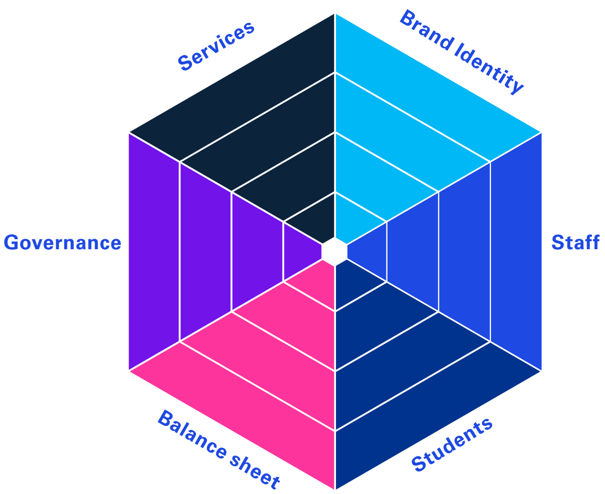
And for me, due diligence is such an easy thing to use as a basis for not doing something. And so for this one, I think the fact that the Executive were really clear that this was the right thing to be doing, and the Board were really with us from an early stage made it easier to say... 'OK, pragmatically we can do this much due diligence by this time and at that point the Board and the Executive will need to be comfortable that we're still proceeding."

Paul Bogle
Registrar,
Anglia Ruskin University

Merger – Model B (traditional merger route in HE & FE)

Model B





Further up our complexity curve there are, as it often noted, very few modern examples of a traditional merger model. Indeed, until recently the UMIST and the Victoria University of Manchester merger to form the University of Manchester in 2004, and UCL's merger with the Institute of Education in 2014 were the key HE mergers in England. Internationally, whilst financial sustainability has driven greater consolidation in the USA (especially amongst smaller private colleges) large mergers can be hard to implement successfully. For example, the ongoing merger of the Universities of Adelaide and South Australia had several false starts before the agreement to form Adelaide University by 2026.

However, the recent mergers of City, University of London and St George's, University of London and Anglia Ruskin University and Writtle University College provide more recent case studies and paradigms for implementing mergers in the sector.

> **Executive focused on the long-term strategy, operational details (short, mid and longer term to realise strategy) and negotiations. Board focused on assurance factors with a focus on ensuring that their responsibilities to the charitable objects of the University were delivered along with the long-term strategy / vision underpinning the merger. Also that the charitable objects of any merged University would be deliverable, fundable, and their individual responsibilities as Trustees could be delivered within the law"**

Professor Elisabeth Hill
Deputy President &
Provost City St George's

In brief

1 Structure

Model B mergers typically involve a university transferring its assets, business, liabilities and students to another university. Once the transferring university has transferred its undertaking (including all liabilities), it is dissolved. Given there are less steps involved in a Model B merger (as one university stays intact) it is the most common structure used for mergers in the sector. A Model A merger involves all the merger parties transferring to a newly formed institution, which is significantly more complicated and costly to achieve. Note however the wide range of legal structures of universities in England can make a model B merger extremely complicated to navigate.

2 Governance

There is only one continuing board. Usually, members from both merger parties will join the new board post merger. The merged institution may amend and develop its constitution to reflect the requirements of the enlarged university. If the dissolving university does not dissolve on completion of the merger, it will need to have a small board in place during the dissolution phase to deal with winding up.

3 Brand identity

The merged university will likely be re-branded to reflect change in status and combination.

4 Balance sheet

The merged university would have its own balance sheet incorporating the balance sheets of both universities. The nature of the combination would need to be considered to determine if it can be accounted for at book value as a merger, or whether a fair value exercise at the date of the combination would be required (i.e. the combination is an acquisition or a combination that is in substance a gift).

5 Staff

The merged university would employ all staff.

6 Students

All students of the dissolving institution would transfer to the continuing university and would be registered as students at the merged university. Students of the continuing university would remain registered there (under the new name of the merged university).

7 Services

The continuing university would manage and deliver services.

6 Degree awarding powers

The merged university would maintain its degree awarding powers and university registration. Students transferring from the dissolving institution and students registered with the continuing university on completion of the merger would have the option to receive a degree certificate in the name of the university they originally registered with, through the use of trading names on the degree certificates.

Case study

City St George's

Why is this relevant?

Biggest merger in the higher education sector in over a decade.

Being able to draw upon broader health networks and the broad multidisciplinary areas available via City St George's other Schools – science, technology, business, law, policy, communication, creativity – opens up numerous opportunities for students, research, innovation and partnerships, impact at local, national and international levels.

In brief

St George's, University of London merged into City, University of London to form 'City St George's, University of London'. St George's to dissolve as a statutory corporation following merger

The detail

The merger followed a Model B model and there is no statutory process for a Royal Charter and a statutory corporation to merge, so it was treated as a business transfer. Students were given the option of having the name of the original university they signed up with included on their degree certificate

Key takeaways

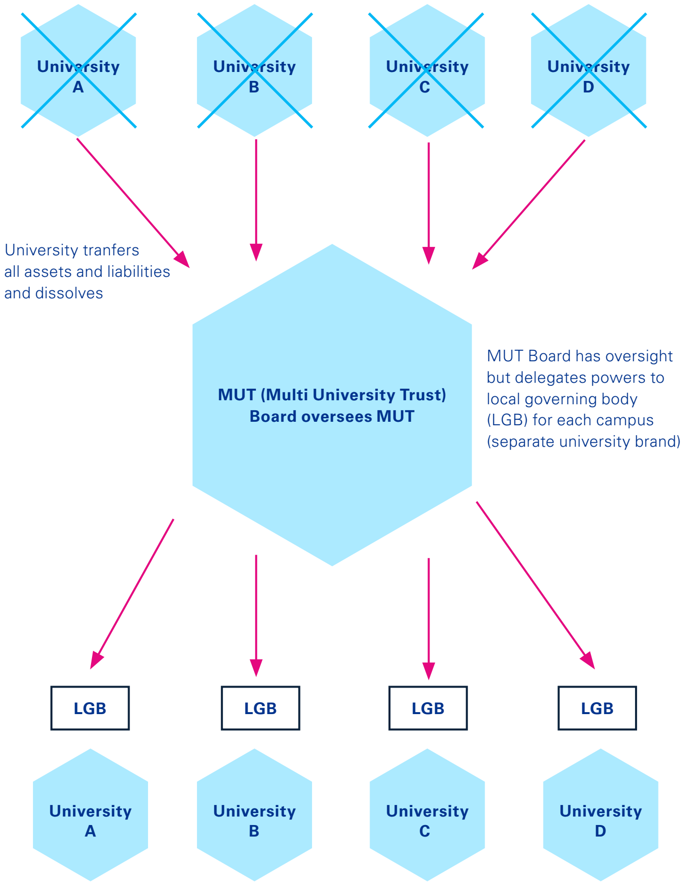
- Make sure the financials work in the short to medium term
- Have visibility of information to have clear understanding of day to day operational matters that would need understanding and dealing with post merger
- Clarity of who was making decisions for each university pre-merger running and who was making decisions about the merger / merged university, and the 'credibi-lity' of people's views on those decisions and the motives involved
- Try and build capacity to plan the integration post merger upfront, noting that some of the detail which will influence integration will only materialise post merger when the parties are 'under one roof' so there is a need to be flexible
- Work closely with Students' Union and all other stake-holders early on and align communications (formal and informal) with merger partner

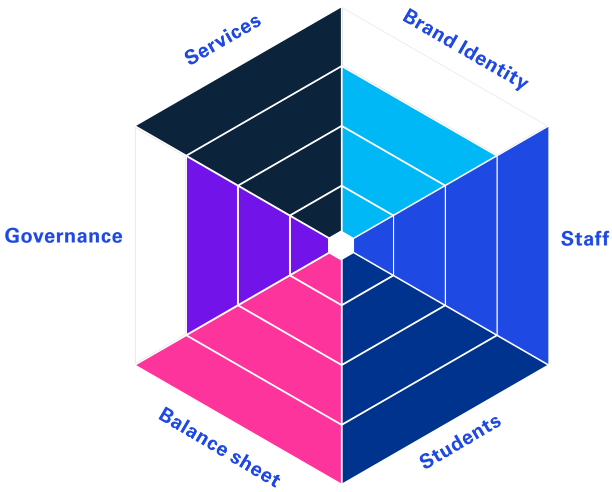
How could the process be easier?

A merger fund to support integration costs – could be an interest or low interest loan for short-term eg IT integration costs

A framework for merger that set out process for different aspects – especially steps needed for OfS, Competition and Markets Authority (CMA), other regulators and to enable regulators to join up more easily

Merger – Future: Multi University Trusts ("MUTs")





No MUT has been created in the HE sector, yet. However, there seems to be wide interest in the MUT model across the sector and we anticipate that we will see a merger using a MUT structure in the near future. The MUT may be analogous to a Multi Academy Trust ("MAT") in the schools sector. MATs are single legal entities usually constituted as charitable companies with a board of trustees and localised academic divisions operating under a unique brand with some local autonomy. A MUT could be similarly constituted.

Likely challenges in adopting a MUT model for an HE Provider:

With no established legal framework to follow in the sector, a number of uncertainties exist. The schools sector operates differently to the HE sector and it will be hard to map the MUT against the MAT, although potentially it provides a good starting point. These uncertainties include the legal process for transferring liabilities of existing universities into the MUT, sharing funding between member university academic units, the treatment of the pensions obligations across the differing arrangements (e.g. USS, LGPS, TPS and any standalone trust based DB schemes), how localised governance will be structured, evaluating how research activities will operate through the MUT, considering rankings and entry requirements amongst the university branch members and the allocation of students across the university members.

For an HE Provider, a MUT model means that:

- You will be part of a trust with a formal framework for sharing knowledge and experience across the universities within the MUT;
- You will benefit from economies of scale;
- You will be part of a flexible permanent structure that provides the means to have a combined institution with an overarching board that has oversight for the MUT but with local campus sites that are semi-autonomous;
- You will be part of a MUT that has the scope to scale up and include additional universities in the MUT in future.

In brief

1 Structure

The universities that will form part of the MUT would transfer their entire undertaking (student, assets, liabilities) into the MUT and then dissolve. Each university that transfers into the MUT will operate as a 'branch' or 'academic unit' of the MUT with separate identity and some autonomy (delegated by the central board). At local level, the academic units will have distinct brand names but will not have separate legal status.

2 Governance

Assuming a MAT-like structure, MUTs may have a two-tier governance structure. The MUT's board of trustees is the first layer. The MUT board will have overall legal responsibility and accountability for the academic and financial sustainability of the entire MUT. The second layer consists of local academic governance committees, each with delegated powers to manage the specific university academic unit. The second layer of localised governance will be subservient to the top board which has overall power and responsibility.

3 Brand Identity

Each university academic unit will have its own brand and identity. However, there will also be an overarching MUT brand identity.

4 Balance Sheet

The MUT will have its own balance sheet with finances earmarked for each university academic unit. Student loan and other funding will come directly into the MUT and then used for specific university academic units as well as centrally. The combinations of the MUT and the constituent universities would either be accounted for as mergers at book value, or as combinations that are in substance a gift. Combinations which are determined to be acquisitions are accounted for using acquisition accounting. Combinations that are in substance a gift and acquisitions both require assets and liabilities to the measured at fair value.

5 Staff

There would be a shared executive team with oversight for the MUT and local leadership roles at each academic unit who would be responsible for management of local budgets and for ensuring that the MUT's strategic vision and policies are applied within that academic unit. All staff will be employed by the MUT and will be centrally focused (e.g. management/professional services/ Senior Executive) or will be engaged on local individual university academic unit activities. There will be increased opportunities for staff development and progression across the MUT. Specialist staff could be shared among the member universities, allowing each university access to enhanced curricular activities.

6 Students

Students would be registered with the MUT but will apply to study at an academic unit via UCAS. Students may benefit from moving between university academic units for different courses and services.

7 Services

A MUT arrangement is expected to provide economies of scale and financial efficiencies. Various services - such as IT, payroll and HR will be centralised for the benefit of the member universities

8 Degree Awarding Powers

The MUT will have the degree awarding powers and university title. If a new MUT is established, then these will need to be applied for via OfS. If an existing university is used as the MUT vehicle, then its DAPs/University title could be retained for the wider purposes.

Making it real

The foregoing section puts ‘flesh on the bones’ of the different forms radical collaboration could take. It provides the wider sector with detail on the pros and cons of each form and gives examples to enable the conversation to move forward in an informed way.

In the next section, we will ‘clothe the flesh’ with two deep dives into what federation and Group models would look like in the context of the tertiary system in England.

We have chosen to use an English regional lens to explore collaboration in more detail. It is not the only option – we could have looked at mission Group or type of institution, for example – but we hope it provides a vibrant exemplar model for others to take, adapt and build on.

04 Welcome to Newtown

Newtown[1] is a large City in England. It has a fairly typical population profile with just under 500,000 citizens. It is part of a Strategic Mayoral Authority and the wider economic area has a population of 2.5m. It has a fairly young population overall.

The region has many strengths, including a strong heritage in advanced manufacturing and a more recent push on the creative industries centred around a film studio in the wider City region. However, typical of many, it also has poor infrastructure and struggles to retain its graduates and provide ‘good jobs’ for those who choose to remain. Inward investment is a key priority for the region as well as up-skilling those who do not have the skills needed to drive productivity and regional GVA.

Newtown itself has 3 Universities and a large FE Group in the City as well as several private and other providers. The wider region has a further 5 Universities: a further research-intensive University, a redbrick Civic University focusing on applied research, and 2 more post-92 HEIs.

In Newtown the University profile includes:

The University of Newtown

A research-intensive University, founded in 1922, the University of Newtown is home to 30,000 students and employs 9,000 staff. It is a broad civic University covering all major disciplines across its 5 schools, including a medical school. It is 19th in the UK league tables (190th globally) and attracts a range of international students as well as home undergraduates. Whilst it has grown in recent years to a turnover of just under £1 billion, it has been impacted by the drop in international students, especially in post-graduate areas, and needs to make efficiencies whilst continuing to invest in research, infrastructure and the wider student experience. The University of Newtown has strong links to regional industry and has had success in start-ups, spin-outs and research commercialisation.

Newtown City University

A post-92 Institution that can trace its roots back to a Teaching College in the late 1800s and has a particular focus on its civic mission. It is 65th in UK league tables and is home to over 40,000 students across two campuses and a turnover of just over £400m and employs 4,500 staff. It also has a subsidiary London campus, opened in 2019. It is diverse and 25% of its students are first in family to go to university. It focuses on applied courses and covers Allied Health; Teaching and Education; Business, Law and Accountancy; Social Sciences; Architecture and Design and Sports Science. Whilst it runs several apprenticeship programmes and has a fairly diverse income base, its business school has been hard hit by the drop in international students and it needs to make efficiencies across all areas.

Newtown Conservatoire

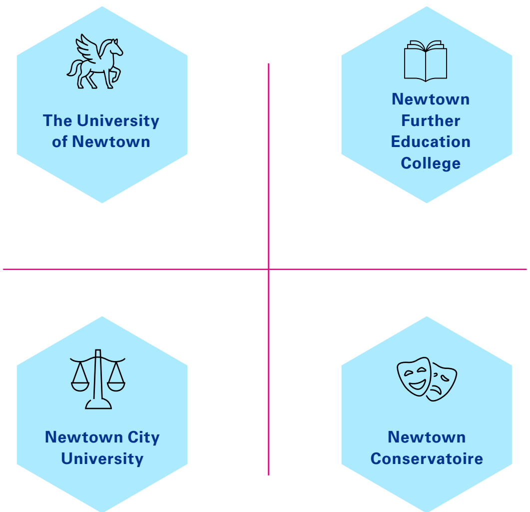
Is a small Institution that gained University status in the last 10 years as previously its degrees were accredited by the University of Newtown. It focuses on music and the performing arts and has 1,200 students and a turnover of £30m and employs 600 staff.

Newtown Further Education College

Is a large and diverse college that operates across the city. It merged with a neighbouring college 8 years ago and now has two sites across the city. Its provision includes, as well as its core FE provision, a MAT, a University Centre, an apprenticeship arm and a thriving business focusing on CPD and specifically digital skills. It has been around for nearly 100 years in one form or another and has 10,000 students across the College Group.

[1]Whilst based on a common fact pattern, this fictional pen portrait is in no way meant to represent any particular region; city or Institution and any similarities are purely coincidental.

Newtown Tertiary Landscape



Schools outreach Recruitment Curriculum development

X 4

Finance HR Procurement Soft/Hard FM Accommodation

X 4

Industrial partnerships Research Innovation Skills development and CPD

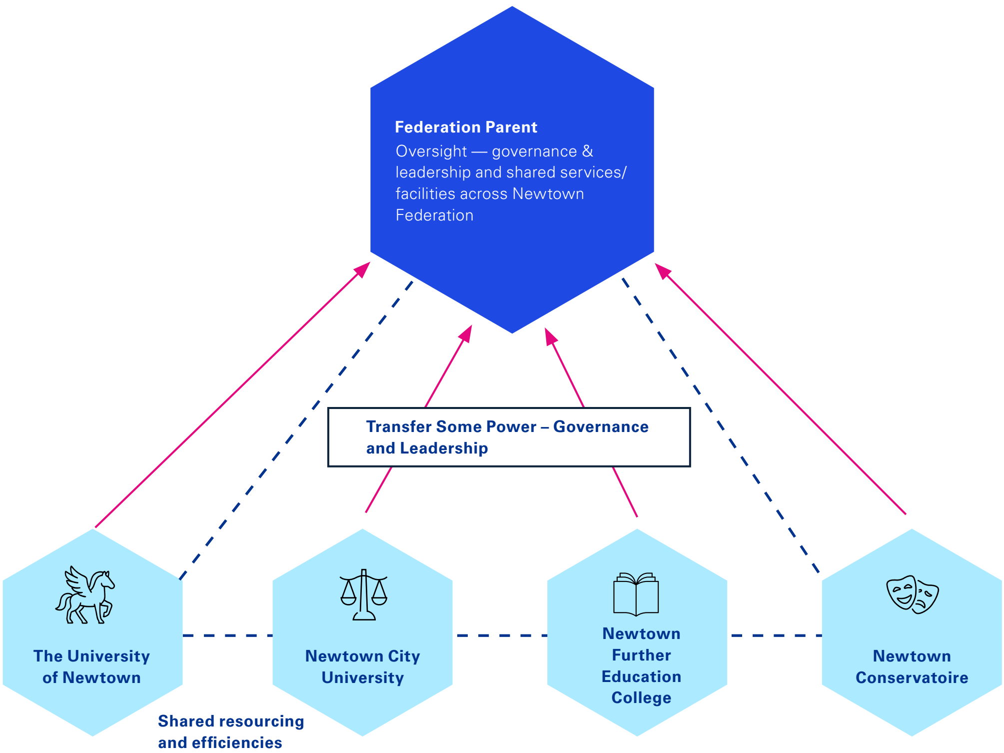
In our two deep dives we will use these institutions, and Newtown, as the basis for our models. This makes it easier to see how they could work within the English higher educational landscape and provides some comparability. These models would also be applicable to a devolved nation where we note these conversations are advancing at pace.

However, it is important to note, that whilst we have taken a regional model, the structures below and those throughout this report do not necessarily need to be constrained by geography. Geographical proximity is just one lens through which to look. We can also envisage a situation where the Newtown examples are watered down in complexity and perhaps used as a first step to a wider more permanent type of collaboration such as a merger.

Depending on the purpose of the collaboration, geography need not be a key determinant, and we could see, for example, a Federation across small and specialist institutions across the UK being feasible. The key is identifying the outcome that is required and then work backwards to the potential solution.

What does this look like in Newtown?

Newtown Federation – regional territory model



What does the Newtown Federation look like after being established?

1. Newtown opted for a soft federation, where the education entities in the Newtown Region retain their individual legal forms and identities and have largely separate governance arrangements. However (to the extent they agree and it is permissible under charity and other laws and their constitutions), they have transferred some governance and strategic direction to the Federation Parent. The Federation aims to leverage the collective strength and resources of multiple education entities across the region promoting regional education provision and cultural experiences under a 'soft' unified governance structure.

2. Newtown Federation Parent has a constitution and policies that are agreed by the board and the members. Newtown Parent and members of the Newtown Federation Group entered into a 'members agreement' to oversee federation arrangements between them.

3. The Federation Parent has ringfenced authority to oversee and advise on strategic matters for education entities in the Newtown region facilitating enhanced collaboration and alignment on the overall educational offering. The Federation Parent provides:

   - Curriculum oversight and alignment (including working with the local Integrated Care System ("ICS") on the NHS workforce plan); schools outreach and widening participation;
   - A 'one stop shop' in relation to level 4 provision and the Lifelong Learning Entitlement ("LLE") for prospective students on all modular and part time provision across the members making system navigation easier;
   - A demand analysis back to its Federation members enabling more agile matching of supply and demand;
   - Working in partnership with the Combined Authority to support start up and scale up activity across Newtown and also provides a triage service for SMEs who wish to identify suitable research partners across the region.

I think devolution of mainstream HE funding is unlikely in comparison to around 1/3 of college budgets in devolved areas flowing through MCAs. I can't see that being extended to Higher Education… However on innovation and research there is more we can do to support a more balanced national picture and our Universities are key to that"

A Mayoral Combined Authority

- Newtown Federation is also driven by the aim to increase efficiencies across the Group. This includes sharing resources, expertise, and facilities to improve financial sustainability. Alongside the NHS, the Federation Parent has established and runs a 24 hour shared student mental health provision.
- The Federation also works to collectively market Newtown as a destination to international economies and supports the Combined Authority on inward investment.

Federation Parent

- The Federation Parent undertaking is a company limited by guarantee or a statutory body (if relevant legislation is introduced to facilitate this).
- A charity – education objects aligned to developing further and higher provision across Newtown Region.
- Provides a level of governance advice and oversight for direction of the Newtown Federation.
- Board of Federation Parent includes representation from each education entity and members of Mayoral Authority, NHS Trust and business representatives from key sectors – the advanced manufacturing industry, as well as from creative industries in the region.
- Board agrees the strategic plan for Newtown Federation – which reflects regional skills and curriculum offering across the Federation to attract students to the Newtown region and to develop regional opportunities for graduates post-qualification. The aim is to encourage graduates to seek employment within the region and contribute to local economy.
- Federation Parent is financed through membership fees from the Newtown education entities, grants, and sponsorship from local advanced manufacturing/other businesses in Newtown region.
- Foreground intellectual property relating to the Newtown Federation itself will be owned by the Federation Parent with licencing arrangements across the Newtown Federation members to allow use of Federation and member brand names in a controlled manner.

Governance and Leadership

- Each education entity retains its own governance structure but changes its academic regulations to allow a transfer of some governance/leadership powers to Federation Parent. Federation Parent has veto rights in respect of aspects which may include curriculum mapping, quality targets, participation and diversity targets and environmental focus areas in region. Board to oversee services for students across the Federation.
- Board has responsibility for developing and overseeing efficiency drives across the Federation including sharing of some back-office resources, facilities, infrastructure, providing placement opportunities across the region (e.g.-medical school).
- Parent undertaking employs President of the Newtown Federation and other executive Federation officers, with oversight for managing direction of the Federation and who report to the Board.

What should the boards of the Newtown education entities across the Group consider before agreeing to participate in the Newtown Federation?

Drivers

- Can we align our longer-term strategic priorities as an institution with the other Newtown education entities to: (i) harness the region's heritage in advanced manufacturing; (ii) support the growing creative industries; and (iii) attract inward investment?
- What benefits do we hope to gain from being a member of the Newtown Federation?
- To what extent is the Newtown Federation likely to help generate increased student opportunities and graduate employment in the Newtown region? How will our students benefit from being a member of the Newtown Federation?
- How will our staff and other stakeholders benefit from being a member of the Newtown Federation?
- We could save money and gain efficiencies by sharing resources and facilities through joining the Newtown Federation.
- We want to support the other Newtown education entities as part of our civic duty to the region, but are we sure we won't take on their liabilities?
- Does this mean there will be less competition amongst the Newtown education entities given the potential to share intel and strategic direction.

Challenges

- To what extent can we agree to cede autonomy over aspects of our own governance for the benefit of the Federation? Different partners across the Federation may see the question of potential loss of autonomy quite differently. Not having a majority of voting rights on the Federation Parent board could mean we are less autonomous. Will there be any conflicts of interest to manage at board level?
- Although we will retain our distinct brand and identity, to what extent are we prepared to use the Newtown Federation brand? Will the Federation brand or other education entities in the Federation water down our own brand/identity? How do we mitigate against this?
- Will there be any impact on our rankings and REF/TEF?
- What happens if another member of the Federation acts in a way which is inappropriate and may impact the reputation of the Federation? How do we exit the arrangements?
- Are we likely to lose students to other education entities across Newtown Federation?
- Will this model enable students to take modules of their programme across different Newtown education entities within the Federation (lifelong learning entitlement) and what does this mean for our financial modelling?
- Will the Newtown Federation be better placed to respond to the priorities of the Strategic Mayoral Authority and to the Industrial Skills agenda?

The politics between the different institutions could be challenging and the priorities of the different partners may be difficult to align, for example University of Newtown may see itself as a global player.

What are the considerations for the Newtown education entities in joining the Newtown Federation in the following key legal areas?

- Regulatory and legal duty issues
- Competition
- Finance / banking
- Employment
- Procurement

Regulatory and legal duty issues

- Each education entity would need first to consider whether its charitable objects were wide enough to allow it to participate as a member of the Newtown Federation.
- They will also need to identify whether any of the proposed changes would prevent or hinder the entity's compliance with its conditions of OfS registration (where registered), and of any other regulatory, statutory or professional registration. The entity should also identify whether any change (including but not limited to changes to its constitution) should be reported / notified to the particular regulator, statutory or professional body and the timescale for report / notification (for example, to OfS as a reportable event).
- Although unlikely because each education entity retains its own individual legal form, identity and governance structure, consideration should be given to whether the new structure would result in ownership or control by or dependence on the new Federation Parent such as to undermine the education entity's own existing registration with OfS (where registered) (and whether it gave rise to a reportable event).
- It is very likely that each education entity would need to retain or obtain its own UKVI student sponsor licence if it wanted to teach international students. This would mean that the UKVI student visas (Confirmation of Acceptance for Studies ("CAS")) could not be shared and any student transferring between entities would require a new CAS – subject to any update to the Student Sponsor Guidance that may be made by UKVI in respect of such arrangements.
- Each education entity should consider whether the sharing of services and/or back-office arrangements would affect the nature and/or delivery of the educational or other services that it contractually promises to its students and - if so- whether changes are required to the terms upon which it contracts with students, and also to its student contracting arrangements in order to comply with consumer law requirements.
- Each education entity should consider whether sharing of services, resources, expertise and/or facilities would affect the nature and/or extent of any legal duties owed to its students, and/or the discharge of any legal standard of care in practice, and how the entity would ensure compliance with / discharge of such duties (for example, in respect of contractual promises made to students or of any common law duty of care to students in connection with pastoral support).

Competition

- Under the "soft federation" model, each Newtown education entity retains its individual legal forms. This means that each also remains a separate "undertaking" for competition purposes. To comply with competition laws, the underlying fundamental principle is that each education entity must make independent decisions about how they compete in the relevant market(s). There is therefore an inherent tension between the requirements of competition law and the driver of achieving "less competition amongst the education entities".
- There may be scope in principle to share resources across back-office functions, facilities and infrastructure, subject to assessing whether the proposed arrangements would be likely to prevent, restrict or distort competition to an appreciable extent. Even if this were the case, an individual exemption may be available on the basis that the arrangement results in benefits to consumers that outweigh the restriction to competition, although this would need careful analysis.
- The fact that each education entity would remain a separate "undertaking" for competition law purposes may limit the extent to which each entity could co-ordinate their conduct in other respects, e.g. curriculum mapping. This would depend on the extent to which education entities in the region are actual or potential competitors.
- If it is the case that the education entities are actual or potential competitors, co-ordinating conduct in relation to relevant parameters of competition (e.g. curriculum; content of courses; pay and conditions of employment) is likely to raise competition issues. In this scenario, the Federation Parent could issue a strategic steer and make recommendations, but each education entity would need to decide unilaterally and independently whether to follow the steer and if so, how to implement it. The implementation of compliance measures, e.g. competition law guidelines, would be advisable so that entities understand their competition law responsibilities.
- Where the education entities are actual or potential competitors, care would also need to be taken to avoid representatives of each entity sharing competitively sensitive information at the Board level. It would be necessary to put into place appropriate guardrails and training so that individual representatives and the Board understand their competition law responsibilities and are able to properly discharge their duties to Federation Parent, as well as their duties to their own education entity.
- It would be necessary to assess whether the creation of the Federation Parent may raise any merger control issues under the UK's merger control regime.
- A model whereby all the participating education entities consolidate and become a "single economic entity" for competition purposes would provide scope for more radical collaboration, such as curriculum mapping, without the limitations and tensions outlined above. A transaction of this nature may qualify for review by the CMA and a merger control assessment would be required to establish whether the transaction would be likely to result in a substantial lessening of competition in any market(s) in the UK.
- It would also be necessary to consider whether a mandatory filing under the UK's National Security & Investment Act 2021 would be triggered.

Finance / banking

- The balance sheets (assets and liabilities) of the Newtown education entities will remain separate. Similarly, any borrowing and granting of security will remain at the level of the individual education entity. Therefore, the trustees/governors of the individual education entities will retain significant powers in terms of borrowing and charging assets. These are not powers or decisions which could easily be transferred to the Federation Parent.
- If the education entities have existing borrowings, any proposal to join a federated structure is likely to require lender consent, depending on the terms of the existing borrowing agreements.
- It is unlikely that the Federation Parent will have the powers to guarantee the liabilities of the education entities.
- Lenders are likely to require enhanced due diligence around the governance arrangements and will likely need time to get comfortable with the governance/leadership powers that are being transferred to the Federation Parent.
- Lenders will also need to get comfortable with the fact that this is not a Group structure, and the individual education entities will be unable to cross-guarantee each other.

Employment

- Staff mobility between entities would allow for a flexible resource to support growth or retraction across each entity to an extent and deployment of specialist skills and collaboration according to strategy and need across the Federation. This will also provide employee development opportunities through career mobility from cross-federation opportunities.
- The Newtown Federation could choose to employ key executive positions which are seconded to the entities within the Federation for particular projects, troubleshooting or development, whether at initial set-up stage or steady state, with agreement from each entity.
- There is a risk of perceived or actual conflict of interest among executive staff operating in multiple entities within the Newtown Federation. The Federation's governance framework and individual employment contracts must outline conflict handling to ensure executives act in the interests of their respective entities and comply with its obligations.
- Shared resources and economies of scale are particularly beneficial for services or activities required by each entity, such as IT and HR. This is conditional on each entity having the same or similar needs to enable this.
- Each entity would typically require its own UKVI licence to sponsor staff because it will be directly responsible for the employment and management of the sponsored staff.
- TUPE regulations may apply if parts of or whole entities within the Federation are restructured or merged, requiring employees to transfer to one of the entities or a new entity while maintaining their existing terms and conditions. Similarly, a change in service provision within the Federation may trigger TUPE, for example, if shared back-office services like IT and HR or brought back within an entity or outsourced. The Employment Rights Bill amends the Procurement Act 2023 to create a power for Ministers to make regulations to require public outsourcing contracts to include provisions to ensure that (1) any workers transferring from the public sector should be treated no less favourably than they were when employed in the public sector, and (2) private sector workers working for a supplier will need to be treated no less favourably than the ex-public sector workers who have transferred. The cost and implications of this will need to be considered if applicable to any transfer of employees within the Federation.
- Pay and conditions, if aligned, can enhance efficiency and enable mobility between entities. However, each autonomous entity may have different requirements for staff conditions and benchmark with different pay markets. Required conditions may differ due to differing regulatory or legal requirements applicable to their staff because of their purpose e.g. DBS checks or due to the business need to serve the purpose of each entity. This would mean that aligning pay and conditions risks impacting the delivery of an employee's role as well as employee recruitment and retention if they do not align with a particular entity's market for pay. If pay and conditions differ, there is a risk of perceived or actual unfairness, which could result in challenges e.g. claims for equal pay, discrimination and a lack of a unified position for staff within the Federation.
- The risk of clashing or different cultures is greater with autonomous entities, and the extent of this may impact the realisation of the benefits of flexible resourcing and collaboration across the Federation as outlined above.

A failure to comply with public procurement law can expose the university to a risk of legal challenge. A successful challenge can lead to the contract with the supplier being set aside, the payment of damages, and the associated expense and reputational impact.

Procurement

- Public procurement legislation applies to universities that fall within the legal definition of a contracting authority. The relevant legislation is the Procurement Act 2023 which came into force on 24 February 2025.
- Depending on the way in which the Federation Parent is set up, it may be subject to public procurement law.
- Universities (and their owned entities) subject to public procurement law must ensure that when awarding contracts for goods, works and/or services above a certain financial threshold, they are doing so using a compliant route to the market. This might be through a fair and open competitive process or using an existing framework agreement.
- Universities that are subject to public procurement legislation must consider whether the sharing of resources generates a risk of legal challenge, where that sharing of resources involves variation to a contract with a private supplier. Equally, the sharing of resources between universities can benefit from an exemption in the rules to the requirements to run a competitive exercise.
- If the Federation is subject to the Procurement Act, contracts with education entities (e.g. for back office functions and shared services) within the Group may benefit from an exemption from the requirement to run a procurement process. This would be the case where the education entities are also subject to the Procurement Act.

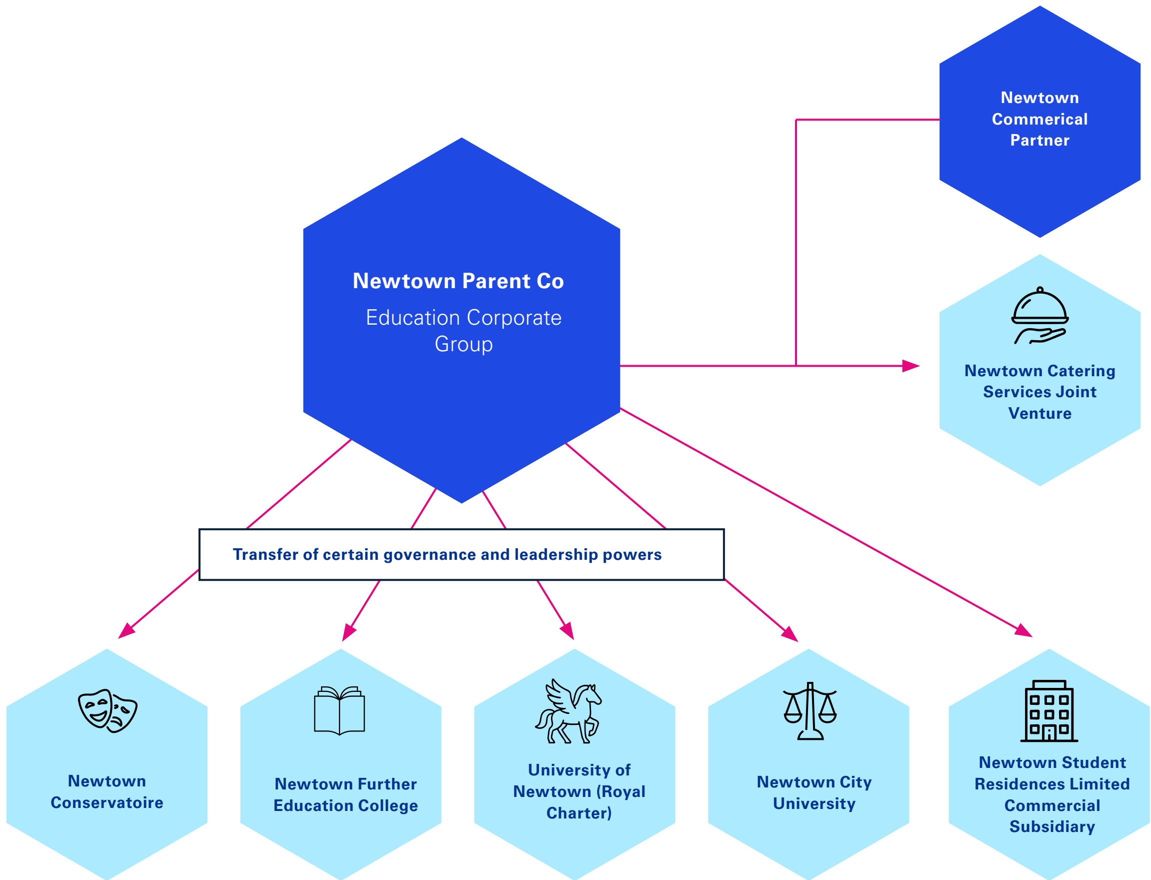
Governance is everything. From the start, there needs to be a sustainable commitment from each party to collaborate and a general acceptance of the loss of autonomy that this entails. The boards of each party need to accept some loss of influence and that they will have to "act differently to regular human behaviour" to make the collaboration work. This will only work within a clear framework of governance."

Professor Philip Nolan
Professor at Maynooth University
(National University of Ireland Maynooth)

Key tax/financial implications

1. VAT incurred by a number of the education entities is largely an irrecoverable cost. To the extent that the Federation Parent oversees and governs some aspects for the education entities then it is expected that the Federation Parent will be supplying services to the education entities from a VAT perspective and therefore the starting position will be that the consideration for these services is subject to VAT at the standard rate (20%), and results in an irrecoverable VAT cost for the education entities.
2. Alternative positions may change the level of irrecoverable VAT cost associated with the Federation Parent's oversight and governance, examples are provided below:
   - Joint employment of the staff by the Federation Parent and the education institutions may reduce the VAT costs on the services performed by the Federation Parent employees.
   - The Federation Parent being an eligible body for the purpose of the education exemption (e.g. one of the existing entities to be the Federation Parent) may increase the scope for VAT exemption to apply to some of its services to the education entities.
   - All entities (if eligible) being subject to common ownership and control, so that they can form a VAT group and supplies between the VAT Group members are disregarded for VAT purposes, removing any irrecoverable VAT cost arising between those entities in the VAT Group. See the next model.
   - In addition, consideration should be given as to whether the cost sharing exemption can be utilised.
3. For Corporation Tax purposes, will it be possible to form a Group to allow efficient transfer of resources and assets, as needed in the future? Consideration of the tax impact of legal structures at an early stage will be essential.
4. The establishment and transferring of staff within the Federation will have several employment tax implications including a need to set up a new payroll and associated process as well as developing reward policies and processes that align with the original entities.

Newtown federation – regional Group model



What does the Newtown Education Corporate Group look like after being established?

- The Newtown Education Corporate Group provides a comprehensive model of delivery through a family of educational institutions ("education entities"), which focus on specialist disciplines within the Newtown region and offer a range of disciplines to meet the needs of students and learners.
- The concept of the Newtown Education Group is to provide a wide range of education provision to students within the Newtown region under a single non-competing Corporate Group, which includes higher and further education, private provision and international operations. There are commercial entities within the Group as well as shared services and back-office arrangements.
- New education entities will be added to the Group in the future, including through alliances and acquisitions. The education entities will be supported across the Group by special purpose shared services vehicles and corporate and academic services vehicles ("Other Subsidiaries"). The model will be regionally focused, seeking to resolve some of the skills shortages across Newtown and to create learning pathways with industry partners as well as international partners too.
- The education entities and Other Subsidiaries within the Newtown Education Corporate Group are all separate legal entities but share common ownership (or where a provider cannot be 'owned' – control) under the 'Newtown Parent' which sits at the top of the Group.
- Newtown Parent is registered charity and company limited by guarantee with charitable objects aligned to the Group's education mission. It is established to own/control the Group, to set the strategic vision for the Group and to govern and oversee the financial operations and delivery across the Group. Each organisation within Newtown Education Corporate Group cedes some control to Newtown Parent but maintains local governance oversight for its own institution. Whilst there is a board of directors and a Senate in Newtown Parent, academic and audit committees are set up within each education entity in the Group. The academic boards across the Group report to Senate in Newtown Parent as applicable.

...and this is where we start to talk about the model, the academic model. We can't just tinker around the edges. Is the academic endeavour prosecuted in the right way for the 21st century? It needs to fit with the business needs of the city, but it also needs to fit with the societal needs of the city and the country... We want a nation of well-educated all-round people who can provide decent services to society"

Karel Thomas
British Universities Finance Directors Group
(BUFDG – supporting higher education finance teams)

Newtown Parent

- The Newtown Parent is a company limited by guarantee.
- Newtown Parent is also a registered charity – education objects will be broad enough to accommodate the directives of all the education entities across the Group.
- Newtown Parent sets and oversees the strategic direction of the Group. Board may include Group CEO, Chairs of education entities and Other Subsidiaries, plus independents (eg. NHS Trust, business representatives from advanced manufacturing and creative arts industries).
- Education entities can grant surplus to Newtown Parent subject to charity rules.
- Other Subsidiaries can pay profits by way of gift aid to Newtown Parent.
- Board agrees the strategic plan for Newtown Corporate Education Group – which reflects regional skills and curriculum offering to attract students to stay in the Newtown region and to develop regional opportunities for graduates' post qualification.

Governance and Leadership

- Each education entity retains its own governance structure but changes its constitution to allow a transfer of some governance/leadership powers to Newtown Parent. Newtown Parent has veto rights in respect of aspects which may include curriculum mapping, quality targets, participation and diversity targets, environmental focus areas in region, technology protocols, responding to AI.
- Board to oversee services for students across the Group which may include wider collaboration across NHS and education entities (eg. mental health services).
- Board oversees sharing of some back-office resources, facilities, infrastructure, providing placement opportunities across the region (eg. medical school).
- Newtown Parent employs the Group CEO, with oversight for managing direction of the Group, who reports to the Board as well as other executive positions.

What should the boards of the Newtown education entities across the Group consider before agreeing to participate in the Newtown Corporate Education Group?

Drivers

- Will we be financially stronger if we join the Group? What other benefits will this structure provide our students and our staff?
- What shared resources and efficiencies could be achieved by joining the Newtown Corporate Education Group? Can resources and assets be shared across the Group? Surplus funding/ investments can be deployed across the education entities, subject to funding rules.
- Potential to develop a strong brand with wide remit of provision and services across the Group.
- With a 'neutral parent' at the top of the Group, the dominance of one University in the Group will be diluted.
- It may also be a more attractive structure for other members to join the Group which may help to accommodate growth across the full spectrum of education in the Newtown region.
- Academic governance will not be centrally managed, so will be focused and relevant to the different types of provision but aligned through Senate within Newtown Parent.
- Having a company as the Parent Co (for consistency in language) may make it easier to attract high quality directors as they will be more familiar with a corporate Group.
- To what extent is the Newtown Corporate Education Group likely to help generate increased student opportunities and graduate employment in the Newtown region?
- Less competition amongst the Newtown education entities given they are all operating under a shared strategic mission, set by Newtown Parent.
- May be possible to have more than one degree awarding power/university title across the Group.

Challenges

- Are we happy to merge into Newtown Corporate Education Group? To what extent can we agree to cede autonomy over our own governance for the benefit of the Newtown Corporate Education Group?
- Although we will retain our distinct brand and identity at a local level, to what extent are we prepared to use the Newtown Corporate Education Group brand?
- Newtown Parent will be reliant on education entities and Other Subsidiaries for income/ dividend payments.
- Will there be any impact on our rankings and REF/TEF?
- How do we exit the arrangements?
- Through this structure, can we support the other Newtown education entities without taking over their liabilities?
- Will our accounts be consolidated across the group?
- Will the Newtown Federation be better placed to respond to the priorities of the Strategic Mayoral Authority?

What are the considerations for the Newtown education entities in joining the Newtown Federation in the following key legal areas?

- **Regulatory and legal duty issues**
- **Competition**
- **Finance / banking**
- **Employment**
- **Procurement**

Regulatory issues

- Each education entity will need to consider whether the new structure would result in ownership or control by or dependence on Newtown such as to undermine the education entity's own existing registration with OfS (where registered), and if this gives rise to a reportable event (noting the timescale for reporting).
- Each education entity will also need to identify whether any of the proposed changes would prevent or hinder the entity's compliance with its conditions of OfS registration (where registered), and of any other regulatory, statutory or professional registration. The education entity should also identify whether any change (including but not limited to changes to its constitution) should be reported / notified to the particular regulator, statutory or professional body and the timescale for report / notification (for example, to OfS as a reportable event).
- Each education entity should consider whether the sharing of services and/or back-office arrangements would affect the nature and/or delivery of the educational or other services that it contractually promises to its students and – if so - whether changes are required to the terms upon which it contracts with students, and also to its student contracting arrangements in order to comply with consumer law requirements.
- Each education entity should consider whether sharing of services, resources, expertise and/or facilities would affect the nature and/or extent of any legal duties owed to its students, and/or the discharge of any legal standard of care in practice, and how the entity would ensure compliance with / discharge of such duties (for example, in respect of contractual promises made to students or of any common law duty of care to students in connection with pastoral support).

Competition

- Under the "Corporate Group" model, each education entity remains a separate legal entity but under the common ownership of the Newtown Parent which sits at the top of the Group (which also includes the Other Subsidiaries). Members of the same Corporate Group are considered a single "undertaking" for competition law purposes. This means that they could make joint decisions (or be directed by the parent undertaking) to coordinate their activities rather than competing in their relevant market(s) as separate undertakings must.
- In this model it would be possible under competition law for Newtown Parent to set the strategy for the whole Group and govern and oversee financial operations and delivery across the Group as a "single non-competing corporate Group", as described.
- In order to be considered a single undertaking for competition law purposes, Newtown Parent would have to actually acquire ownership or control of the education entities. A transaction (or series of transactions) of this nature may raise merger control issues under the UK's merger control regime.
- It would be necessary to assess whether the acquisition(s) of control qualifies for review by the UK Competition and Markets Authority and a merger control assessment would be required to consider whether the transaction would be likely to result in a substantial lessening of competition in any market(s) in the UK. This would be more likely if the relevant education entities are actual or potential competitors.
- If this were the case, the parties would need to consider notifying the transaction to the Competition and Markets Authority for clearance. This would be burdensome, but, if the merger were cleared, it would give the parties the comfort that they could proceed with radical collaboration on, for example, curriculum mapping and overall strategy, without competition law concerns.
- It would also be necessary to consider whether a mandatory filing under the UK National Security and Investment Act 2021 would be triggered.

Finance / banking

- The Newtown Parent, education entities and Other Subsidiaries will likely produce separate balance sheets (assets and liabilities) but they will probably be consolidated into one set of Group financial statements.
- Different types of education entity (e.g. higher education, further education) are likely to have their own rules with regard to borrowing and taking security (for example, further education entities must abide by the rules around managing public monies). As such, borrowing and security are likely to remain at the level of the individual education entity or, at most, organised according to type of activity (provided constitutional documents of the individual education entity allow for this).
- In principle, the objects of Newtown Parent could be sufficiently wide to allow for it to guarantee subsidiary entities but, as Newtown Parent will be reliant on education entities and Other Subsidiaries for income/dividend payments such "downstream" guarantees are unlikely to be of much commercial value. Individual education entities may be prevented by their constitutions and/or charity law from offering "upstream" guarantees. Cross-guarantees between entities undertaking similar educational activities might be possible, depending on the constitutional documents/ objects of the individual education entities and compliance with charity law.
- Lenders are likely to require enhanced due diligence around the governance arrangements and will likely need time to get comfortable with the governance/leadership powers that are being transferred to the Newtown Parent.

Employment

- Staff mobility between education entities allows for flexible resource allocation to support growth or retraction. It enables the deployment of specialist skills and collaboration according to strategy and needs, providing employee development opportunities through career mobility. However, mobility may lead to unintended consequences during retraction, such as the need to consider alternative employment for those at risk of redundancy.

- The Newtown Parent could choose to employ key executive positions which are seconded to the entities within the Group for particular projects, troubleshooting or development whether at initial set up stage or steady state with control over their activities.

- The risk of perceived or actual conflict of interest among executive staff who operate across the Group structure can be mitigated if they remain employed by the Newtown Parent and their employment contracts enable their deployment within it. So, they are acting in the interests of the corporate Group as a whole.

- In a corporate Group structure, each entity may not require its own UKVI licence to sponsor staff and each entity could be set up as a branch but this would need to be considered in respect of each entity within the Group.

- TUPE regulations may apply if entities within the Group are restructured or merged, requiring employees to transfer while maintaining their existing terms and conditions. Changes in service provision, such as bringing back or outsourcing shared services like IT and HR, may also trigger TUPE. The process can be streamlined due to centralised management from the parent company. The Employment Rights Bill amends the Procurement Act 2023 to create a power for Ministers to make regulations to require public outsourcing contracts to include provisions to ensure that (1) any workers transferring from the public sector should be treated no less favourably than they were when employed in the public sector, and (2) private sector workers working for a supplier will need to be treated no less favourably than the ex public sector workers who have transferred. The cost and implications of this will need to be considered if applicable to any transfer of employees within the Education Corporate Group.

- Pay and conditions, if aligned, can enhance efficiency and enable mobility between entities. However, in a Corporate Education Group, where there are different education entities such as post 92 universities and FE Colleges, each entity may have different pay and condition requirements due to regulatory or legal needs e.g. DBS checks such that an alignment may negatively impact the delivery of the activity, recruitment, and retention. Differences in pay and conditions can lead to perceived or actual unfairness, especially if the parent company controls both, potentially resulting in challenges like claims for equal pay, discrimination, and a lack of a unified position for staff. Post 92 universities and FE colleges are legally required to offer the TPS to all academic staff, with no option to opt out. Ensuring compliance with the requirement can be complex and costly if staff are shared across different entities within the Group.

- A unified culture can be engendered and promoted across the subsidiary entities by the Newtown Parent due to its control and position in the Group which would minimise the risk of clashing or different cultures impacting the realisation of the benefits outlined above.

Procurement

- Public procurement legislation applies to education entities that fall within the legal definition of a contracting authority. The relevant legislation is the Procurement Act 2023 which came into force on 24 February 2025. The Employment Rights Bill will empower the government to make regulations specifying provisions to be included in relevant outsourcing contracts, for the purposes of ensuring specified workers are treated no less favourably than their counterparts working on the same contract. The government will also publish a Code of Practice that contracting authorities will need to have regard to in order to avoid a two tier workforce.

- Depending on the ownership, management and funding of each education entity, it may be subject to public procurement law.

- Education entities (and their owned entities) subject to public procurement law must ensure that when awarding contracts for goods, works and/or services above a certain financial threshold, they are doing so using a compliant route to the market. This might be through a fair and open competitive process or using an existing framework agreement.

- Education entities that are subject to public procurement legislation must consider whether the sharing of resources generates a risk of legal challenge, where that sharing of resources involves variation to a contract with a private supplier. Equally, the sharing of resources between universities can benefit from an exemption in the rules to the requirements to run a competitive exercise.

Key tax/financial implications

1. VAT incurred by a number of the education entities is largely an irrecoverable cost. To the extent that the Newtown Parent and Other Subsidiaries provide services to the education entities then the starting position will be that the consideration for these services is subject to VAT at the standard rate (20%), and results in an irrecoverable VAT cost for the education entities.
2. Consideration should be given to how alternate structures would impact upon the overall VAT cost of the structure, for example, potential for VAT Grouping (for eligible entities), joint employment contracts for staff, and consideration of whether the cost sharing exemption can be utilised.
3. Most Groups currently benefit from certain tax exemptions and benefits. Specifically, universities themselves will usually have charitable status which gives favourable tax exemptions on the majority of activities and income streams as well as an exemption from considering certain withholdings such as operating the construction industry scheme. Meanwhile, the subsidiaries of a university can often benefit from the ability to make charitable donations to the university to mitigate their own taxable profits. Therefore, it will be critical to consider the impact of joining a new model on the ability to continue to benefit from these beneficial tax regimes.
4. Tax governance is critical in any Group. Consideration will need to be given to the impact of a new model on existing tax governance processes and structures. This should include whether responsibilities will change in the future and, at which level(s), tax will be considered in the new structure to ensure that strong governance remains in place.
5. The sharing of employee resource more flexibly within the Federation will have payroll implications with a need for employees to be retained on a payroll registered to their legal employer. Depending upon the pension arrangements in place at the different entities, there will be a need for these to be considered carefully and could impact on the ability to move employees.

Case study

Luminate Education Group

Why is it relevant?

Luminate Education Group: an FE-led FE/HE/School Group structure

A Group structure containing educational 'brands' who face the market, supported by an integrated Group structure which provides strategy and operational efficiencies, whilst enabling devolved autonomy within a clearly thought through delegated governance structure. All services are shared as part of this structure, including finance, MIS and HR.

The detail

- Luminate Education Group has high levels of delegation of power, responsibility, and accountability to individual colleges. The Group does not market itself externally and maintains high levels of autonomy for each entity. Whilst the Group's board holds ultimate legal responsibility it delegates operational powers to individual college boards.
- The Group operates a values-driven approach, ensuring that while individual colleges have flexibility within a framework, they adhere to the Group's core values. This approach allows for varied strategies and methods across colleges while maintaining a core consistency.
- The Group has worked hard over many years to develop vibrant and effective college boards, with clear responsibilities and accountability. This process has been ongoing for several years and is frequently refreshed to continue to provide clarity and support for local governance.
- When new entities come on board, such as Harrogate College, the focus is on embedding colleges within their local communities while benefiting operationally from the Group's shared services, academic alignment (where it works) and strategic support.
- Shared services, including finance, HR, and MIS systems, are managed centrally to support all entities within the Group. This approach aims to achieve efficiencies and support smaller colleges with more limited resources.

Key takeaways

- The importance of having a clear strategic vision and governance structure to support mergers and integration is critical.
- Educational character (within the shared values) is a local board decision, as are most financial decisions, including setting a budget with target EBITDA. Overall high level strategy, the balance sheet and major capital decisions and the operation and sharing of services are centrally owned.
- Cultural resistance can be a significant barrier to successful mergers and integration ('we are all unique') and this can hinder operational efficiency and sharing services. Having the clear devolved governance gives clarity on where this makes sense, and where it does not, and is part of the answer to overcoming that resistance.

05 When might private investment be the right option?

Drivers of private sector investment

Historically the vast majority of private sector investment in the Higher Education sector was largely focused on university estates development projects, particularly income generating assets such as student accommodation, key worker housing, research parks, life sciences innovation districts and car parks where a stable income stream can be evidenced and against which external finance can be secured. However, private sector investment into universities in the UK has been growing over the last few years, driven in particular by the mutual benefits in research, innovation, skills, development and commercialisation opportunities. This trend aligns with the English Government's push to improve R&D intensity and build a high skilled innovation driven economy. With this in mind, it is likely that this trend will continue with a shift from one-off sponsorships to strategic and longer-term partnerships.

The HE sector remains generally regarded as an attractive market for private sector investment by rating agencies as having implicit government support, due to universities' public purpose and OfS's remit to ensure continuity of education for students, their economic and political importance (especially for larger and research intensive universities) and the regulatory environment which helps them obtain relatively good ratings (often in the region of investment grade). As a result, the sector is generally regarded as having low default risk which is reflected in the appetite for private investment, specifically for development projects.

We anticipate the number of private/public partnerships and collaborations will increase over the next few years.

Working in partnership with universities typically allows the private sector to:

- Generate returns and secure more competitive funding terms: for example, and depending on the commercial and funding structure used, for development projects particularly for DBFO (Design Build Finance Operate) projects through contractual protections such as a nominations rights and compensation on termination provisions, or income strip/lease based commercial structures (through university guarantees) for accommodation projects;
- Reduces its risk exposure where universities are invested in the success of a project – for example, in a student accommodation project, universities are incentivised to nominate rooms early in the academic year to secure rooms for their students compared to speculative PBSA (Purpose Built Student Accommodation) where the private sector is exposed to demand risk
- Access to talent pipelines and opportunity to influence curriculum to match talent needs
- Brand, prestige and influence by being associated with leading academic institutions
- Access to R&D and early-stage technologies
- Drive cost efficiencies through the private sector's established supply chain compared to university's own/in house teams, for example for build contracts and facilities management/repairs and maintenance works
- Utilise their experience and expertise in designating, financing and delivering complex large scale mixed use regeneration schemes, allowing universities to focus on core activities

Working in partnership with the private sector typically allows universities to:

- Unlock different funding steams
- Ringfence different activities and risks, particularly for non-core or higher risk activity
- Allow sharing of both risk and reward
- Deliver on commercial areas that may be outside of their core skill set
- Upgrade infrastructure, build campuses, student accommodation, research facilities
- Access commercial expertise especially in areas such as edtech, data analysis and online learning platforms
- Improve graduate employability by ensuring the curriculum is relevant to employers, co-designing courses and providing greater placement access to students
- Help increase global scale as many private sector providers have a far greater international reach

Of course, working in partnership is not new and there are already many examples of existing private sector investment across the sector. As well as the many private investment led universities themselves, there are also many examples of public/private partnership that focus on delivering specific outcomes:

- ID Manchester project with University of Manchester which is a £1.5bn 29-acre mixed-use innovation district being delivered in partnership with Bruntwood SciTech at the University's North Campus site.
- University of Oxford's £4bn joint venture partnership with Legal & General to deliver a range of capital projects including academic facilities, graduate/key worker accommodation and an innovation district/ science park.
- Significant precedent in student accommodation partnerships including more recent deals such as: University of Staffordshire/ Hochtief partnership to deliver 700 new student residences alongside a student hub facility in July 2024, University of Brighton/John Laing partnership for the provision of new student accommodation and associated facilities at the University's Brighton Moulsecoomb campus, University of Birmingham's partnership with Equitix/Equans to deliver 496 new student beds as well as refurbish existing facilities at Pritchatts Park Student Village.
- University of Cambridge partnership with Mears Group to deliver affordable housing for 232 key workers in their Eddington development in Northwest Cambridge.

Case study

QA Higher Education

> **...has been set up to provide alternative campuses that allow universities to operate more competitively internationally, or to recruit different students than they would otherwise be able to and from a student perspective, to be able to offer a more flexible and employment focused opportunity. Refocusing the traditional university experience and making it more purely about flexible teaching, getting a good degree and getting you into the job you want."**

Simon Nelson
Chief Executive, QA Higher Education

Why is it relevant?

QA Higher Education

QA Higher Education represents a successful and differentiated public/private partnership. It provides a distinctive complement to traditional university provision, focused on driving access, flexibility, and good career outcomes. QA Higher Education works with partner universities to expand reach and impact, particularly among underrepresented groups — including older learners, working adults, settled-status immigrants, and students with caring responsibilities. It's flexible delivery model is designed to support these learners through accessible, employment-aligned education.

While QA Higher Education is backed by CVC, a growth-oriented investor, its strategic focus remains on delivering high-quality education, widening participation, and achieving strong graduate outcomes — supported by long-term capital and operational scale.

In brief

- QA Higher Education operates through joint ventures and university college arrangements with UK universities to deliver accessible, flexible, and career-focused higher education.
- In joint ventures, university partners retain majority ownership (typically 51% or 50.1%), ensuring alignment and shared governance.
- Longstanding partnerships with institutions enable QA Higher Education to deliver high-quality education to thousands of international students from London, Birmingham, and Manchester campuses.
- QA Higher Education model offers scale, investment capability, and operational agility — enabling universities to reach new markets and deliver competitive, employment-oriented programmes.
- Maintaining high educational standards and good graduate outcomes is central to QA Higher Education's continued success, reputation, and regulatory alignment.

Benefits

- Overall, the joint venture model provides a structured and accountable framework for QA Higher Education partnerships with universities, enabling them to be competitive and agile in attracting international students while ensuring robust governance and distinctiveness in their offerings.
- The joint venture model allows universities to be more agile in international markets, offering competitive pricing, flexible payment plans, and adaptable delivery patterns. The joint ventures are structured with formal governance, including audited accounts and a board with directors who have legal responsibilities.
- This structure ensures a more robust and accountable relationship compared to lighter-touch models and the governance arrangements are replicated in QA Higher Education's domestic, partnerships as well to ensure full university oversight and transparency.

Key takeaways

Being part of a larger education Group with private investment has enabled:

- Access to Group shared services and infrastructure, contributing to operational efficiency, margin improvements and service quality.
- QA Higher Education to have access to capital for strategic investment in campuses, technology, innovation and other strategic initiatives.
- QA Higher Education to operate with a different risk appetite compared to traditional universities, allowing QA Higher Education to pursue more ambitious projects and investments.
- The private equity model drives efficiency, growth, and strategic agility, helping QA Higher Education to stay competitive and adapt to market changes while balancing financial performance with student outcomes and regulatory credibility.

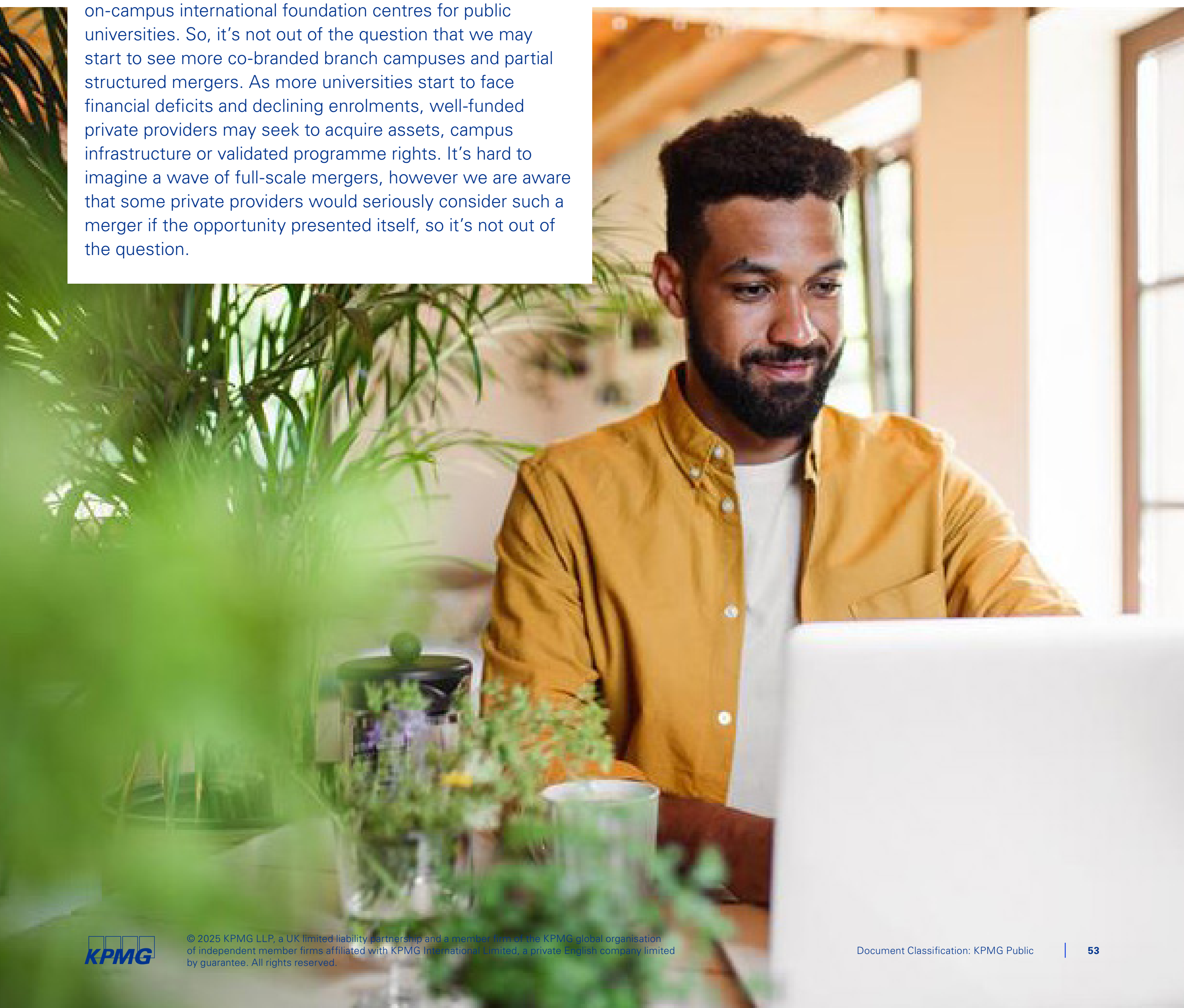
What about private providers, is there a prospect of more mergers between private providers and publicly funded universities?

Whilst private providers are playing an increasingly prominent roles in higher education in England, mergers and acquisitions between private providers and traditional universities are currently rare (although we note there are examples including the acquisition of the College of Law by Montagu Private Equity in 2012). Differences in funding models, missions, regulatory obligations and reputation present significant barriers. However, targeted acquisitions, joint ventures and partnership models are expanding and may evolve into more integrated structures in the future. The continuing financial pressures and international competition may be key drivers to closer integration with private providers over time.

The current landscape shows a trend toward strategic partnerships, franchise models and selective acquisitions, especially in areas such as online learning, international student pathways and vocational education. Many private providers have an international reach and already run on-campus international foundation centres for public universities. So, it's not out of the question that we may start to see more co-branded branch campuses and partial structured mergers. As more universities start to face financial deficits and declining enrolments, well-funded private providers may seek to acquire assets, campus infrastructure or validated programme rights. It's hard to imagine a wave of full-scale mergers, however we are aware that some private providers would seriously consider such a merger if the opportunity presented itself, so it's not out of the question.

There are plenty of drivers on both sides for greater integration. For the private providers these include access to regulated student finance, brand legitimacy and degree awarding capabilities. For the traditional universities, the drivers include a diverse revenue stream, expansion of online offerings and a reach into new student demographics. However, if the public / private collaboration trend is set to continue then policy makers will need to consider what changes need to be made to the regulatory environment to ensure there are sufficient quality assurance and student protections in place.

The evolving relationships between the private and public sector HE providers suggest that a hybrid higher education sector may be emerging, one in which public and private actors co-produce education even if they are not fully integrated.



Case study

Regent's University, London

REGENT'S UNIVERSITY LONDON

Ultimately you know the business has performed better under this ownership structure. Our retention rates improved by 10% for our first year undergraduate students, we've gone from TEF Bronze to TEF Silver and want to be TEF Gold by 2028. So, I think most measures of student outcomes are actually significantly improved."

Carl Teigh
CFO, Regent's University,
London (part of the Galileo Education Group)

Why is it relevant?

In 2020 Regent's University London moved from a traditional single, charitable entity (company limited by guarantee) to be part of a global education business headquartered in Paris, France - Galileo Global Education. They completed the transaction in September 2020. Galileo, is the 'largest higher education provider in Europe' and operates across 18 countries and trains over 300,000 students each year. Galileo itself has a range of shareholders and stakeholders, including pension funds, private equity and other investment funds.

The headline benefits to the University through this have been access to a wide range of expertise and an ability to make long-term investments through access to capital, and a balanced approach to growth and returns.

The detail

Let's not forget this was completed in the Covid lockdown period, which provided both challenge and impetus.

- To ensure **fair value considerations**, they ran a process to find a suitable partner and whilst this was good governance, it was time consuming and complex in the early stages.
- They had a variety of options as a result and so being clear on the desired outcome; culture and values alignment of the acquiring organisation's strategic vision with Regent's goals for growth and development was critical.
- **Legal Involvement:** legal advice was essential to navigate the complexities of transferring ownership and ensuring compliance with regulations.
- **Regulatory Approvals** were required from bodies like the OFS and UKVI, which were crucial for the successful transfer of ownership and continued operation of the university.
- **Board engagement:** it was critical to engage the board from an early stage and ensure they were bought into the process throughout.

Key takeaways

The benefits are multi-faceted and straddle academic and professional service domains as well as governance and financial:

- There is **alignment** across the Group on the educational strategy with synergies able to be explored and ability to jointly develop academic offers.
- Having DAP, Regent's is also able to offer degree validation within the Group at a much lower risk that if it were an external franchise model and with central academic assurance and financial due diligence at a Group level assuring quality of any new entrant / acquisition.
- **Student experience:** overall since the change in ownership there has been an increase in student satisfaction, retention rates and graduate outcomes.
- **Data and benchmarking:** as to be expected from a large Group there is a significant central data and analytics capability that enables access to comparative benchmarking data across the Group as well as live applicant and student insights.
- **Back office:** there is a substantive Group shared back office including CRM and core systems such as Salesforce, Workday, and Blackboard.

Conclusion:
Conditions for success

Change within the Higher Education sector is a constant. But much of the change to date has been at an institutional level. The premise of this report is that as the sector both grapples with financial stresses and seeks to re-affirm its position at the heart of growth, productivity, skills and innovation, then some of the answers will lie outside the walls of individual Universities and reside instead in more formal structural collaboration.

As this report shows, strategic consolidation will require various elements to come together to facilitate and support what could be a significant structural change. There is a dialogue to be had between all the actors - sector leadership; student bodies; the regulator; funders (including research); government; business and regional leadership. No one part of this jigsaw holds the answers, and it will require a period of positive and constructive discussion to enable these changes.

Change is at the heart of this report. But to enable change for those wishing to operate in a different manner, the structural and regulatory impediments to collaboration that lie at the heart of the current system need to be addressed collectively.

We have highlighted many of the barriers (perceived and actual) to structural change in the analysis throughout this report. We hope that the suggestions below will enable and support constructive dialogue between all parties as they move towards increased collaboration across higher education providers. They aim to kick-start the system to further unlock its significant potential to contribute yet further to the UK economy and broader Government growth ambitions.

Supporting collaboration

Supporting radical collaboration will itself need key stakeholders – Government; regulation and the sector itself – to consider what might need to change. The suggestions below for each are intended to provoke constructive dialogue and discussion rather than be definitive.

Government:

Brokerage

There is an interesting question to be answered as to whether there is a need for a function that can help manage and broker strategic structural change across higher education. A ‘neutral service’ with the purpose of brokering conversations between those providers seeking collaboration could add value and play a translatory role between Government and the sector. This is important because the models we have described are not limited to regions only, they could go beyond traditional and local ties. This service can help in finding a collaborative partner with the same aims, compatible leadership, risk and reward appetite, cultural fit and expectations. The matching service should act as a first port of call in convening conversations on a protected basis. It could also be extended to offer co-funded workshops in which to convene and flesh out the ‘visioning’ stage of any collaborative venture.

Clarity on competition law and clarity on the future of competition as a key feature of the HE sector

It is a long-established principle that the UK's competition rules apply to higher education institutions. These rules prohibit anti-competitive agreements and pose specific challenges to the sector as it seeks to collaborate more closely. Some forms of collaboration risk breaching the competition rules which would expose participating institutions to the risk of enforcement action as well as adverse publicity and damage to reputation. Publication of bespoke guidance by the CMA, coupled with an open-door policy by which stakeholders can obtain the CMA's views on proposed collaborations, would be helpful. The blog published by the CMA on 30 May 2025 on supporting higher education providers through beneficial collaborations is a welcome step in providing this much needed clarity. However, is it really true that universities are true competitors and that the sector exhibits the characteristics of a fully open and competitive market? For example, course fees for undergraduate courses for domestic students are regulated, as is the relationship between students and institutions; and students' decisions about where to study are driven by a range of factors that are not limited to the usual parameters of competition (price; quality; range; service and innovation). If the sector is not truly competitive, is it appropriate for it to be subject to the same set of competition rules as other sectors of the economy which are subject to the full force of competition? This is the time to consider reforming the competition rules by carving out the sector from the application of the rules altogether.
To an extent, legislation (the Higher Education & Research Act 2017) already provides for competition in the HE sector to be regulated outside the CMA, as the OfS's duties expressly include "encouraging competition… where that competition is in the interests of students and employers" while also being alive to the benefit to students and employers of collaboration. There needs to be a change in regulatory emphasis to recognise that collaboration is given as much statutory weight as competition.

Stronger regulatory and policy join up

For FE and HE their different regulatory systems can hinder tertiary education models which address layered skills shortage issues. There could be further strengthening of the join up between DSIT, Skills England and DfE to ensure policy initiatives and priorities are agreed and feasible, including the priority to promote a more flexible HE system to enable collaboration across education; research and industry engagement. Additionally, different employee requirements across HE and FE, including pension provision with distinct contribution rates and associated regulatory complexities, create legal, financial and administrative barriers to collaboration.
A joined-up approach on how to navigate these issues when cross-fertilising HE and FE in a group would be helpful.

Collaborative Incentives

Government could consider how to incentivise this change with transformation funding to explore these models. These are complex projects, and funding could be provided to facilitate projects that match industrial strategy objectives and promote collaboration. This could include, for example, trailblazer funding for those looking to progress new models of regional delivery. Lessons learnt from these trailblazer initiatives should be shared across the sector.

Tax

Tax should not be a barrier to developing new forms of collaboration. Where proposals could lead to tax costs, be those Corporation Tax, VAT or more widely, the sector could look to other sectors where a 'tax neutral' position has been achieved: for example, such legislation already exists in the social housing sector in respect of Transfer of Engagements / amalgamations, which take place between, usually charitable, Registered Providers of Social Housing.

Current rules prevent charities benefitting from **Research and Development tax incentives.** Amending this to allow HE providers to make a claim where they undertake qualifying R&D activities would create a more level playing field with non-charitable entities.

Regulation

Strong regulation is a feature of the HE system in the UK. The OfS has stated that it wishes to move towards a system that better promotes trust and collegiate working and it has the legislative ability to do so. Whilst the OfS places students at the heart of its mission, the legislation creating the OfS also refers to the interest that employers have in higher education. To enable innovation both a tonal and regulatory shift could be considered to empower institutions to examine and implement changes needed to respond to the forces currently challenging them.

Council members should be guided by the OfS or the Charity Commission as to the extent to which they can consider a wider educational purpose than those directly related to the institution they serve. For example, can a Council member of Newtown University consider the interests of promoting higher education and research in the Newtown region as opposed to focusing on the benefit of students at its institution? In order to support Councils, regulatory directions and interventions should align with charity law and trustee duties.

To facilitate this we suggest below a range of options:

- **Core guidance on some of the more common structures:**
  Government and the OfS could work with the sector to promote and publicise practical guidance on different structural models.

- **A regulatory support service for structural collaboration:**
  The service could help establish common approaches and ways of working for both the OfS and providers when embarking on structural change or collaboration. This can aid in informing expectations, key milestones and regulatory requirements of organisations embarking on change.

- DfE and OfS could create (with the sector) a statutory and regulatory framework for merger that sets out a clear process for merging organisations to follow, including an easier route to transferring the institution and its rights, liabilities, claims and accreditations. For example relevant legislation could be introduced to facilitate the establishment a 'multi university trust' structure by way of a statutory order, cutting out the need to novate agreements and transfer registrations etc. Additionally, Federation Parent entities could be set up as statutory committees with charitable status. The protection of accreditations to existing and past students is also going to be key and thought should be given how to preserve a university's heritage in a disruptive environment.

The sector

The sector is by its nature collaborative. There is much that is within the sector's own gift that can be progressed autonomously on this topic – from brokerage and sharing best-practice to regional convening and developing clear sectoral asks on regulation or policy. The sector is also unique in many ways in having supportive representative bodies, including UUK, whose purpose is to convene and advocate for the sector and now is the time to leverage the momentum they have created and coalesce around a consistent set of asks to move the structural collaboration conversation forward.

Leadership

There needs to be increased support to university leaders to help them manage and progress structural collaboration as efficiently and quickly as possible. For example, the facilitation of more formal peer:peer collaboration for HE leaders and leaders from other sectors (both private and public) with experience of mergers or other structural change. This forum or co-mentoring system could enable sector leaders to tap into advice and support from a wide network. Strong and bold leadership is key in navigating and successfully implementing any structural change, ongoing leadership development and mentorship will be important to foster during this next chapter.

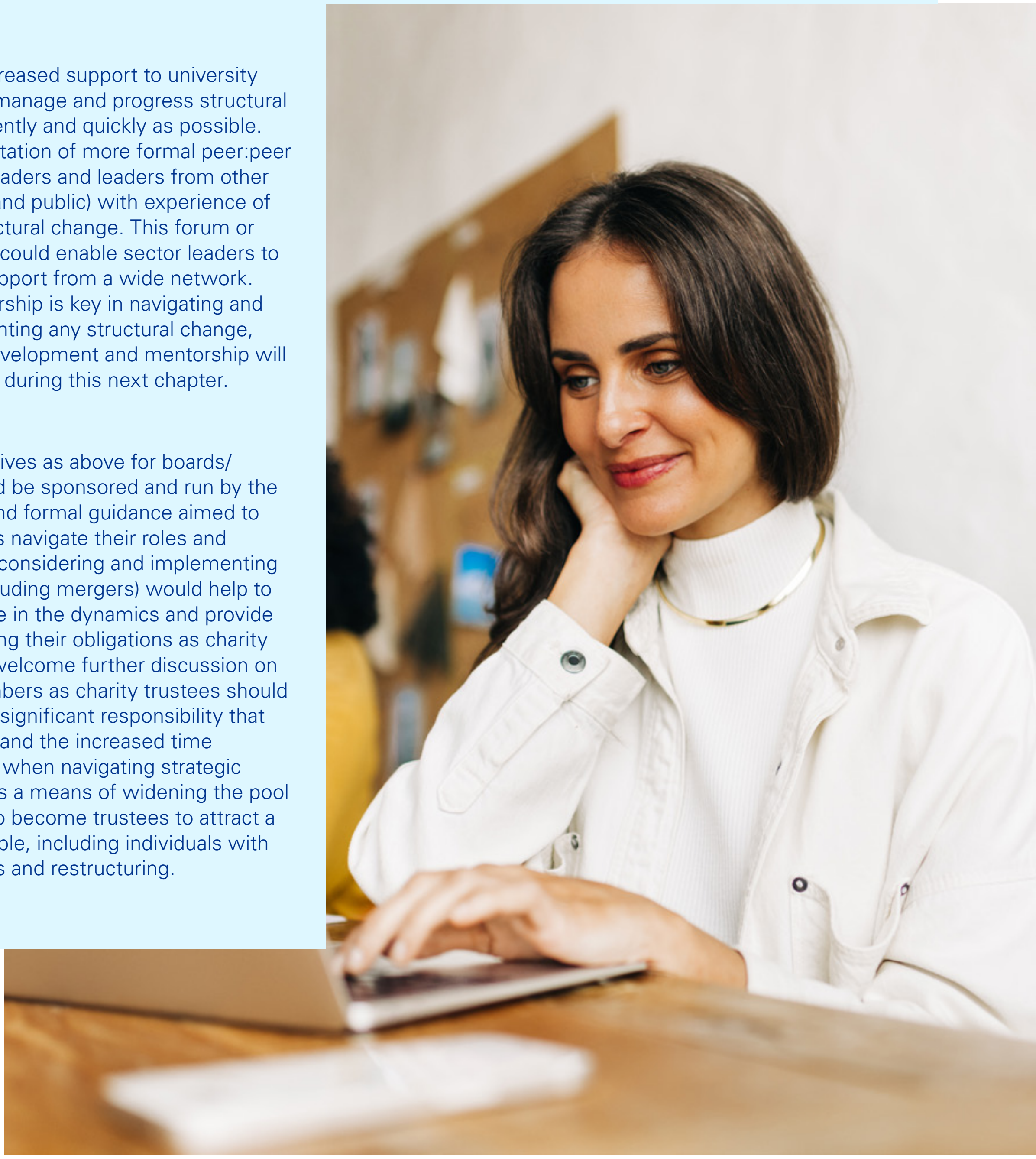
Governance

Consider similar initiatives as above for boards/governors which could be sponsored and run by the HE-sector. Focused and formal guidance aimed to help Council members navigate their roles and responsibilities when considering and implementing structural change (including mergers) would help to underline their key role in the dynamics and provide reassurance on meeting their obligations as charity trustees. We would welcome further discussion on whether Council members as charity trustees should be paid, to reflect the significant responsibility that accompanies the role and the increased time commitment involved when navigating strategic transformations and as a means of widening the pool of individuals willing to become trustees to attract a wider diversity of people, including individuals with experience of mergers and restructuring.

Sector asks

Building on the regulatory asks above the sector could support this with developing a clear, collective view of current blockers and challenges within complex models such as those discussed here and what changes (to regulation; funding; reporting etc) could help facilitate more agility within the sector.

For example, a **regulatory ring-fenced standstill period for organisations** in key periods of organisational change or reducing the regulatory burden on providers in transitional phases.



Final word

Radical collaboration is not a panacea, but our strong sense is that it will be a defining and essential feature of the next period of change for Higher Education. Change will require a constructive dialogue between Government; regulation and the sector to clear a path forward to facilitate radical collaboration and deliver the best results for higher education providers, students, regions, industry and UK plc. Collaboration can help to secure the future of our world-leading sector and we hope our report can play a small role in guiding institutions through this period of change.

01 Appendix

A Radical Collaboration Toolkit

First steps

Collaboration is hard. Bringing together organisations each with their own history, culture, academic strengths and operating models presents huge organisational and cultural hurdles to overcome. It will require long term strategic vision, and strength of leadership, policy making and boards.

Assuming you have been through the Strategic Options Appraisal and your Senior Leadership Team and boards are aligned on further exploring a radical collaboration opportunity then the key question becomes how best can we achieve this? Which structure are we comfortable with pursuing? How do we find a suitable partner and what are the next steps?

Whilst every collaborative arrangement will be different, there is plenty of sector evidence and experience from which to draw some best practice. In the following pages we have tried to distil some of our own knowledge and experience gained as advisors to the sector. It is written in the context of a strategic merger of two institutions (as opposed to an acquisition of an institution in a market exit situation), but the fundamentals apply across the range of collaborative options available to the sector.

The Challenges and where this can often go wrong

We've seen where organisations have got this wrong, and where it has worked well and there are some consistent lessons that can be applied.

Your criteria for finding a collboration partner may include:

Sustained financial health

The enlarged institution will be more or at least as financially stable as the independent institutions would be if they stayed separate.

Shared Vision

There should be a clear and agreed mission for the post-merger institution. (eg: research powerhouse, expanding access to underserved students, growing into new markets)

Strategic Fit

The institutions should complement each other's strengths and weaknesses. (eg: one is stronger in engineering and the other in business, one institution has great international reach and the other has research dominance)

Leadership and Governance

Establishing a clear and effective leadership structure early for the merged institution is critical to enable decision making and to drive the merger process forward. This includes defining roles and responsibilities, choosing new leadership, ensuring representation from both legacy institutions where appropriate, and fostering a collaborative decision-making process.

Cultural Compatibility

Merging two universities means merging two distinct cultures, each with its own traditions, values, and ways of doing things. This can lead to friction among faculty, staff, and students. Addressing these cultural differences head-on through open communication, sensitivity, and a commitment to finding common ground is crucial.

Geographic rationale

Proximity may make it easier to implement alignment post-merger but sometimes mergers across regions makes strategic sense and helps to provide higher education in cold spots.

Reputation alignment

Brand strength that is similar or complementary will prevent a prestige gap which might cause resentment amongst staff and students.

A successful merger requires certain factors to be met:

Academic Integration

Aligning academic programmes, curricula, and faculty expertise across two institutions is a complex task. Duplication of courses, potential job losses, and the need to ensure a smooth transition for students all require careful consideration. A thorough review of academic portfolios and development of a compelling academic offer for the merged institutions is essential.

Financial and Operational Integration

Merging operating models, financial systems, budgets, and resource allocation can be a significant challenge. Ensuring transparency, accountability, and a fair distribution of resources across the newly merged entity is critical. Additionally, addressing potential financial liabilities and financing arrangements, including a detailed assessment of the pensions and tax risk and opportunities arising, as well as identifying and delivering merger synergies (including both cost savings and new revenue generation opportunities) are crucial for long-term financial stability.

Technological Integration

Merging IT systems, data management, and online platforms can be a complex and time-consuming process. Ensuring data security, compatibility, and seamless access for all users is essential.

Communication and Transparency

Keeping all stakeholders informed and engaged throughout the merger process is essential and should not be underestimated. This includes faculty, staff, students, alumni, regulators, financing providers and the broader community. Regular communication, open forums, and opportunities for feedback can help build trust and address concerns.

Change Management

Mergers inevitably involve significant change, which can be unsettling for individuals and departments. Implementing effective change management strategies, providing support and training, and fostering a culture of adaptability are crucial for a smooth transition.

Collaboration Toolkit

Phase 0
Consider the strategic landscape

How can we drive genuine change to deliver benefit for students, staff, society and the economy?

- Consider and define your strategy and how radical collaboration will help you achieve your mission
- Develop success criteria and be clear on overall rationale
- Understand potential benefits and risks and obtain internal buy-in/approval
- Assess internal capacity and capability to deliver what's required
- Consider your collaboration model and understand the legal and regulatory process and obstacles
- Identify early the key potential regulatory and policy issues (and asks) and map the key government and regulatory stakeholders to engage with to find a route through

Phase 01
Exploration & alignment

Who can I partner with and what are the key benefits and risks of working together?

Mergers

- Target appraisal & selection against agreed criteria
- Develop a shared vision and strategic rationale for the combined institution
- Identify relevant partner organisations that best suit your strategic ambition & screening criteria
- Opportunity and risk assessment through due diligence (incl. financial health, academic compatibility, cultural alignment, IM&T, HR & Pensions, Estates, Tax and Legal) to make 'stop/go' to next phase decision

Other Collaborations

- Identification and appraisal of possible partners
- Agree scope of new venture (services, funding, governance and transfer of existing resources)

Phase 02
Planning & Negotiation

Articulate a compelling strategic vision for the merger/collaboration.

Mergers

- Determine required external support team to fill any skill gaps & establish a merger programme team to drive forward process
- Negotiate key terms (incl. governance structures, leadership roles, financial arrangements and faculty tenure) and feed into legal documents.
- Sign non binding MOU to tease out and agree key principles of the merger
- Integration planning: day 1, day 100 and beyond (Operating model, Governance, Culture, Integrated Corporate Functions, IM&T systems, and front line student services)
- Develop a joint financial plan that demonstrates efficiencies and sustainability

Other Collaborations

- Appraisal of collaboration models (e.g. JV, franchise, network, Group) considering commercial and tax implications
- Light touch due diligence (finance, tax and pensions)
- Integration planning (day 1, day 100 & beyond)

Phase 03
Implementation & integration

How do we get the transaction done and deliver a successful day one?

Mergers

- Business case development to facilitate any required internal approvals (incl. strategic alignment, synergy quantification, affordability analysis and management planning)
- Start to build the new organisational culture via an understanding of current cultural strengths and differences
- Develop change and communica tions plans – focus on making the integration real for your people
- Launch integration workstreams with a clear focus on delivering critical day one requirements
- Seek relevant approvals/ registrations and prepare for completion of merger
- Legal agreements signed and merger becomes binding

Other Collaborations

- Business case development & agreement on contract or investments as required
- Mobilise integration delivery teams and start to consolidate agreed areas of collaboration
- Ensure sufficient focus is given to communications, change and stakeholder engagement

Phase 04
Value realisation

How do we ensure we deliver the benefits?

Mergers

- Completion of merger – enlarged institution becomes operational. Post transaction integration delivery and synergy tracking/evaluation
- Implement a continuous improvement approach to enhance the efficiency and effectiveness of the merged institution
- Use post-merger health check to identify any delivery gaps

Other Collaborations

- Gather stakeholder feedback to assess the success of the collaboration and monitor/track key benefits, making any corrections as necessary

Case study

A look at the Mersey & West Lancashire Teaching Hospitals NHS Trust

NHS
Mersey and West Lancashire
Teaching Hospitals
NHS Trust

Why is it relevant?

Mergers in the NHS

A case study of the merger between the former Saint Helens and Knowsley NHS Trust and Southport and Ormskirk NHS Trust to form Mersey and West Lancashire Teaching Hospitals NHS Trust.

This is an example of a stronger, better performing entity acquiring an entity that was underperforming to improve overall patient experience and outcomes across the merged entity. The merger was driven by, and to some extent funded by, the regulator.

In brief

Saint Helens and Knowsley NHS Trust were approached by NHS England to support Southport and Ormskirk due to clinical unsustainability. The acquisition process was completed in less than nine months, with due diligence and approvals from the Secretary of State. The official acquisition date was July 1, 2023, and the organisation was renamed Mersey and West Lancashire Teaching Hospitals NHS Trust.

The detail

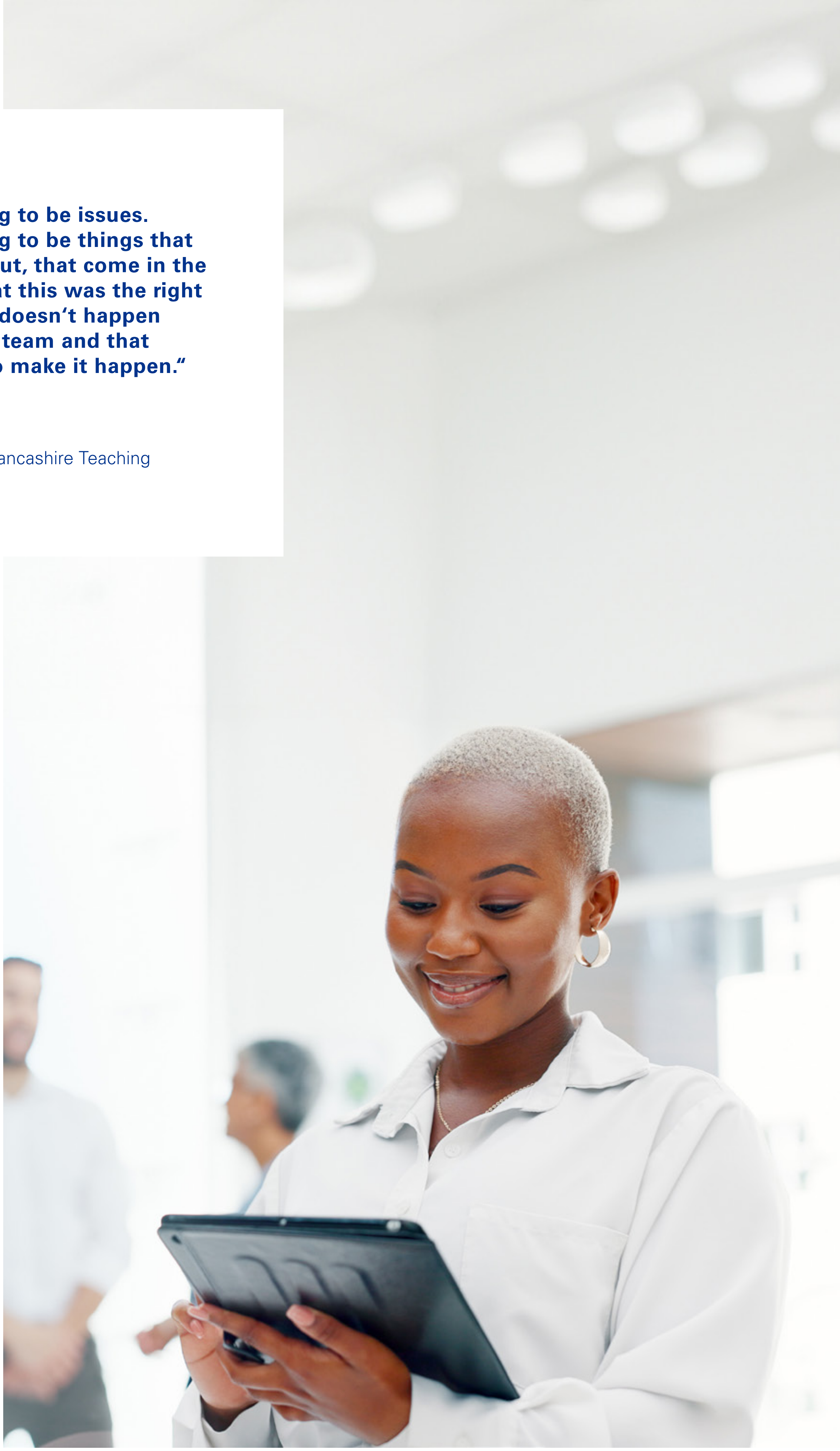
- From the outset (pre-merger) there was one executive and board leadership across both entities and only necessary / legal requirements were delegated (for example, statutory audit). One of the first actions was appointing a joint Chief Executive and Managing Director to unify leadership and also streamline decision making. This was an interim measure moving to fully integrating the organisations into a single entity with unified operations and services post-merger
- Having a single board structure eliminated the need for multiple board meetings and conflicting directives, leading to more efficient and effective leadership.
- The integration has enabled better coordination and resource utilisation across their multi-site organisation. Building on the strengths of each entity, unified clinical pathways, such as in urology and stroke care, have improved patient outcomes and operational efficiency across the board.
- Back-office functions are also merged, reducing duplication and improving overall efficiency, enabling better resource allocation and service delivery.
- Whilst the acquisition process was challenging, the post-acquisition phase (started 2024) presented even greater difficulties, particularly in terms of integrating services and achieving the desired efficiencies and improvements. It was, and remains, critical to have a clear long-term plan to ensure the sustainability of services and improve patient outcomes and to focus on delivery of that plan, keeping patient outcomes at its heart.
- Creating a unified culture across the merged organisation was challenging and critical. This involved aligning values, expectations, and operational practices to foster a cohesive and effective working environment.

Key takeaways

- The **regulator** (NHS England) was the broker of the deal and was critical in enabling the capital investment required: post-deal significant reconfiguration work was necessary to address issues such as having two emergency departments, sustainable maternity services and unsustainable service configurations. This required significant planning and capital investment from NHS England.
- **Timely and agile decision making** from all parties, including NHS England, was critical (and not always easy).
- Having a **unified, aligned and cohesive leadership team** was, and remains a critical success factor to successfully navigate the acquisition and integration process. Clear communication, shared goals, and mutual support among leaders is crucial.
- Having a clear long term plan with **improved patient outcomes** at its heart remains the North Star of all current post-merger integration activity.

There's always going to be issues. There's always going to be things that are going to come out, that come in the way of believing that this was the right thing to do... It just doesn't happen overnight, give that team and that organisation time to make it happen."

Gareth Lawrence
CFO, Mersey and West Lancashire Teaching Hospitals NHS Trust.



Phase 0

Considering the Strategic Landscape

Mergers are significant and disruptive projects – they are complex to undertake, disruptive to management, staff and students, time consuming to execute and require substantial resources to plan for, deliver and then realise the benefits. These types of collaboration models will be long term initiatives, and it will take time to realise the benefits.

To navigate this complex landscape, universities must adopt a strategic approach that considers the following key factors:

1. **Evolving Student Needs:** Changing demographics and diversity; the demand for skills around critical thinking, problem-solving and digital literacy; the need for innovative models of delivery and financing to make education more accessible and affordable.
2. **Technological Disruption:** the rise of online learning platforms and MOOCs; the impact of artificial intelligence to enhance student experience and improve efficiency; the need to better embrace data analytics of the vast amounts of data on student performance, learning patterns and career outcomes.
3. **Changing Funding Landscape:** Government funding is under pressure so there is a need to diversify revenue streams and explore alternative funding models; stronger relationships with donors and corporations to secure additional funding and support; attraction of international students and faculty to generate additional revenue and enhance their global reputation.
4. **Societal Challenges:** the role in promoting social justice and equity by providing access to education for all; consider the climate crisis through research, education, and sustainable practices; preparing students to be responsible global citizens who can contribute to a more peaceful and sustainable world.

Mapping and assessing these factors will help prepare a university to understand the drivers impacting its business model, develop an informed position for the Board to consider as part of its strategy and only then consider if a merger is the right kind of potential strategic solution.

As part of this, a university's management should undertake a **feasibility study** and take this through its governance to fully consider the implications and impact of a merger on its business:

- Considering the strategic rationale for a merger, including the expected impact on the institutions' missions, academic programs and short and longer term financial sustainability;
- Conducting analysis of the potential benefits to students, alumni, staff, community and the business model and identify the key risks of a merger and ways to mitigate these;
- Understanding any potential legal and regulatory obstacles to the merger; and
- Assessing the internal capacity and capability required to deliver the significant amount of work that is required.

This should include whether a proactive or reactive approach is taken to merger, each of which has its own advantages and disadvantages.

Phase 1

Pre-merger exploration & alignment

Once a decision has been made to explore a potential merger, it is essential to approach it with a strategic mindset, ensuring that the process has sufficient investment in planning and focus on execution to achieve long-term success for all stakeholders, importantly the students (present, future and past).

- **Identifying Potential Partners:** In the current climate there is no formal process to source a merger partner and we question whether the DfE/OfS might create a role to oversee the procurement of protected conversations between institutions. However, it is becoming more commonplace for institutions to talk to each other about merger and other forms of radical collaboration without it being seen to be an immediate indication of failure. As the merger culture starts to pick up pace, we may see more of these conversations happening. Do these types of conversations fall foul of competition law? Potentially, yes, care needs to be taken to avoid sharing competitively sensitive information with each other that could impact or distort competition in the market even if you do put in place non-disclosure agreements. There are various mechanisms which can be deployed to mitigate this risk (e.g. information sharing protocols; "clean team" agreements; engaging a third party to carry out synergies analysis); appropriate guardrails should be considered early.
- **Identifying the right partner:** Put a list of potential merger partners together and have a systematic approach to finding a partner, are there sufficient synergies to permit a cohesive partnership? Begin by identifying potential partners that might share your strategic goals and will strengthen your competitive position. Consider factors such as academic strengths, geographic proximity and student demographics. It's likely that the structure will involve only one of the organisations surviving – will this work in your context? Discuss this with your Board early on and keep them updated.
- **Take your Council on the journey with you:** Bring your Council into the discussions from the outset, before you have started looking for a merger partner. The most effective relationships between the Council and the executive form when there is trust between them which has been built up over time. Be mindful of the competing interests some of the board members might have, in particular staff/student members might have different perspective to some of the independent members of the board. It is worth reminding Council members of their role as charitable trustees and their responsibilities, including the requirement to try and disentangle their own personal interests when discharging their duties as a Council member and to act in the best interests of the students and other beneficiaries when debating the merger issues.
- **Developing a Shared Vision:** Articulate a clear and compelling vision and structure for the merged institution, outlining the merged organisation's strategy, its academic and research priorities, student experience, and community engagement. Keep the students and/or research at the centre of the shared vision and consider your stakeholders from the outset.
- **Culture:** Assess the cultural fit between the two institutions, including their values, missions, reputation and leadership styles.
- **Early agreement on structure and leadership roles:** Merging two governing bodies, two Senates, two executive teams can create real political battles. Which institution will transfer into the other and what will be the legal structure for the enlarged institution? Who is going to lead the new organisation and how will decisions be made? If there isn't an agreed vision or leadership is weak or unprepared for a merger, personalities will mean the merger drifts or collapses. Identify where the pressure points in this area may be and come up with strategies to deal with this. Seek independent help and advice where relevant.
- **Brand dilution:** Another sensitive area. What will happen to the old names and what impact does this have on alumni? Mergers should not a way of eradicating history – how do you embed the old brands to avoid brand dilution and stakeholder backlash? Develop a brand that honours both legacies, engage alumni, donors and regional stakeholders in the naming, symbolism and narrative building.

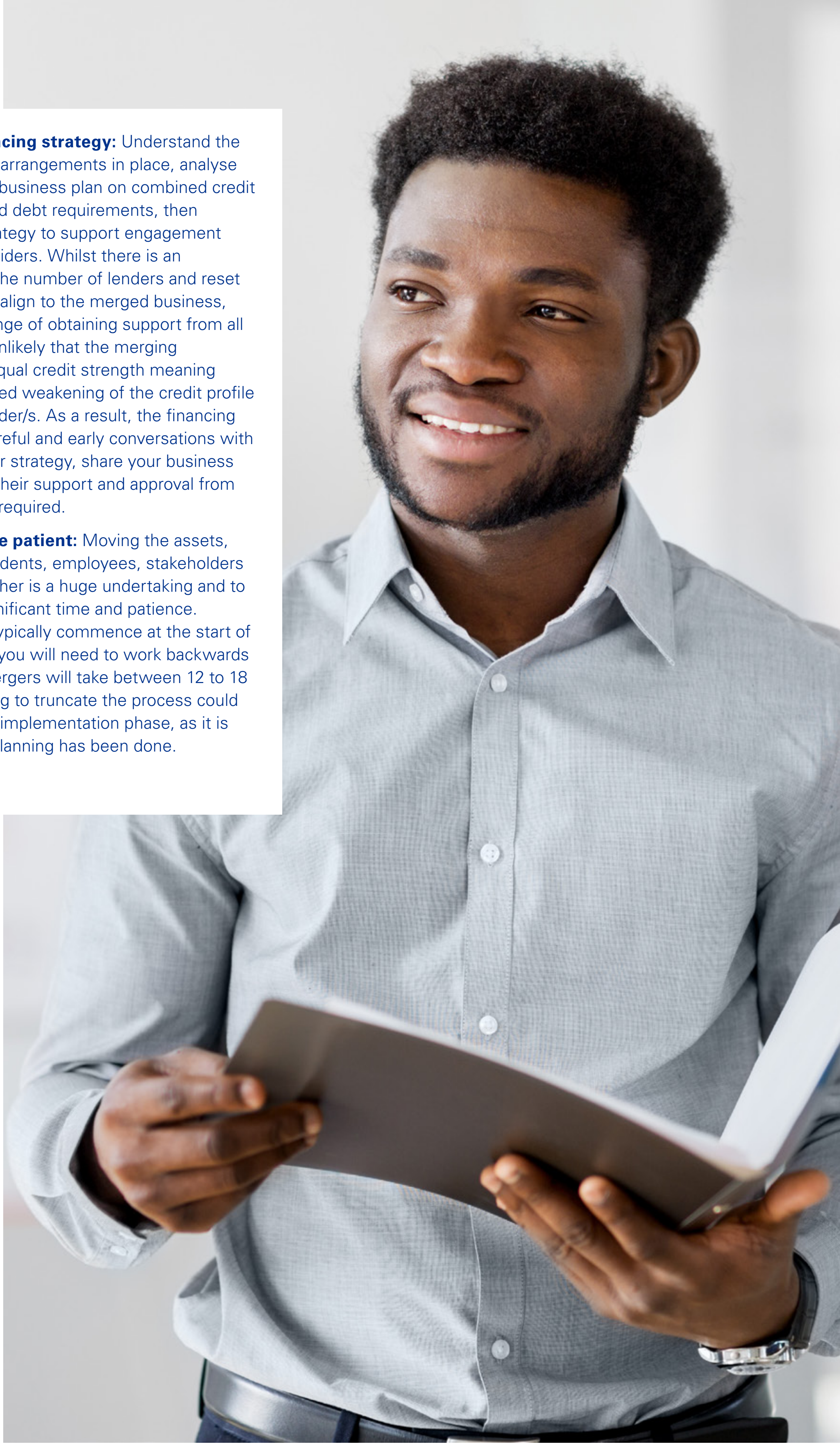
- **Conduct your Due Diligence in phases:** Work out what due diligence needs to be done in the planning stages to enable your Council to make a 'stop/go' decision (phase 1) and what due diligence can wait until you are further down the line (phases 2 and possibly, 3). Phase 1 due diligence should be done at the outset to help you assess whether to proceed to phase 2 in the negotiations. Targeted due diligence will help the Council assess whether the enlarged institution will have sufficient resource and capability to support the combined undertakings in line with the new strategic vision.
- **Cursory due diligence will miss hidden costs:** But know what your redlines are and be prepared to be pragmatic. Most universities will have skeletons in the cupboard so don't get caught up in unimportant detail that can be fixed down the line. Instead, focus on the fundamental areas of risk, to enable the Council and the executive to determine if the merger will lead to a viable future for the combined entity. Due diligence should cover financial health, academic programmes and compatibility of potential partners. This includes reviewing financial performance, academic portfolios, estate and IT, operating structures, tax positions, accreditation reports, and student satisfaction surveys. This is not a tick box exercise and is essential to understand both the risks and benefits associated with a merger partner, which will then inform your detailed integration planning to mitigate these risks and realise the identified benefits. Seek advice early on when planning your due diligence approach.

Phase 2

Planning & Negotiation

- **Have a skilled Merger Team:** Assemble a diverse and skilled team of negotiators within each institution (to include a mix of academic and commercial negotiators with relevant experience of mergers) to oversee the planning and negotiation process. Are the key negotiators experienced enough to help execute the merger? Seek help and external support where needed. Knowing which issues to prioritise and which issues to focus on at a later stage will keep the process on track and will help to preserve relationships throughout the journey.
- **Decision making:** Consider where decisions will be made within each institution and set up working Groups to facilitate effective merger discussions. Make sure your Council have the right skill set amongst them to challenge and test the right issues and yet provide support and guidance where needed. Ensure that the right number of Council meetings are set up in advance and that there is capacity to arrange additional meetings at short notice. It might be worth aligning additional Council meetings with the dates of the Council meetings of your merger partner. Personalities are key. Will the personalities of key decision makers on the Council and Executive be able to work together to resolve difficult issues? Deal with difficult issues head on and at an early stage, where you can.
- **Preparing a compelling yet credible business plan:** Combine the financial projections of both merger institutions across a multi-year forecast period, underpinned by integrated plans of student numbers, revenue streams and operating costs, as well as balance sheet and cashflow implications. These will need to be overlaid by synergies for the merged institution (both revenue opportunities and cost saving benefits), one-off merger costs and the investment requirements driven by the envisaged strategy. It is critical that the assumptions that drive the financial projections are robust, credible and take account of the known risks and opportunities that have been identified, including undertaking appropriate sensitivity analysis and agreement of a reasonable downside scenario – of paramount importance to demonstrate the financial viability of the merged institution, drive engagement with key governance and decision making forums, as well as to enable engagement with external bodies such as regulators and lenders.
- **Developing a Target Operating Model and a detailed integration plan:** Create a detailed Target Operating Model for the merged institution across schools, professional services and corporate functions, supported by a detailed step by step integration plan outlining the activities involved in merging operations, including academic programs, administrative functions, and IT systems.
- **Work on the dynamics between the parties from the outset:** A key to success will be the degree of common understanding and trust between the key individuals in the two institutions, starting with the Chair of Councils or, key Council Members, the two Vice Chancellors, the two Secretaries/Registrars and other senior academic managers. This requires not only some personal chemistry between the key players in the two institutions but,above all,leadership of the highest order.
- **Engage staff and students seriously and early on:** Take them on the journey with you. Reflect any potential mergers in any student marketing, offers and contracts as early as possible. Consider how you will engage with the students union and support them with regards to combining the students unions (separately).
- **Plan for regulatory and legal complexity:** Mergers are complex and you will need significant input and advice from experienced lawyers and advisors. You will need to work with Regulators from an early stage and keep them updated as to how the merger will be in the best interest of the sector/local communities etc.
- **Negotiating the terms of the merger:** Address key issues such as legal structure, process for the merger, governance structures, leadership roles, financial arrangements and faculty tenure, feeding into key documents such as the memorandum of understanding and the merger agreement. These should provide a clear plan, protect interests, clarify roles, set conditions and address risks. Well written MOUs and merger agreements ensure that that the interests of the student, staff and the institutions themselves are protected and that key risks are mitigated. The process for the combination and integration arrangements pre-completion should be clearly laid out, as should the proposed dissolution process (where applicable).
- **Establish a joint 'Merger Office' team** to work together to drive the implementation and planning aspects of the merger. The Merger Office team should include faculty, staff, students and possibly alumni. Most importantly, they will need the leadership, capacity and capability to fully engage with the merger process and drive it towards a successful conclusion.

- **Articulating the financing strategy:** Understand the existing debt financing arrangements in place, analyse the implications of the business plan on combined credit strength, covenants and debt requirements, then prepare a financing strategy to support engagement with external debt providers. Whilst there is an opportunity to reduce the number of lenders and reset financing covenants to align to the merged business, there is also the challenge of obtaining support from all lenders involved; it is unlikely that the merging institutions will be of equal credit strength meaning there may be a perceived weakening of the credit profile for one institution's lender/s. As a result, the financing strategy will require careful and early conversations with lenders, to present your strategy, share your business plan in order to obtain their support and approval from them for the merger if required.
- **They take time and be patient:** Moving the assets, business, liabilities, students, employees, stakeholders from one entity to another is a huge undertaking and to get it right requires significant time and patience. Planned mergers will typically commence at the start of an academic year – so you will need to work backwards from that. Typically, mergers will take between 12 to 18 months or longer. Trying to truncate the process could lead to a more difficult implementation phase, as it is likely that insufficient planning has been done.



Phase 3

Implementation and Integration

- **Managing Change:** Developing and delivering effective change management is vital to success and is historically an area that has not received sufficient attention. Invest in your change management capacity and capability to align leaders around the strategic aims of the merger, communicate a compelling change vision and case for change, then translate the change vision into reality for people on the ground and define what it means for them. Don't wait until the merger has happened for this to be communicated to the stakeholders. The earlier you can share the information, the better. This will help move stakeholders towards the envisaged end state and equip people to work in new ways, while ensuring the change is sustainable long term and the envisaged benefits are realised.

- **Communicating Effectively with staff, students and the community:** Communicate openly and transparently with all stakeholders throughout the merger process. Address concerns, answer questions, and celebrate milestones. Many people have a fear of change, so the development of a comprehensive stakeholder map, engagement strategy and a plan for the communication channels you will use for regular ongoing communication is crucial to maintain effective communication. Be mindful of the fact that students will be worried that their course might close or the support services disrupted. Will they be able to get a degree certificate in the name of the institution they signed up with? The answer is, probably yes. Experience shows that many stakeholders simply want the opportunity to voice their concerns and understand what the merger means for them as individuals or Groups – this could be understanding how they role might change post-merger or how they log on to IT systems on day 1.

- **Integrating Operations:** Implement the operating model and detailed integration plan that you have developed, to try and achieve an efficient integration of academic programmes, administrative functions and IT systems. However, be prepared for the integration to take longer than anticipated and for unexpected issues to arise. Be flexible and sensitive in your approach. Implementation will take a long time so factor this into your planning.

- **Building a New Culture:** Foster a sense of community and belonging among faculty, staff, and students from both institutions. Celebrate the unique strengths and traditions of each institution while building a shared identity for the merged university. There are many ways to integrate the two institutions in the run up to completion of the merger, so think through how you can achieve this and introduce change more slowly where possible.

Phase 4

Post merger value realisation

Post-merger monitoring and benefits realisation are essential for ensuring the success of a merger – they are often activities that are overlooked as institutions focus on establishing a 'new normal'. By closely monitoring the integration process and tracking the benefits that are being realised, universities can identify and address any issues that arise early on and ensure that the merger achieves its desired outcomes. It will of course take time to realise the benefits of the merger, so factor this in to the monitoring process.

- **Monitor and evaluate:** Monitor the progress of the integration plan and make adjustments as needed. This should include conducting regular reviews of the detailed activities in the integration plan, as well as tracking key metrics, such as student enrolment, retention rates, and faculty productivity. Identify and address any challenges or obstacles that arise.
- **Continuous Improvement:** Implement a continuous improvement process to enhance the efficiency and effectiveness of the merged university.
- **Stakeholder Feedback:** Gather feedback from stakeholders to assess their satisfaction and address any concerns.

Finally

Celebrate success!

Celebrate the successful completion of the merger and the achievement of the desired outcomes, including recognising the contributions of all stakeholders involved in the process and share the success story with the wider community.

Why
KPMG and Mills & Reeve

None of this is easy. Nor is there a simple well-trodden route that institutions can follow to move these discussions forward. Each organisation will be at a different starting point and looking to drive different outcomes. Whilst there are some notable successes, the road to collaboration in higher education is also littered with examples of how not to progress.

Therefore, having the right advisors by your side from the start is critical. The less transactional that relationship is and the more a genuine advisory relationship, then the greater the likelihood of success. A collaboration or merger discussion does not start with financial due diligence or legal structures, it starts with the **why**, the **who** and the **how** and we can help you every step of the way.

At a time when universities are looking for a sustainable future in the storm, a well planned and executed collaboration strategy could make a substantial difference to both financial sustainability and student offer.

KPMG

We have a strong footprint within the Higher Education sector: we worked with over 130 Universities last year as well as FE Colleges, regulators and Government.

We have a track record of working with partners to deliver insight. Most recently with JISC on developing the report on 'Collaboration for a sustainable future'; our joint KPMG/BUFDG 'Ahead in the Cloud' report on key lessons for CIOs, CFOs and HEIs on Finance System Implementations; our multi year collaboration with Wonkhe, including policy updates, and our collaboration with London Higher Powering London and reports.

We have long been advocates of more radical thinking on structural change and have worked on a variety of different collaborative models including mergers, Group structures and federations across the tertiary sector.

MILLS & REEVE

We're the leading law firm in the education sector and frequently advise HEIs on their most complex and strategically significant projects, including the two recent and most significant mergers in the higher education sector for decades. These landmark transactions had a major commercial impact on the institutions and created a blueprint for other universities considering mergers or acquisitions.

We are using our broad experience and exposure to key insights across the sector to help drive positive change and innovation in higher education including through our thought leadership campaign on university financial resilience – for details, visit our University Financial Resilience Hub. Recently, we co-authored an insightful report with Wonkhe: Connect more on conditions for structural change and we are working with sector leaders and key stakeholder Groups to facilitate conversations and to help institutions position themselves in financially challenging times

Our collective experience means we can bring complementary insight to UUK, your members and the wider sector.

It means we can speak with authority on these topics, and being outside the sector can be objective on the opportunity, the benefits but also the risks and issues associated with these complex projects.

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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