Putting students first: Managing the impact of higher education provider closure

July 2025

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SUMS Consulting in partnership with oia office of the independent adjudicator

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Foreword

One of the Independent Adjudicator for Higher Education's (OIA) core aims is to engage with issues affecting providers and students, taking learning from their experiences and concerns and sharing that information. We also seek to use insight and influence to help increase focus on the student voice and experience, and to bring our expertise to the discussion about emerging policy issues in the sector.

A key challenge we have seen is that the scale and complexity of the higher education sector can make it difficult for providers to fully consider individual students' needs and choices in market exit situations. From the complaints we have reviewed, we've gained valuable learning about the impacts of such events and how they might be better managed. We have learning and information from complaints published here.

However, we wanted to bring together the colleagues with direct experience from previous closures and exits we have been involved in to explore these issues. We wanted to further understand the complexity of the situation for both closing and receiving providers, as well as what might be done to improve outcomes. We are so grateful to all our contributors and experts for the time and openness and honesty in telling us about their experiences.

One message we heard clearly was that a more structured approach would be helpful. We heard what would be useful is a framework and through the evidence and discussion SUMS have endeavoured to produce this with input from our contributors. We hope this offers a useful starting point for providers, governing bodies, and others in planning and mitigating the impact on students.

Our partnership with SUMS has been central to this work. As organisations committed to supporting the higher education sector and students, we share a strong belief in the value of collaboration, evidence-based approaches, and putting students at the heart of decision-making. We're grateful to the SUMS team for the clarity, expertise, and connections they brought to this project. Whilst the analysis, interviews and recommendations are those of SUMS, we look forward to collaborating further in this space across the sector.

We are grateful as well to Committee of University Chairs (CUC) for being part of our steering group and providing helpful guidance and a governance perspective to our discussions.

While most of the case studies and discussions in this report focus on experiences in England, we believe that the framework and learning points are relevant across all nations of the UK.

We hope this report and framework will be a helpful resource for providers, sector bodies, and policymakers. We very much welcome continued dialogue and collaboration in this important area as we work together to minimise and mitigate the negative impact on students during times of institutional change.

Charlotte Corrish
Head of Public Policy at the Office of the Independent Adjudicator for Higher Education (OIA)
July 2025

About the study

in partnership with

Background to the study

This study emerged from conversations between SUMS and colleagues from the Office of the Independent Adjudicator for Higher Education (OIA) during summer 2024 about how higher education providers (HEPs) faced with potential or actual closure can best prepare, and thereby helping mitigate the impact on their students.

Despite a range of reports and articles about provider closures, and particularly examples of disorderly market exit in recent years, SUMS' initial research found there had been little written collating the learning from various closures, providing practical support for providers in this situation, and identifying what sector and provider level changes may be needed to better support providers and their students impacted by this situation.

For this reason, SUMS and OIA embarked on a collaborative, cross-sector study to examine how HEPs navigate challenging financial circumstances, specifically market exit, with a precise focus on how to reduce the impact of closure on students. The study took place during late autumn 2024 and June 2025. Its objectives were to:

- Identify effective practices in early identification and taking action to avoid or better prepare for provider closure.
- Develop a framework with a checklist of key actions that that might be taken by providers to mitigate the risk of market exit and, if exit is undesirable or unavoidable, to help prepare for and manage closure.
- Propose further recommended changes at sector and provider level to help support those facing this situation, and particularly to help mitigate the negative impact of closure on students.

Scope

While the scope of the study was on English HEPs we anticipate that the learning and framework will also be applicable to institutions in Wales and beyond.

Additionally, the study's scope was mainly provider closure to ensure clarity of focus within this expansive topic. Other types of closure, such as campus, discipline and course were mainly out of scope for this piece, despite the many parallels. We hope that these will be explored further in future work.

Approach

Our approach focussed on identification of insights and lessons on both effective and ineffective practices in relation to market exit, derived from qualitative interviews and group discussions with approximately 40 expert individuals.

Participants in the study included sector bodies and membership organisations, restructuring consultants, legal advisors, student representatives, and former and current leaders and managers with experience of closure (that is from closing providers, receiving providers and validating partners).

Colleagues from OIA and from the Committee of University Chairs (CUC) also provided helpful insights through participation in a small Steering Group to guide the research throughout.

Towards the end of the study in June 2025, we also brought together a group of 25 sector experts to discuss and help us refine the outputs and recommendations arising from this study.

Outputs

Our report is in two main parts:

- **Part One** provides the context for the study and collates findings on lessons and effective practice for the sector derived from all the research and information the SUMS team gathered for this study. This includes four case study examples of the experience and lessons from closures and from a range of perspectives. SUMS has also provided some conclusions on the gaps identified by the research and make a series of recommendations on potential changes for Government, regulators, sector bodies and providers to consider to better support providers navigate market exit and help mitigate the impact of future closures on students.

- **Part Two** is a separately appended framework (in MS Excel format), which is a distillation of the key lessons learnt from the study. The framework is not intended as a comprehensive guide for good institutional governance or achieving financial sustainability. Rather it is intended to provide a checklist of key actions that might be taken by providers to mitigate the risk of market exit and, or if unavoidable, to help prepare for and manage an exit. The framework is not intended as a definitive list of actions, but to serve as a prompt for HEPs to support and inform their planning.

We hope these materials, shaped by the insights of sector experts, will equip providers to navigate sustainability challenges more effectively and, ultimately, help reduce the impact of actual or potential closures on students.

We are grateful to the many individuals who generously contributed their time and expertise to support this study. In particular, we would like to thank Bernarde Hyde, former Chief Executive of SUMS, for leading the development of the framework; Graeme Sloan, our Associate Consultant, for originating the concept; and Charlotte Corrish and Ben Elger from OIA; along with John Rushforth and Amanda Oliver from CUC; and Matthew Tait from BDO for their invaluable insights and guidance.

Finally, we were encouraged by the openness with which participants shared their experiences – both positive and challenging – throughout this study. Such collaboration and honest knowledge exchange are essential as the sector confronts this critical agenda and works to better prepare for, and mitigate, the impact of potential future provider closures.

Helen Baird, Managing Consultant and Ruth Buckingham, Consultant
SUMS Consulting
July 2025

Part One: findings from the study and changes needed to protect students

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The context

Financial sustainability of the higher education (HE) sector has become a pressing concern, drawing scrutiny from government bodies, regulators, PSRBs, and the media. This attention stems from the increasing risks of insolvency and market exits among higher education providers (HEPs) and the damaging impact this may have on students, staff and wider communities.

Closure and exiting the market is typically more complex and financially challenging for HEPs than for commercial organisations for numerous reasons including:

- The potential need to continue to support students for several years
- The difficulty in finding alternative course providers; especially in regions with few providers
- HEPs' multiple sources of funding, including from government
- HEPs' participation in public sector pension schemes.

We define and explore the stages of market exit in more detail in Part Two.

Critically, unlike the further education sector, HE lacks a special administration regime[1] to enable a structured and orderly closure that allows sufficient time to protect students' interests. This absence of a clearly defined insolvency framework for HE providers with their varying constitutional structures (mainly Royal Charter Institutions, Higher Education Corporations and companies limited by guarantee) is a key challenge and makes legal and regulatory processes complex and uncertain.

In recent closures where the HE providers were private companies, students affected were treated by the administrator or liquidator as unsecured creditors with no additional protections. It is unknown what would happen if a Royal Charter Institution or a Higher Education Corporation were to become financially unsustainable in future. A recent article by OIA[2] explains the complexity and uncertainty around this topic and the potential negative impact on students as follows:

> *"It is very unclear what would happen if a Royal Charter Institution or Higher Education Corporation were to get into extreme financial distress. They would likely be treated as an unregistered company and therefore the only available insolvency regime may be liquidation, losing the opportunity for having a period of teach out…*
>
> *It becomes unclear in this instance whether any processes put in place via a market exit plan, student protection direction from the OfS* [Office for Students] *or any other instruction from a regulator will be followed since a liquidator isn't bound by them. The only duty is to wind-down the organisation, for the benefit of its creditors which is likely to be in direct conflict with the interests of students.*
>
> [Moreover], *Many of these providers are also charities and the Directors are also the trustees of the charity. The duties of trustees become complex in these scenarios. Usually when facing a closure a provider would be encouraged to explore alternative provision for students to transfer to with other providers, perhaps under a non-disclosure agreement, in advance of insolvency. However this may be complex and possibly conflict with competition law."*

Although no larger provider or university has yet entered formal administration or liquidation, some have come close, and financial pressures are only intensifying across the sector as we look ahead to the next academic year. As the OfS's May 2025 sustainability report[3] highlighted, a growing number of HEPs are showing signs of reduced financial resilience, raising concerns about long-term sustainability across the

[1] Education Administration is a bespoke insolvency regime introduced under the Technical and Further Education Act 2017 which allows for a structured and managed process if a college becomes insolvent, with the primary objective of protecting students' education.
[2] See OIA's article: *How corporate structure impacts provider closures* for more information.
[3] Office for Students. (2025). *Financial sustainability of higher education providers in England: 2025*.

sector. Troubling indicators include widespread financial deficits, liquidity pressures, declining income, rising costs and falling international student demand, with smaller teaching-intensive and specialist institutions being the most vulnerable.

Accordingly, the possibility of more HEPs, potentially including larger institutions and universities, facing closure in coming years seems real. Lessons from closures to date which we considered during this study highlight a need for stronger governance oversight, earlier interventions and more robust contingency planning across the sector, as well as a clearer administration regime for HE to ensure students' interests are protected.

We hope that the recommendations included below in this report for both sector bodies and providers will be helpful. Also, that the framework accompanying this report (see Part Two) will help advise providers on actions they should consider taking to mitigate the risk of market exit and, if this is undesirable or unavoidable, to help manage closure.

What happens during provider closure?

Recent closures in the English sector have predominantly affected small, private, unregulated institutions, which typically delivered courses either validated by an OfS registered institution or which were offered through franchise arrangements with such providers.

Triggers for closures to date have included financial instability driven by declining enrolments, reductions in external funding, unsustainable debt levels, and a lack of income diversification. In many cases, these financial challenges were compounded by ineffective governance and management.

Participants in the study cited a range of contributing factors, such as optimism bias within executive teams, their unwillingness to listen to hard messages, and a failure to manage risk effectively. This left insufficient time to be able to identify and implement strategies needed for long-term sustainability, so closure became inevitable.

Once vulnerabilities became apparent, some validating partners or franchising institutions chose to withdraw their partnerships, accelerating the risk of closure. Other specific contributing factors in examples considered by this study included:

- The sudden withdrawal of external funding sources
- Reputational damage linked to high volumes of student complaints
- The departure of key members of the senior management team or governing body
- Actions arising from formal investigations by OfS in cases of significant concern, such as poor quality, governance failures or financial instability.

Additionally, despite early warning signals evident in some cases, providers failed to plan proactively for closure. This resulted in disruptive and disorderly exits with a negative impact for students and staff. There were also examples of governing bodies lacking the requisite financial, strategic, and or sector-specific knowledge and expertise to anticipate, avoid or manage the risk of closure. This is a broader issue within the sector, and enhanced training for all types of HE governors is needed.

Moreover, the culture within some providers meant there was no acknowledgement that market exit was a real possibility. Realism and early recognition by boards and executives once warning signals indicate the organisation may be unsustainable are essential. This can allow sufficient time (12-24 months at the very least) for proper consideration of strategic options available to mitigate the risk of closure. Options can include income diversification, asset sales, restructures, identification of a merger or other partner, or planning to close in a managed way. In only one example we looked at had the leadership taken an appropriately medium term and realistic view and secured a successful alternative to closure.

Managing the tension between student interest and commercial interest (including legal obligations) when there are clear warning signals can be difficult. Seeking expert legal advice at an early stage to establish the impact of the provider's constitutional structure on market exit is essential. As is contingency planning, including having a plan to ensure early internal cross-functional coordination and involvement of key staff, such as legal, governance, risk, student services, finance, HR, and communications. These roles are key to be able to manage closure effectively and provide support to students to be able to continue their study at alternative providers.

Many more detailed suggested actions that might be taken by providers to plan and help manage an exit are included in the framework at Part Two.

A key point is that once insolvency occurs, a chain reaction starts and control passes quickly to an administrator or liquidator (who may have variable knowledge and experience of HE), leaving little time to plan and implement student support or continuity measures. As one participant in the study put it:

> "…[insolvency] *it's not a linear, logical process with time to consider various steps and priorities…. it's more like a chaotic storm that precludes logic and requires external support to guide you through it*".

We also heard during the study that support provided through the regulatory framework during closures is unclear, including the circumstances in which a taskforce is assembled. Whilst there has been some published reflections since some of these closures have taken place[4], providers who gave their views still felt there needs to be earlier proactive and coordinated support as well as transparent sector guidance to help navigate potential and actual closure to enable an orderly exit.

Students affected by provider closures were said to have experienced widespread anxiety, confusion, and in some cases dissatisfaction with their relocation options. Emotional distress, academic disruption, and financial hardship were common, and in some cases cultural mismatches and inadequate support at receiving institutions further exacerbated the negative impact on students.

Moreover, the longer-term impact on students affected remains unknown. There is information on the number of students whose provider exit the market that continue their studies when their provider closed[5], but no published data is available on their longer term continuation, attainment, progression or impact of their experience.

Finally, there are major concerns about student protection plans (SPPs)[6] which are viewed variously as weak, aspirational and irrelevant in real-world closure scenarios. The purpose of a student protection plan is to ensure that students can continue and complete their studies or can be compensated if this is not possible. These plans cover day-to-day changes a provider may make and are public and available to students. They show how students can expect to continue and complete their studies if their course or campus closes[7] However, providers did not feel they could be transparent in SPPs when facing warning signals amid concerns about reputational risk and making the situation worse.

We also found there can be some confusion between SPPs and student protection directions (SPDs)[8]. Unlike SPPs, a SPD which might include a requirement for a market exit plan will only be imposed where there is a material risk of a provider stopping all or most of its HE provision. These conditions were sometimes referred to by participants in the study interchangeably. There can also be misalignment

[4] Insight brief 24. Protecting the interests of students when universities and colleges close.
[5] KPM 10: Student protection - Office for Students.
[6] See OfS's Conditions of Registration. Protecting the Interests of All Students: C3 Student Protection Plans and C4 Student Protection Direction (where there is a material risk of market exit). Forthcoming changes to current student protection will take effect from August 2025 but will apply only to new applicants (at least initially).
[7] Market exit - Office for Students.
[8] Regulatory notice 6: Condition C4: Student protection directions - Office for Students.

between the SPDs, trustees' duties and the legal duties of insolvency practitioners, as well as uncertainty around funding and enforceability in the event of exit. SPDs by their nature are often imposed at a time when providers are under extreme pressure and resource is at a premium, it is therefore important providers undertake detailed and regular planning in advance. The framework produced from this study should be helpful to providers in doing so.

Case studies

The four case studies included below are based on insights gathered from multiple in-depth interviews with individuals involved in closures from different perspectives who shared their individual views and experiences of the closure. This includes a mix of closing providers, validating partners and the receiving providers where students had transferred to continue their study.

Case Study 1: Collaborative crisis: managing the closure of a specialist provider from three perspectives

Background and reason for closure

A small, specialist institution faced an abrupt financial collapse. With several hundred students and around 40 staff across two campuses, the provider had been struggling with governance, financial mismanagement, and a lack of diversified income. The senior leadership had resigned, and an interim executive team had been brought in to stabilise the situation.

Despite efforts to secure a buyer including advanced discussions with a potential acquirer, the provider was unable to continue operations. OfS was notified and a multi-agency taskforce formed, including representatives from the Department for Education, validating partners, the OIA and insolvency professionals.

Inside the collapse

The situation was described as ‘unprecedented’. The provider had no working capital beyond a single month’s payroll. Management accounting or management reporting had been flawed, with student debt misrepresented as income. The board lacked the expertise to grasp the severity of the crisis, and the SPP was not actionable in practice.

Efforts to transfer students to a new provider were hampered by legal and regulatory constraints. Eventually, another HE provider stepped in to accept all students and some staff. The interim team worked with insolvency lawyers to ensure a legal closure, while managing student data transfers, regulatory notifications, and communications.

Current insolvency laws in HE do not allow for the students position to be recognised or prioritised leaving them as potential unsecured creditors upon insolvency.

Receiving provider’s perspective

The receiving provider’s leadership team inherited a complex and emotionally charged situation. The transfer occurred over just two weeks, with little time for adequate due diligence. The provider took on students absorbing clear cultural and pedagogical differences between the two institutions.

A senior manager reflected that the process lacked sufficient oversight and placed undue pressure on already stretched resources. The manager emphasised that there is a pressing need for a transformation fund to support receiving providers and called for clearer regulatory frameworks and independent advice for governors.

Despite the challenges, over 80% of students transferred successfully. However, the emotional toll on students and staff was significant and there was an impact on the receiving provider's financial position.

Case Study 1: Collaborative crisis: managing the closure of a specialist provider from three perspectives

Validating partners' perspectives

The validator had only recently started validation for a small number of students at the provider, and the provider was caught off guard by the closure. This experience highlighted the need for more rigorous due diligence and a two-stage approval process for new partnerships. This provider now requires partners to undergo detailed financial and reputational risk assessments before validation.

Key lessons and recommendations

1. Early warning and governance:

- Providers must monitor financial health rigorously and act on early signs of distress.
- Boards need a mix of academic and corporate expertise, and access to independent advice.

2. Preparedness and planning:

- SPPs must be realistic, regularly reviewed, and include legal and operational contingencies.
- Providers should scenario-plan for different types of exits and maintain up-to-date student records.

3. Sector-wide coordination:

- A transformation or restructuring fund could support receiving institutions.
- A shared "one-stop" guide for distress scenarios would help providers navigate closures more effectively.

4. Student-centric approach:

- Emotional and academic impacts on students must be prioritised.
- Transparent communication and continuity of support services are essential.

Conclusion

The lessons for all providers in similar situations are clear. Providers must strengthen financial governance and risk monitoring to be able to detect early signs of distress. They should also develop realistic, actionable SPPs and establish clear contingency strategies, including potential transfer partnerships. Additionally, sector-wide mechanisms, including setting up a transformation fund and shared guidance, are needed to support orderly exits and protect students in times of crisis.

Case Study 2: Navigating closure and student transfer: A collaborative but challenging transition from a students' union perspective

Background

When an academic programme faced sudden closure due to issues around academic delivery and standards, the Students' Union (SU) learned of the situation alongside students during a large open meeting.

Initial response and SU involvement

The SU immediately focused on supporting the affected students. This included working closely with student representatives and a University-led task group, while also holding separate confidential meetings with students to help them voice their concerns. Key student concerns were around their ability to complete their degree and ultimately their professional futures. Arrangements were made to transfer students to a different provider, which required them to extend their studies. The provider developed transfer support and compensation packages for students.

Challenges and coordination

- **Communication gaps**: Students felt that conflicting messages were given by their provider during the process, and the SU team felt that their role was to bridge the gap between provider decisions and student understanding.
- **Academic mapping and transfer**: Mapping the curriculum to the receiving provider revealed significant gaps. Therefore, bridging modules had to be introduced, extending study time by 6 to 18 months depending on the cohort.
- **Placement constraints**: Due to the specific location of placements, the receiving provider had to be local, limiting options and complicating logistics.

Student impact

The impact of the programme closure on students included financial challenges, personal and wellbeing issues, amid concerns about professional registration and future careers, especially difficult for final year students.

The SU was involved in negotiating a comprehensive compensation package, which included compensation for loss of earnings and pension contributions, and childcare, travel, and unsociable hours supplements.

All students accepted tailored compensation packages (exit, second-year transfer, or third-year transfer). However, some issues included delays in fulfilling parts of the agreement did lead to complaints.

Case Study 2: Navigating a programme closure and student transfer: A collaborative but challenging transition from a students' union perspective

Key lessons

- **Preparedness**: Despite early warning signals, the students' union considered that the University leadership had been overly optimistic about the eventual outcome and so did not put in place necessary contingency planning for the worst-case scenario.
- **Policy gaps**: While the SPP was followed, it lacked sufficient detail, particularly around redress and compensation, and the internal processes had not been designed for rapid crisis response.
- **SU role**: The SU played a critical role in advocacy and support for students but faced staffing and financial challenges as a result, and the experience strained the relationship with the University.

Suggested areas of enhancement

- **Scenario planning**: Providers should manage the potential for programme closure as part of routine programme design. Providers should name the potential alternative provider(s) for programmes in the event of a closure becoming necessary as part of their internal quality approval process.
- **Clearer protocols**: Sector guidance would be helpful to better define the students' unions' or other representatives' roles in market exits and actions needed to ensure rapid mobilisation of support for students.
- **Regulatory oversight**: Greater scrutiny of provider preparedness is needed, alongside mechanisms to trigger earlier intervention.
- **Student-centric approach:** Providers should prioritise student wellbeing and transparency, even when facing reputational or financial risks.

Conclusion

This case study highlights the complexity of managing a sudden programme closure. While the new provider ensured continuity of study for the students affected, and the SU helped to secure meaningful redress, the experience exposed systemic weaknesses in planning, communication, and student protection. Future resilience will depend on embedding these lessons across the sector.

Case Study 3: Supporting students through sudden closure – perspectives from two receiving providers

Background

Provider A and Provider B were involved in receiving students from two separate market exits of UK-based providers. Both closures were sudden and required rapid mobilisation to ensure continuity of education and support for affected students. The experiences of these providers offer valuable insights into the challenges and opportunities of managing provider closures.

Provider A: Rapid response and curriculum mapping

Provider A became involved when a provider closed, and it was approached to support students in three programmes. The transition was fast-tracked, with students starting at Provider A one month later.

Key challenges included

- Curriculum alignment, including the need for restructuring and creating bridging modules.
- Data access delays, with incomplete or outdated transcripts complicating student mapping.
- Lack of centralised support, such as a helpline or onboarding team, which left students and staff without clear guidance.
- Despite these hurdles, Provider A was able to integrate most students successfully, offering flexible intake points and significant academic and pastoral support.
- However, the absence of a SPP from the closing provider and limited sector-wide guidance made the process far more difficult than it could have been.

Provider B: Teaching out and student-centric support

Provider B faced a different scenario when its long-standing partner failed to meet regulatory and academic standards. After a tense revalidation process and the sudden departure of key staff, the partner withdrew from the arrangement. Provider B was given six weeks' notice to teach out the remaining students the following semester.

The approach included:

- Onsite presence and communication, including weekly visits, dedicated email support, and all-student meetings.
- Financial and logistical support, such as covering travel costs and offering the same tuition fee rate.
- Tailored academic scaffolding, including alternative assessments, summer schools, and additional boards to support progression.
- Although the transition was costly and resource-intensive, Provider B prioritised compassion and continuity.
- Approximately 75% of students progressed, and many reported improved support and engagement.

Case Study 3: Supporting students through sudden closure – perspectives from two receiving providers

Key lessons

Both institutions highlighted the need for:

- Earlier warning systems and stronger due diligence, especially for UK-based partners.
- Clearer sector frameworks, including checklists, data-sharing templates, and guidance on student finance and legal obligations.
- Improved liaison roles, with better training and accountability to be able to spot partner risks earlier.
- Compassionate, student-focused planning and communications, including realistic SPPs and proactive communication strategies.

Conclusion

The experiences of the two receiving providers underscore the importance of early intervention, robust data sharing, and student-focused planning in managing provider closures. Both providers acted swiftly to ensure continuity for students affected but faced challenges due to limited preparation and an absence of sector-wide support. Their efforts highlight the need for clearer frameworks, better communication channels, and more consistent oversight to protect the interests of students in future closures.

Case Study 4: Managing the market exit of a provider

Background

A relatively small and new HE provider faced a sudden and complex market exit. This impacted its franchisor and validating partner, both of which had to respond rapidly to ensure continuity for affected students and mitigate their own consequent institutional risk.

Context and drivers for change

The provider had previously been under investigation by the Department for Education and OfS due to concerns about data integrity and financial viability in relation to provision validated by awarding bodies regulated by Ofqual. This investigation was not related to the provision at the partner(s) we spoke to for this study.

Despite some early warning signs – including a suspension of payments and a high student attrition rate – communication between the provider and its partners was inconsistent.

Case Study 4: Managing the market exit of a provider

Experience of market exit

Both partners acknowledged their due diligence and ongoing monitoring of all of the provider's provision, not only their own programmes, were insufficient. Academic oversight was too slow, with critical issues only surfacing during exam boards. Although one validator had issued a no-fault termination notice, the provider's insolvency accelerated the need for a managed exit.

The partners worked closely with OfS and each other to coordinate a teach-out plan for the provision not subject to the investigation. However, the process was hindered by tight deadlines, lack of transparency, and inconsistent communications from the closing provider, whose staff were unpaid and largely unavailable and OfS, OIA, SLC and DfE.

Impact on students and stakeholders

Both continuing students and prospective students were affected. Emergency measures included online town halls, written communications, and course matching to facilitate transfers. Some students of the partners were transferred to a campus of one of the partners.

During the transition period students at the delivery partner faced significant disruption, particularly those with language barriers or additional learning needs. The experience highlighted the need for better student support and clearer coordination and communications, in particular where there is an awarding organisation who is not OfS registered. The impact of any regulatory activity can affect all students and partners even if unrelated.

Avoiding market exit

Both partners emphasised the importance of:

- Stronger pre-contractual due diligence for partners.
- Real-time financial and academic monitoring.
- Transparent communication from regulators.
- Early identification of risk indicators, such as declining student performance or financial instability.

The validators have since implemented a number of ways to better evaluate partner viability including introducing a partnerships committee, refining both its risk and assurance processes as well as gathering real time data on partner finances.

Preparing for and managing exit

Proposed areas for enhancement:

- Developing flexible toolkits tailored to different provider sizes and exit scenarios.
- Scenario planning for student transfers and funding implications.
- Clearer guidance from regulators on complaint routes and compensation expectations.
- Financial support mechanisms (such as an insurance scheme) to cover the costs of teach-out and better protect students' interests.

Case Study 4: Managing the market exit of a provider

Key lessons

- **Collaboration is critical**: Despite regulatory body constraints and challenges, there was effective coordination between the different parties, particularly the validating partners, to prioritise student outcomes.
- **Regulatory processes during a market exit need reform**: What were described as 'heavy-handed' and 'opaque' interventions by the regulatory partners were felt to create unnecessary pressure and confusion.
- **Student-centred planning**: Future strategies must prioritise the student experience, including timely and compassionate communications, the need for academic continuity, and adequate wellbeing and emotional support.

Conclusion

This case highlights the fragility of some smaller providers in the sector, particularly with different regulators and awarding institutions. It shows the cascading effects that ineffective oversight and communications in one part of the provision offered can have for all students. It also highlights the sector's capacity for rapid, collaborative problem-solving when student interests are placed at the centre of decision-making.

Lessons from effective and ineffective practice

These case studies offer valuable insights and lessons from the perspectives of various stakeholders involved in provider closures. The table below summarises the key takeaways from each type of provider engaged in the closure process.

Closing providers	Receiving providers	Validating providers
❖ **Early warning systems are critical**: financial mismanagement and governance failures were not detected early enough. Institutions may need more robust financial oversight and scenario planning. ❖ **Leadership matters**: charismatic or visionary leadership cannot substitute for experienced financial and operational management. ❖ **Contingency planning was absent**: one had no actionable closure plan, leading to chaos and student harm. ❖ **Student-centred crisis management**: the lack of timely, transparent communication and emotional support severely impacted students. ❖ **Validating partners must be engaged**: arm's-length validation failed to detect or mitigate risks early. ❖ **Governance competency**: boards lacked sufficient expertise and confidence to challenge leadership or navigate crisis effectively.	❖ **Preparedness was limited**: most receiving institutions had to act very quickly with little data, funding, or regulatory clarity. ❖ **Emotional and academic support is essential**: students faced trauma, confusion, and academic disruption. Tailored support (e.g., bridging modules, travel subsidies) helped but was often improvised. ❖ **SPPs as a means of managing student transfer were not useful**: Institutions relied on ad hoc solutions. ❖ **Coordination gaps**: some communication issues with regulators (OfS, DofE, SLC) complicated transitions. ❖ **Need for central support**: institutions called for a transformation fund, central helpline, and independent brokers to manage future crises. ❖ **Curriculum mapping and data access**: these were major pain points. Receiving institutions had to reconstruct records and align academic pathways under pressure.	❖ **Due diligence must be strengthened**: weak initial assessments and a lack of ongoing monitoring contributed to partner failures. ❖ **Risk registers and escalation protocols are vital**: institutions that maintained structured oversight were better prepared. ❖ **SPPs need to be clearer in the providers' view on the role of validator in the event of partner closure**: most were outdated, vague, or not legally enforceable. Institutions need scenario-based, regularly reviewed plans. ❖ **Tailored approaches are needed**: one-size-fits-all models don't work. Small providers and large universities require different tools and support structures. ❖ **Legal and regulatory clarity is lacking** providers say they need clearer guidance on their responsibilities during partner distress or closure. ❖ **Insurance and shared funding models**: these were proposed to help cover the costs of student transfers and mitigate financial risk.

Overall, this study highlights the critical need for stronger due diligence, more effective risk management, and proactive contingency planning by providers to reduce the likelihood of market exit and to manage it more effectively if it occurs.

The following suggestions, alongside the lessons outlined above and the detailed checklist in Part Two of the framework, may support providers in strengthening their preparedness.

- Proactive monitoring of financial health and risks, including developing an approach to help monitor and spot early warning signs which trigger escalation protocols to be able to act on early signs of distress.
- Real time financial and enrolment data is needed to be able to monitor and identify risk effectively.
- Strengthening governance and awareness of potential market exit and the strategic options available to providers through enhanced training for all types of governors.
- Providers should monitor and act on early warning signs and conduct simulations for different closure scenarios.
- Closure planning should be integrated into business continuity planning, as for cyberattacks or fires. Scenario planning is needed where relevant as both a provider, validator and receiver.
- Business continuity planning should include planning for a structured internal team to manage in the event of a closure. Developing a teach-out strategy to retain key personnel for continuity and consider curriculum mapping and a data access approach.
- It should also include developing ways to ensure IT and admin systems remain operational to support student services.
- Identifying alternative providers in advance during normal operations is needed. This includes making planning for potential closure integral to setting up new courses and programmes. Considering flexible credit transfer options and exit awards where full transfer is not possible.
- Define student rights in closure scenarios and be realistic and regularly update SPPs, include students in regular review, with clear redress and compensation mechanisms.
- Clarifying legal pathways for potential insolvency and closure and responsibilities to students and ensuring access to specialist advisors.
- Strong oversight of partners is needed more generally, which can include putting well trained liaison roles in place to help identify and mitigate risks earlier, maintaining a partner risk register and requiring oversight of SPPs by validating partners and legal teams to ensure robustness.
- Considering how to prioritise student wellbeing with transparent and compassionate communications and wellbeing support. This should include tailored approaches for students with additional learning needs and those with disclosed disabilities, particularly mental health disabilities. Also needed will be consideration of continuity of services, and ensure access to finance, housing, and visa advice and provision of tailored support for students e.g., bridging modules and travel subsidies.
- Ensuring accurate student records (credits, assessments, fees, complaints) are maintained.
- SPPs should be student-friendly (involving students' unions or representatives can ensure their relevance and clarity) and published and accessible.
- Prepare and consider wider and legal implications for market exit as part of business continuity planning and in advance of the imposition of an SPD. This should go beyond high-level statements and include clear redress and compensation mechanisms and cover specific scenarios.
- Students' unions are vital in student advocacy and require resourcing and integration into institutional planning for closure and other crisis.

Conclusions and recommended sector level and provider changes

We, along with the many experts who contributed to this study, believe that the higher education sector remains largely unprepared for provider market exits. A significant cultural shift is needed, one that recognises that no institution is 'too big to fail'. In light of this, SUMS has proposed a series of recommendations for Government, regulators, and providers. These are designed to support institutions in navigating the complexities of market exit and, most importantly, to minimise the impact on students.

Currently, students are not adequately protected in the event of provider closure. We therefore urge Government and regulators to consider legal and regulatory reforms to address this gap. In addition, stronger sector-wide coordination and support mechanisms are needed to assist both providers and students during periods of instability.

Clearer and more proactive guidance is also essential to help providers identify early warning signs, assess their options, and plan effectively for potential closure. Finally, a shift in institutional culture is required – particularly among boards and executive teams – to embed earlier and more robust contingency and scenario planning into routine governance and risk management practices.

Theme	SUMS recommendations
Legal and regulatory change	**The current system does not adequately protect students in the event of provider closure.** **We therefore recommend that the Government and regulators explore the need for legislative and regulatory reform, which could include the following measures.** 1) Making legal changes to ensure that in the hierarchy of creditors, students are prioritised during closure proceedings. a) Initially, this could involve making a legal change to ensure all providers can enter into an administration regime (rather than liquidation) including those created by Royal Charter. b) Ideally, this would involve arrangements for higher education providers to have structured and orderly closure that allows a pause in insolvency and sufficient time to consider and protect students' interests. 2) Improving clarity so that the coordination and roles of regulatory partners (such as OfS, DfE, OIA, SLC and PSRBs) involved in closures are more consistent and clearer for providers and others involved, including the triggers for when a taskforce should be convened and a coordinated response taken to oversee provider closures. 3) Clarifying protections for students at HEPs on courses not awarded by OfS registered providers and ensure all students at the same provider receive the same level of protection and compensation whoever the awarding body is. Ensure in an event of closure maintenance loans are continued for students impacted. 4) Increasing flexibility of student loans, such as automatic eligibility for additional loan years in cases of disruption. 5) Ensure short term funding for student support to be put in place for information advice and guidance for students upon closure.

Theme	SUMS recommendations
	6) Considering the impact and ways of revising UKVI regulations on international students affected by closure.
Sector-wide coordination and support	**More sector-wide coordination and support is needed for providers and students in the event of closure.** **We therefore recommend that the relevant sector bodies come together to consider introducing the following changes.** 7) Providing clarity on standard protocols for managing closures and how these apply in different contexts. 8) Establishing a student protection fund to cover tuition refunds, relocation and living expenses through a compensation pot or insurance scheme for providers to pay into to support students with no redress through a compensation route. 9) Creating a centralised student transfer portal, a national platform to help students to map out alternative academic paths or career options, then find and apply to alternative institutions quickly. This could include credit transfer equivalencies and financial aid compatibility. 10) Creating shared frameworks and guidance taking into account GDPR and commercial sensitivity concerns to enable detailed contingency planning with a provider where there is not an existing relationship (e.g., not an existing validator). This should include data sharing, curriculum mapping, and student onboarding. 11) Networking providers to develop agreements and partnerships nationally, regionally and locally in the event of closures. 12) Conducting research on the long-term impact of closures on students (and alumni) of different levels, types and with different characteristics post transfer and their outcomes (most institutions don't separately monitor this cohort of transferred students).
Proactive guidance for providers	**Providers, governors, executive teams, and in-house legal professionals have primary responsibility for the legal implications of market exit.** **They need clear, practical guidance to identify early warning signs of financial distress, assess potential closure scenarios and understand how these may override regulatory obligations. This guidance should also support effective planning and management throughout the closure process.** **We therefore recommend that the relevant sector bodies come together to consider developing the following guidance.** 13) Tailored guidance and training for governors across all types of providers — including student and staff governors — on their responsibilities in the context of financial risk and potential closure. This should equip them to ask the right questions, challenge effectively, and engage in proactive planning to mitigate and manage the risk of institutional failure. 14) Strategic options and timing – Provide clearer guidance on the full range of strategic options available to providers facing financial distress – including mergers, acquisitions, and partnerships. This should include advice on optimal timing, due diligence, and governance considerations,

Theme	SUMS recommendations
	with an emphasis on early exploration of these options well before closure becomes imminent. 15) Teach-out and student transfer planning – Develop enhanced guidance on planning for teach-out and student transfer scenarios. This should cover how to create robust staffing plans, map course content effectively, and ensure academic continuity so that receiving institutions can support students in completing their qualifications with minimal disruption. 16) Transition and communications planning – Practical guidance on designing and implementing a comprehensive transition and communications plan. This should outline who should be involved at each stage of closure preparation and ensure that students' unions or elected representatives are engaged early in the process to reflect student perspectives in decision-making. 17) Complaints process streamlining – Provide guidance on how to streamline complaints processes during periods of institutional instability or closure. This should include mechanisms for fast-tracking urgent cases, ensuring continuity of redress, and maintaining transparency and fairness for students throughout the transition. 18) Student-centred closure planning – Develop comprehensive guidance to ensure students are prioritised throughout the closure process, including: a) Establishing a minimum standard of support for all students, tailored to reflect the diverse needs of different student groups (e.g. international, disabled, part-time, or postgraduate students). b) Creating a model closure plan template that includes clear expectations for frequency of review, possible mechanisms for involving students in the review process. 19) Responsibilities of receiving providers – Provide targeted guidance for receiving institutions on their roles and responsibilities when supporting students from a closing or distressed provider. This should include expectations around academic mapping, student support, communication, and coordination with regulators and other stakeholders to ensure a smooth and student-focused transition. 20) Planning for receiving students - regularly consider scenario and capacity planning where a provider could receive students in the event of another provider exit. Consider any areas of potential growth or of new provision and planning considerations be able to receive students at pace.
Provider-level change	**A shift in culture and behaviour is also essential within providers to strengthen their approach to risk management, contingency planning, and scenario-based preparation for potential closure.** **We recommend that providers should consider taking the following actions.** 21) Strengthening board accountability and awareness – Ensure boards are fully informed of their responsibilities, including legal and fiduciary duties in the event of financial distress or closure. Regular training should be provided, including for student and staff governors. 22) Insolvency preparedness – All boards should engage in scenario-based discussions and training on what happens in the event of insolvency (e.g.,

Theme	SUMS recommendations
	administration or liquidation), including their obligations to students and other stakeholders. 23) Strategic and operational planning – Integrate closure risk into business continuity planning. Providers should consider the legal and operational implications of potential closure when establishing new courses or institutions, embedding this into standard business continuity frameworks. 24) Developing a comprehensive closure plan – Providers should prepare a detailed, actionable closure plan that addresses student needs (such as finances, visas, accommodation, access to advice), staff continuity, and regulatory compliance. 25) Improving scenario planning – In addition to public-facing SPPs, providers should have a more detailed wider planning in advance of financial distress. This should include clear redress and compensation mechanisms and should be prepared in advance of any imposed SPD. 26) Student support and communications – Providers should consider how to prioritise student wellbeing with transparent and compassionate communications and wellbeing support in relation to potential or actual closure. a) This should include tailored approaches for students with additional learning needs and those with disclosed disabilities, particularly mental health disabilities. b) Also needed will be consideration of continuity of services, and ensuring access to finance, housing, and visa advice and provision of tailored support for students e.g., bridging modules and travel subsidies. 27) Better data and risk management – Real-time monitoring: Use real-time financial and enrolment data to identify early signs of institutional risk and trigger timely interventions. 28) Establishing clear escalation protocols – Establish clear internal escalation pathways when risk thresholds are met, ensuring swift and coordinated responses. 29) Improve partnership oversight and enhanced due diligence – strengthen due diligence processes and ongoing monitoring of academic and commercial partners to detect and mitigate emerging risks.

Part Two: a framework to support providers around market exit

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Overview of the framework

The separately appended Framework (in MS Excel workbook format) is a distillation of the key lessons learned from the SUMS and OIA study.

This framework is a distillation of the key lessons learnt from the SUMS and OIA study on *Putting students first: Managing the impact of higher education provider closure* (July 2025). It is not intended as a comprehensive guide for good institutional governance or achieving financial sustainability. The framework provides a checklist of key actions that might be taken by higher education providers (HEPs) to mitigate the risk of market exit and, if exit is undesirable or unavoidable, to help manage an exit. We focus on the what and not the how. The framework is not intended as a definitive list of actions but a prompt for HEPs to support and inform their planning.

Closure and exiting the market is typically more complex and financially challenging for HEPs than for commercial organisations for numerous reasons including:

- The need to continue potentially to support students for several years
- The difficulty in finding alternative course providers; especially in regions where there are few providers
- HEPs' multiple sources of funding, including from government
- HEPs' participation in USS and other public sector pension schemes
- Students not being prioritised by insolvency legislation but treated as unsecured creditors.

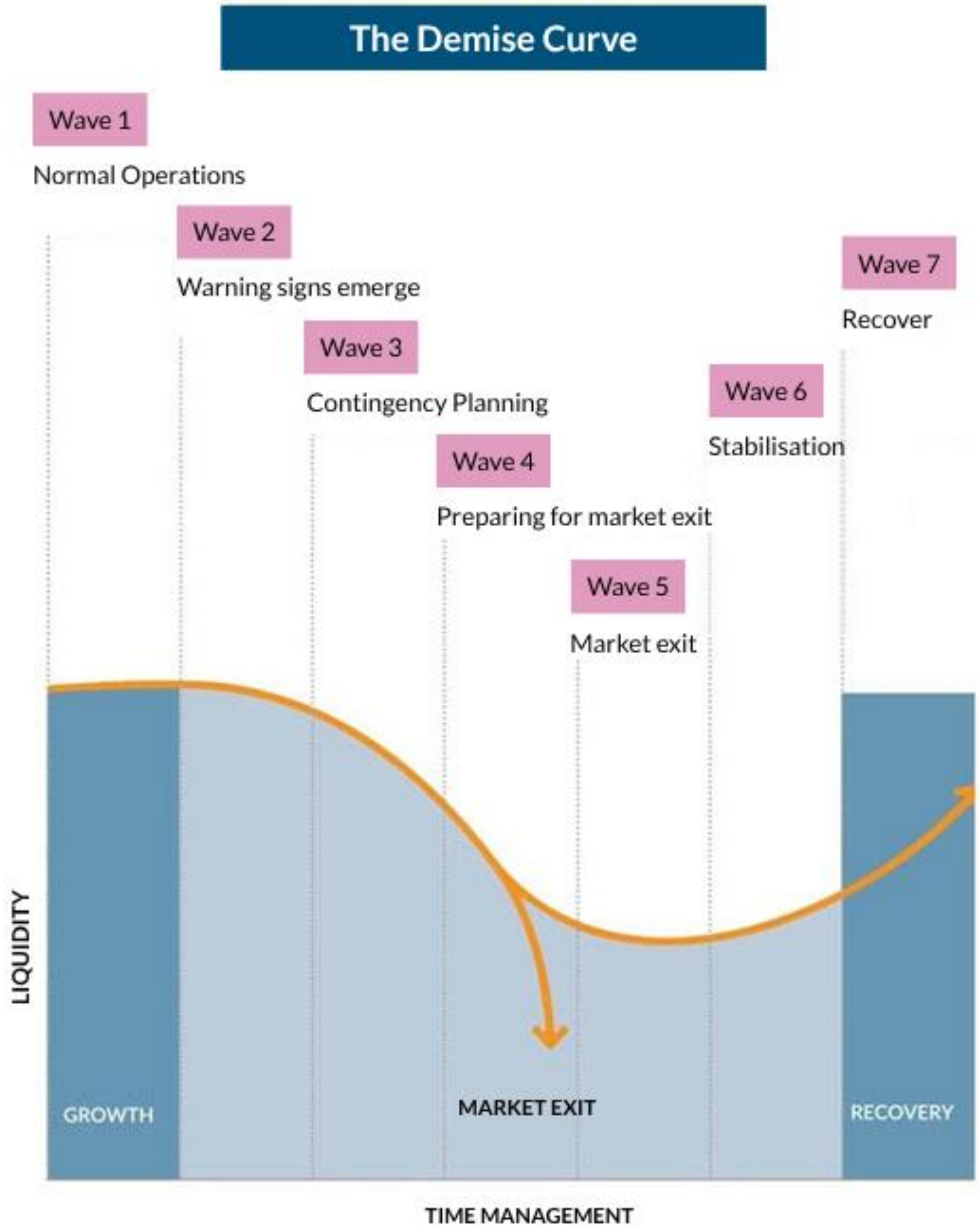
Our framework drives committed engagement with and holistic support for students, transparency and informed decision making.

Good internal governance and pro-active risk management	Strong student protection plans (SPPs)	Effective early warning systems & risk assessment	Proactive scenario planning and consideration of strategic options
Informed decision making	Ensured academic continuity	Committed engagement with and holistic support For students	'Above and beyond' support for staff
Sector / regional / local collaboration	Comprehensive contingency and recovery planning	Effective stakeholder engagement	Active closure planning

While each provider will face different challenges and timelines for action, depending upon their context, underperforming HEPs may swiftly follow the demise curve as illustrated. Our framework focuses upon waves one to four: from normal operations, through the emergence of warning signs and contingency planning (including consideration of new strategic pathways), to preparing for market exit.

The duration for each wave will vary by provider. Timelines will be influenced by several factors including how early warning signs emerge and/or the criticality of issues. Consideration of options and instigation of new strategic pathways will take time that may not be available; for example, a merger may take a year or more to organise. The aim should be to have sufficient time to explore options and to be able to make well informed timely decisions. Actions taken may result in stabilisation and recovery or in a market exit.

Typically, a HEP will move through waves of activity. The process will not be clearly defined and linear. There will be some overlapping of activity and occasions of iteration. Some institutions have described the exit process as a chaotic storm. The waves of activity as set-out seek to simplify the process by setting out a high-level road map.



The framework focuses upon prevention and management of a market exit - Waves 1 to 4:

Wave 1: Normal operations - the institution is operating in a stable state before warning signs of serious problems begin to emerge

Wave 2: Warning signs begin to emerge - serious issues are identified that may if not addressed necessitate a market exit.

Wave 3: Contingency planning - options to mitigate the risk of exit are explored and contingency plans are made, for example, financial restructuring is undertaken and/or new strategic pathways are instigated, for example, merger.

Wave 4: Preparing for market exit - the need to exit the market has been formally recognised by the HEP. It is during this Wave that plans for exit begin to be made. Actions taken and plans made during this Wave will be critical for a successful and orderly market exit.

Wave 5: Market exit – exit is happening and the plans created in wave 4 will be put into place. If necessary, administrators/liquidators will be appointed who will take control of the HEP. If an Administrator is appointed, they will have a very wide range of powers that must be used for the benefit of the creditors. They will typically use the plans created in Wave 4 by the HEP, if they consider them appropriate.

The framework is separated into sections that reflect spans of responsibilities with HEPs: Strategy and Finance, Legal and Governance, Operational, Students, Academic Delivery and Staff and HR.

For the purposes of this framework, we have made several overarching assumptions:

- HEP is in a mature state of organisational development, i.e. it is not a start-up
- HEP will have complied with the Office for Students' (OfS) conditions of registration that are intended to ensure that students can continue their studies or receive appropriate compensation (Condition 3: Student protection plan[9] and Condition 4: Student protection directive[10] specifically).

OfS interventions are out of scope for the framework, as they are outside the control of the HEP.

[9] Additional information is available here: Condition C3: Student protection plan - Office for Students.
[10] Additional information is available here: Condition C4: Student protection directions - Office for Students.

Appendices

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Appendix 1. Selected references and further reading

Closure of GSM London: the OIA's perspective - OIA; OIA; July 2019

OIA briefing note on course, campus or provider closure - OIA; OIA; Nov 2020

University or college closure - Office for Students; OfS; March 2021

New case studies explain how OfS responds to risk of closure at universities and colleges - Office for Students; OfS; 25 April 2023

Sustainable university funding (universitiesuk.ac.uk); Universities UK: September 2023

Protecting students in the event of an unplanned provider closure | Wonkhe; Wonkhe; Ben Elger and Charlotte Corrish; 15 January 2024

How corporate structure impacts provider closures - OIA; OIA: Charlotte Corrish; no date

UK Higher Education Financial Sustainability Report (universitiesuk.ac.uk); PWC; January 2024.

Delivering learning opportunities with others - OIA; OIA; Feb 2024

Institution Overboard (publicfirst.co.uk); Public First, July 2024

IHE_Academic_Partnerships_Project_Final_Report_July_2024.pdf; Independent Higher Education; July 2024

Franchise governance framework (universitiesuk.ac.uk); UUK; Publications item; 25 July 2024

A Tale of Two Mergers - HEPI; HEPI; Alex Bols and Jo Price; 26 August 2024

Sub contractual arrangements in higher education - Office for Students; OfS; Article; 3 September 2024

Applied Business Academy to close its higher education courses - Office for Students; OfS; 17 September 2024

Opportunity, growth and partnership: a blueprint for change from the UK's universities (universitiesuk.ac.uk); UUK, Sept 2024

What can QAA reviews tell us about what works in collaborative provision in the UK?; QAA Report; 7 October 24

Around one-third of students worry their university could go bust and one-half expect the Government to take over if it does - HEPI; Nick Hillman, Director of HEPI, 4 November 2024

This report has been produced for and reviewed by the commissioning institution. The statements and views expressed represent the understanding of the authors and the institution arising through the approach described at the time of writing.

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