

Strategic Review University of Brighton in Hastings 11 February 2016

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1 Introduction

- 1.1 In accordance with our engagement letter dated 11 January 2016 we have assisted in the (internally led) strategic review at the University of Brighton ('the University'), providing an independent external view.
- 1.2 Save as expressly provided for in the Engagement Letter, it is not to be referred to or quoted, in whole or in part, in any other context without our prior written consent.
- 1.3 This report is based on the latest information made available to us as at the completion of our work on 29 January 2016 and we have not updated our work since that date. We accept no responsibility to update it for events that take place after the date of its issue.
- 1.4 We prepared this report from information supplied by, and from discussions with, senior staff at the University of Brighton and external parties. We have not verified the accuracy, reliability or completeness of the information supplied and the procedures that we used to perform the work did not constitute an audit or review made under any generally accepted auditing standards.
- 1.5 Section 2 of this report is an Executive summary only. The body of the report contains key advice and issues that may not have been captured in the Executive summary and, accordingly, BDO accepts no responsibility for any reliance placed on the Executive summary only.
- 1.6 We shared a copy of our draft report with Professor Chris Pole, Deputy Vice-Chancellor on 8 February 2016 for comments on any factual inaccuracies. We have taken into account the feedback we received.
- 1.7 If you require any clarification or further information, please contact:

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2 Executive summary

- 2.1 There are a number of detailed recommendations and comments in the body of our report. The most important, though not all, are collated here for ease of reference.
- 2.2 Whilst recognising that various league tables exist and the University may fair better or worse in these, and indeed whether a supporter or otherwise of the very concept, the University sits in a tier below more than half of the sector.
- 2.3 The above is pertinent when considering student choice rather than what the University can offer. The University may wish to run a particular academic mix (on whichever campus it chooses) but students will act as they see fit and are heavily influenced by the league tables, and in particular the NSS rankings.
- 2.4 As such, and given the drop in national student numbers and the lifting of the student numbers cap, the University is likely to find it increasingly difficult to maintain numbers in this competitive arena.
- 2.5 The courses to date, over a 12 year period, have been reasonably successful in meeting this brief. However the local market has become saturated and this has been reflected in the change of mix in student enrolments, with the majority of students now coming to Hastings primarily from London though also from further away.
- 2.6 The University has continually planned for the campus to support a 2,000 strong group of students by 2020. This target has recently been moderated to 1,500 students by 2020.
- 2.7 Hastings does not have a ready supply of new HE students (18-21 year olds) and has saturated the majority of the adult population over the last 12 years.
- 2.8 The Hastings population of 16-17 year olds is forecast to decrease significantly in the five years to 2021, by 6.0%. A greater decrease is expected for Rother, at 11.1%.
- 2.9 This change is already reflected (evidence of anticipation) in the courses offered by Sussex South Coast College which has introduced a greater number of distance/online learning options.
- 2.10 The regional position is exacerbated by the national position where there is an anticipated 8% decrease in the 16-18 year old population between 2015-2020.
- 2.11 There are currently very few international students in Hastings and this is unlikely to increase in the short to medium term as most UK HEIs are competing for market share and, for Post '92s in particular, against a background of increasingly difficult UKVI/Tier 4 conditions (the current 10% 'fail rate' is believed to be dropping to 8% and may drop to 5%).
- 2.12 The national and international competition for students is going to become more marked over the next five years and it is likely to be far easier to recruit into Brighton (an established, large, university city) than Hastings.
- 2.13 In 2014, 86% of businesses in East Sussex employed fewer than 10 people, therefore graduates are likely to have to leave the area after completing their courses in order to find employment. Unemployment in Hastings is running at 9.8%, compared to a national average of 5.7%.
- 2.14 There is not a strong draw for students to the town in respect of long-term opportunities and the number of local students is limited and diminishing. It is possible that the ongoing work in regenerating Hastings will increase opportunities.
- 2.15 As it stands today, there is a limited 'draw' to Hastings as a university town when compared to other locations and other universities. This is true whether measured by academic reputation, existing student feedback (NSS) or facilities.
- 2.16 The local Council appears to be highly supportive of a university in the town and willing to support inward investment.

- 2.17 The University should consider any investment in terms of the impact in the context of the Strategic Plan of the University rather than simply the impact in Hastings.
- 2.18 The teaching facilities are good quality but not sufficiently differentiated from other (larger) campuses at other HEIs and the University has a track record of regularly changing the academic offer.
- 2.19 Student accommodation (halls) are of poor quality with limited rooms and there is a need for a more formal space for a Students Union.
- 2.20 Non-completion rates overall are high compared to national averages. In 2012/13, national non-completion rates from Year 1 to Year 2 for UK domiciled students were 7% on average. For the Hastings courses, the long term average is 14.3%. These non-completion rates make the Hastings courses difficult to plan, expensive to run and directly impact on the student experience.
- 2.21 In local context the recruitment through Clearing to Hastings courses has accounted for about 25% of enrolments each year since 2012-13 which is similar to the University average in 2014-15. University held data for 2013-14 shows that the in-year withdrawal rate for Clearing students at Hastings is twice that of non-Clearing students (21% vs 10%) - excluding partner Colleges. This is the highest withdrawal rate of Clearing students across the University by some measure.
- 2.22 The Hastings campus has been a 'social investment' made by the University with the opportunity to be a long term commercial investment, but the latter has not come to fruition.
- 2.23 Any ongoing investment in the Hastings campus continues to be a social investment as there is no proven business case as the campus still needs to increase student numbers to be viable whether measured by breadth and depth of curriculum offer, student experience or commercial gain.
- 2.24 With limited resources it is not obvious why further investment in Hastings would provide a proportionate (not necessarily maximum) return to the University for its primary objectives of teaching and research given the number of students impacted (20,700) across the University.
- 2.25 Each of the four options is considered in context and in detail in the body of the report. The narrative is not repeated here as none of these options is preferred, though the University should consider the commentary on each one.
- 2.26 We do believe there is merit in an alternative option (Option 5) of controlled divestment.
- 2.27 This will eliminate, or at least enable easier management of, some of the reputational, operational and financial risks whilst having regard to the student interest and maintaining the University's reputation as far as is possible on a local, regional and national basis.
- 2.28 We have not been presented with or, in the time available, discovered any compelling evidence to support the view that future academic offerings will be to build a sustainable student cohort for the University at Hastings at an opportunity cost and risk appropriate to the University.
- 2.29 We recommend that the University revisits the breadth and depth of its partnership and accreditation arrangements with Sussex Coast College Hastings ('SCCH') exploring an alternative HE model for Hastings.
- 2.30 It is possible that the University could commercially sell/transfer some of its resources (equipment/space) to SCCH to facilitate a teach-out and start a number of new courses/higher level learning led by the college, with a view to transferring students to the University if they succeed in degree level studies.

- 2.31 We understand that the University is committed to a 2016 Y1 UG entry for the Hastings Campus. In continuing with this commitment the University has a number of choices including limiting the recruitment to direct entry and not accepting clearing students, through to moving some of the courses to other campuses (perhaps with inducements to students to attend at Eastbourne or another campus).
- 2.32 The University can begin a teach-out programme, probably over a two year period ending in 2017/18. Y2 UG students (October 2016) could (some or all) be transferred to other campuses, with notice, and this could enable a widening of academic options to them for both Y2 and Y3 enriching their degrees and enhancing academic and social opportunities.
- 2.33 With the support of both SCCH and the Council, this would enable a (reasonably) elegant change to the focus in Hastings and transition to a different but potentially sustainable ongoing HE provision in Hastings.
- 2.34 A teach-out would need to be carefully managed. Recruitment has already started for 2016/17 at Hastings and therefore this cohort needs to be accepted (though some or all could potentially be moved to an alternate campus, subject to understanding the legal position).
- 2.35 UG Y1 Courses in 2016/17 may need to be taught at the Hastings campus to manage the expectations of students and meet legal commitments. However, expediting the exit of the Hastings buildings would be beneficial to consolidate the operations of the University and to avoid unnecessary costs of keeping all buildings open.
- 2.36 We recommend that students are offered an alternative to complete their course at the Brighton (or another) campus; for locally based students this could be a rail pass or other travel allowance, and for non-local students a bursary amounting to the difference in price between Brighton and Hastings accommodation.
- 2.37 Subject to legal advice, staff with employment contracts which specify their place of work as Hastings could be offered employment at another campus or voluntary redundancy. Depending on arrangements (if any) entered into with SCCH, there may be an opportunity for some staff to transfer to the college (and there may be TUPE considerations if courses continue within alternative arrangements).
- 2.38 The University's management team will consider this report, alongside any other relevant representations, and make a recommendation to the Board. The Board will make a decision on the future of the Hastings campus.
- 2.39 Publicising the outcome of the Board's decision for the Hastings campus needs to be carefully planned to ensure the relevant stakeholders are consulted and informed in a logical order and timeframe.

3 Scope of Work

- 3.1 As set out in our engagement letter of 11 January 2016, we have assisted in the strategic review of the University of Brighton in Hastings, providing an independent external view.
- 3.2 The scope of our work was to:
- objectively appraise the options identified by the University for the future development and operation of the Hastings campus
 - identify and appraises other options for the campus
 - present clear recommendations concerning the future of the campus and actions to be taken.
- 3.3 The report is to consider the academic viability of the Hastings campus within the context of:
- existing and potential demand for higher education provision across the Hastings, St. Leonards and Rother region, and
 - the capacity of the campus to attract students from beyond the immediate travel to study area.
- 3.4 The work is concerned primarily with academic viability and sustainability. The work was not expected to include detailed financial modelling. The work was time-limited both in terms of planned advisory days (15 days in total) and reporting deadlines.
- 3.5 The work was led by James Aston and included a mixture of review, interview, challenge and independent research. We have made an informed and independent assessment through a review of internal papers, interviews with university employees and external stakeholders (10.5 days), independent research (2.5 days) and culminating in this report (2 days).
- 3.6 BDO reviewed a collection of papers prepared or collated by management as part of the internal assessment of the University of Brighton in Hastings; the papers reviewed are listed at Appendix 1.
- 3.7 BDO conducted a series of face to face meetings; a list of interviewees is shown at Appendix 2.

4 Options appraisal

4.1 *Wider context - The University of Brighton*

- 4.1.1 The University is a mid-sized Post '92 currently spread over five campuses.
- 4.1.2 The University has an NSS score of 83 and is ranked in 111th= place in the NSS putting it in the 4th quartile.
- 4.1.3 The University is placed 76th in the Complete University Guide (2015) and is in the 3rd quartile; it is placed 67th in the Guardian university league tables, again in the 3rd quartile.
- 4.1.4 Whilst recognising that various other league tables exist and the University may fair better or worse in these, and indeed whether a supporter or otherwise of the very concept, the University sits in a tier below more than half of the sector.
- 4.1.5 The above is pertinent when considering student choice rather than what the University can offer. The University may wish to run a particular academic mix (on whichever campus it chooses) but students will act as they see fit and are heavily influenced by the league tables, and in particular the NSS rankings.
- 4.1.6 As such, and given the drop in national student numbers and the lifting of the student numbers cap, the University is likely to find it increasingly difficult to maintain numbers in this competitive arena.
- 4.1.7 The 'Times Higher' (January 2016) has reported that universities such as Sussex and Southampton have increased recruitment (Y1 UG) by 22% and 25% respectively whilst Kingston has dropped by 12%. Within the 'swings and roundabouts' over the next five years will be absolute losses as the system is impacted by the demographics.
- 4.1.8 There is a small but increasingly noticeable impact of 'trading up' through Clearing and the University will be exposed to this. From 'The Student Room' (www.thestudentroom.co.uk):

"... Adjustment allows those who have met and exceeded their firm offer to trade up for a better place elsewhere. In Adjustment you can talk to other universities throughout a period of five days while still holding onto your existing firm choice. If you are eligible then it is worth searching for a place in Adjustment because of this added security of holding onto your existing firm choice. If you can't find a better place, you can always stick with your original firm..."

- 4.1.9 Where firm offers have been accepted at Hastings, where students believed they were going to Brighton or indeed simply felt their results would be too low for a higher ranked HEI, they may go into Clearing and Adjust. With the student number cap removed, a notable number of higher ranked HEIs (including Russell Group) are looking to use Adjustment to increase recruitment.

4.2 *Hastings campus*

- 4.2.1 The University established a presence in Hastings in 2003 as part of the education led regeneration of the town. This was supported by the local regeneration arm of the South East England Development Agency (SEEDA), which facilitated the acquisition of buildings by effectively providing financial support. The University was invited to be the lead institution and manager of the new university centre, sharing occupation with other higher education providers. Over a relatively short period of time, the other HEIs withdrew and the University of Brighton was the only one left providing courses in Hastings.
- 4.2.2 The original intention for the Hastings campus was rooted in regional regeneration, widening participation and a desire to upskill the local population, 'regeneration through education'.

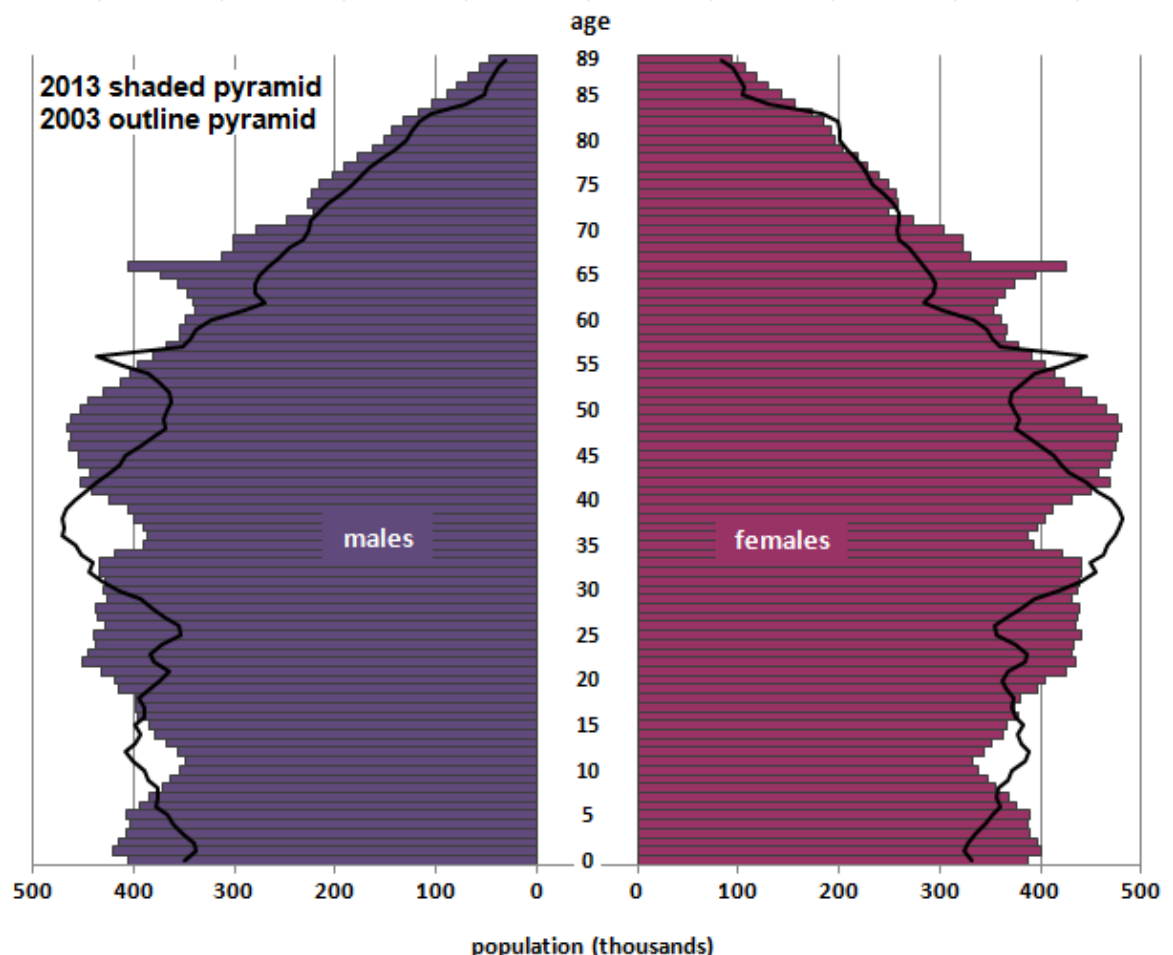
- 4.2.3 The courses to date, over a 12 year period, appear to have been reasonably successful in meeting this brief. However, the local market has become saturated and this is reflected in the change of mix in student enrolments, with the majority of students now coming to Hastings primarily from London though also from further away.
- 4.2.4 The University has continually planned for the campus to support a 2,000 strong group of students by 2020. This target has recently been moderated to 1,500 students by 2020.
- 4.3 *Relationship with the university*
- 4.3.1 The Hastings campus has never been a standalone unit within the University, with a large number of academics travelling from Brighton on a daily basis to provide the structured learning across the academic portfolio. This structure is reflected back in the NSS feedback, where students voice concerns about limited contact time with lecturers. In context, the NSS scores for the University as a whole are poor (relative to the sector) and the Hastings results (as a whole) are worse than for the main University.
- 4.3.2 To ease ongoing quality assurance, several courses mirror similar offerings at the Brighton campus. However an impact of this decision has been to cause internal competition, where students may select one University of Brighton course over another.
- 4.3.3 There has been some movement of course offerings between campuses, including nursing and related healthcare moved from Hastings to Eastbourne and Sports Journalism moved from Eastbourne to Hastings.
- 4.4 *Demographics, economy and future plans*
- 4.4.1 As noted above, Hastings does not have a ready supply of new HE students (18-21 year olds) and has saturated the majority of the adult population over the last 12 years.
- 4.4.2 The average household size in 2013 was 2.18¹ and this is forecast to gradually decrease during the period to 2021 as the population is not forecast to grow at the same rate as the number of dwellings available. This implies that there are not multiple large families in the area that would be looking to send their children to a local university.
- 4.4.3 Indeed, the population of 16-17 year olds is forecast to decrease significantly in the five years to 2021, by 6.0%². A greater decrease is expected for Rother, at 11.1%. This follows the pattern of a net outflow of 15-19 year olds from Hastings (and East Sussex as a whole) to other parts of the UK. Therefore the pool of potential local HE students is set to reduce over the next five years, making recruitment of similar numbers to prior years likely to be more challenging.
- 4.4.4 This change is already reflected (anticipation) in the courses offered by Sussex Coast College Hastings which has introduced a greater number of distance/online learning options.

¹http://www.hastings.gov.uk/environment_planning/planning/localplan/evidence_base/shopping_floorspace_assessment/ "Population & Household forecasts 2011-2028"

² <http://www.eastsussexinfigures.org.uk/> Dataset: Population projections by age and gender (dwelling-led), 2014-2027 - districts (16-17 year olds); Dataset: Migration by age group, 2002-2014 - districts (Age group: 15-19; net flow to area)

- 4.4.5 The regional position is exacerbated by the national position where there is an anticipated 8% decrease in the 16-18 year old population between 2015-2020.

Population pyramid for the UK 2013 (Source Office of National Statistics)



- 4.4.6 As such not only are there fewer potential students in the system locally but also nationally.
- 4.4.7 The 'Global Demand for English Higher Education' (issued by HEFCE in April 2014) states:
- Numbers of overseas entrants to higher education in England have declined in 2012-13 - the first fall in numbers in 29 years
 - EU full-time undergraduate entrants fell by almost a quarter in 2012-13 - probably due to the increased tuition fees.
- 4.4.8 There are currently very few international students in Hastings and this is unlikely to increase in the short to medium term as most UK HEIs are competing for market share and, for Post '92s in particular, against a background of increasingly difficult UKVI / Tier 4 conditions (the current 10% 'fail rate' is believed to be dropping to 8% and may drop to 5%).

- 4.4.9 The national and international competition for students is going to become more marked over the next five years and it is likely to be far easier to recruit into Brighton (an established, large, university city) than Hastings.
- 4.4.10 The Council comments that “Hastings is simultaneously the most economically disadvantaged community in the South East and one that is improving, showing particularly exciting prospects as transport improves, wages increase and a cultural agenda develops to match the physical programme”.
- 4.4.11 The existing career opportunities for graduates in Hastings (anticipated future employment can be a draw to students), ie once their studies are complete, are limited.
- 4.4.12 In 2014, 86% of businesses in East Sussex employed fewer than 10 people³, therefore graduates are likely to have to leave the area after completing their courses in order to find employment. Unemployment in Hastings is running at 9.8%, compared to a national average of 5.7%.
- 4.4.13 There is not a strong draw for students to the town in respect of long-term opportunities and the number of local students is limited and diminishing. It is possible that the ongoing work in regenerating Hastings will increase opportunities.
- 4.4.14 There is currently a campaign to bring High Speed 1 rail services to Hastings, which would significantly reduce journey times to London and therefore provide a much greater attraction for students to the town. However, the Summer Budget 2015⁴ notes that this “will be presented to the government for consideration in 2016⁵, with a view to this work being an option for funding after 2019”. Therefore this campaign, if successful, will not help attract students to Hastings for at least three years, excluding the time needed to build the infrastructure.
- 4.4.15 As part of this review we also reviewed, at a high level, the local planning permission applications made between September 2015 and January 2016. We did not note any applications which would have either a significant positive or negative impact on the University buildings in Hastings.
- 4.5 *Courses and research at Hastings*
- 4.5.1 In 2015/16, the enrolments (total headcount of students) was 684, though noting this is at the beginning of the year and before non-completions are taken into account, compared to 603 in 2014/15 and 626 (2012/13). The University as a whole had 20,700 students. The 2015/16 was after the relocation of Sports Journalism and the introduction of further new courses, and recruitment was under target. Despite the transfers of a number of successful courses, recruitment for 2016/17 is seeing a decrease in applications and acceptances and it is difficult to conclude anything other than a reduction in numbers in Hastings.
- 4.5.2 As it stands today, there is a limited ‘draw’ to Hastings as a university town when compared to other locations and other universities. This is true whether measured by academic reputation, existing student feedback (NSS) or facilities.
- 4.5.3 The local Council appears to be highly supportive of a university in the town and willing to support inward investment.
- 4.5.4 The University should consider any investment in terms of the impact in the context of the Strategic Plan of the University rather than simply the impact in Hastings.
- 4.5.5 There is a lack of a renowned high quality longstanding faculty (whether renowned for Arts, Humanities, Sports or Science). Such a reputation takes years to build and is simply absent. The teaching facilities are good quality but not sufficiently differentiated from

³ East Sussex County Council Economic Update - July 2015

⁴ HM Treasury, July 2015

⁵ <http://publicaccess.hastings.gov.uk/online-applications/>

other (larger) campuses at other HEIs and the University has a track record of regularly changing the academic offer.

- 4.5.6 Student accommodation (halls) are of poor quality with limited rooms and there is a need for a more formal space for a Students Union.
- 4.5.7 Non-completion rates overall are very high compared to national averages. In 2012/13, national non-completion rates from Year 1 to Year 2 for UK domiciled students were 7% on average⁶. For the Hastings courses, the long term average is 14.3%. These non-completion rates make the Hastings courses difficult to plan, expensive to run and directly impact on the student experience.
- 4.5.8 In local context the recruitment through Clearing to Hastings courses has accounted for about 25% of enrolments each year since 2012-13 which is similar to the University average in 2014-15.
- 4.5.9 University held data for 2013-14 shows that the in-year withdrawal rate for Clearing students at Hastings is twice that of non-Clearing students (21% vs 10%) – excluding partner Colleges. This is the highest withdrawal rate of Clearing students across the University by some measure.
- 4.5.10 Aspirational targets for student numbers have been set in the past, with actual recruitment at a much lower level each year. Senior staff close to the local recruitment have been aware that under recruitment was likely.
- 4.5.11 Limited research is currently undertaken at Hastings and, from discussions with senior management, this position is unlikely to change in the near future. Even if a research faculty was put onto the site, it will take some time to establish as a distinctive centre of excellence and even then would be transferrable as there is no history/established discipline in Hastings.
- 4.6 *Investment required*
 - 4.6.1 A decision is required for the Hastings campus. To make the campus a long term viable option, long term student accommodation is required (particularly if the majority of students are expected to come from outside of the local postcode area). The cost for this accommodation is estimated by the University at c£15 million. The site will also require another £5m (approximately) in other services such as a distinctive Students Union and some remodelling of existing resources. There will be some additional running costs.
 - 4.6.2 There is a clear opportunity cost to the University in spending money in Hastings as opposed to on the main campus in Brighton, or indeed on other campuses.
 - 4.6.3 Significant capital investment is required across the University, not just in Hastings.
 - 4.6.4 The University has reached the limit of its loan to income ratio under the Memorandum of Accountability and Assurance (MAA) with HEFCE. Further borrowing could be available but will require permission from HEFCE and some external financing (within the University, whether specifically for Hastings or against other projects). As such, further investment needs to be selective, carefully considered and prioritised.
 - 4.6.5 The Hastings campus has been a ‘social investment’ made by the University with the opportunity to be a long term commercial investment, but the latter has not come to fruition.
 - 4.6.6 Any ongoing investment in the Hastings campus continues to be a social investment as there is no proven business case as the campus still needs to increase student numbers to be viable whether measured by breadth and depth of curriculum offer, student experience or commercial gain.

⁶ <http://www.hefce.ac.uk/analysis/ncr/>

- 4.6.7 Historically the Hastings campus was a major (if not the main) outreach and widening participation activity for the University. Today the profile of the University has changed across all campuses and the economics (funding) have significantly changed. Any investment decision needs to be considered in the best overall interests of the University rather than any particular part of it.
- 4.6.8 With limited resources it is not obvious why further investment in Hastings would provide a proportionate (not necessarily maximum) return to the University for its primary objectives of teaching and research given the number of students impacted (20,700) across the University.

4.7 *Option 1: Satellite Campus*

- 4.7.1 *This vision is of steady growth across a range of undergraduate courses linked to appropriate postgraduate taught provision and research activity, organised into a limited number of cognate clusters hosting between 1,200 to 1,500 students in total by 2020.*
- 4.7.2 This option is attractive, at least at face value, as a means to rejuvenate the Hastings campus and maintain a presence in the town.
- 4.7.3 Several models have been tried at Hastings and none have been successful in recruiting sufficient student numbers to readily reach the 2,000 target.
- 4.7.4 There is no particular draw to Hastings. It ran initially on the regional population supported by small numbers from outside and the transfer of some courses from other campuses to Hastings.
- 4.7.5 The current student numbers are not sustainable and there is no substantive evidence base for this vision. If a presumption is accepted of 'this could work', then the academic delivery and management would have to be looked at and significantly changed from the current model.
- 4.7.6 However, before considering this, the wider context needs to be considered and the risk/benefit to the University.
- 4.7.7 Every pound spent in Hastings, in the current climate of increased competition in HE, funding cuts (the Comprehensive Spending Review announced in November 2015 introduced further cuts to Teaching Funding and a reduction in Student Opportunity Funding) and demographic challenges (both locally and nationally) is a pound that the University cannot spend elsewhere.
- 4.7.8 Equally the time and effort, particularly of the senior management of the University, is scarce resource that cannot be spent elsewhere.
- 4.7.9 There is a real opportunity cost in both time and money:
- The number of young people living in the Hastings and Rother area is forecast to decrease significantly in the next five years
 - Demographics show an 8% national decline in 18 year olds till 2020
 - Students recruited nationally may be deterred from applying to Hastings due to the lack of accommodation available and the limited transportation infrastructure compared to other locations
 - The investment required to provide accommodation would require further borrowings, which are at best questionable without clear evidence that this growth plan would be successful
 - There is no persuasive evidence that this option would be successful; plans for growth and diversification of academic offerings in the past have not yielded the results that the University was hoping for
 - There is no 'draw' to Hastings; any such change is likely to be effective only at the margins in the short to medium term (one to five years) and unproven over a five to 10 year basis (and there is a track record of whatever draw there is diminishing rapidly as evidenced in the non-completion rates)
 - This option is at a high opportunity cost to the main Brighton campus (the same time, money and effort is likely to enable greater student recruitment and retention (or simply 'shoring up' the students in Brighton) at a higher return rate per pound or hour spent.

- 4.7.10 Although the University may choose to pursue this option, we have not been presented with or seen evidence of a demonstrable and sustainable stream of students. On balance, we believe that the rationale for expanding Hastings in this way is at best unproven and more likely flawed.
- 4.7.11 This option is not evidence based and would be at high risk and at a high opportunity cost to the University.

4.8 Option 2: Specialist Institute

- 4.8.1 *An alternative growth model to the pluralist option is to focus Hastings' provision on a single cognate cluster, positioned as either a specialist institute or a School in its own right. The student body would be in the region of 1,200 to 1,500 students by 2020 using two or three academic buildings and student residences.*
- 4.8.2 This model is similar to Option 1 above, but focussing on one main academic offering. As for Option 1, Option 2 is dependent on the rapid recruitment of students from a wider geographical area.
- 4.8.3 There is an argument to support this option as a specialist institute would be capable of recruiting students from further afield. However, a reputation for academic excellence in a particular field takes time to establish and is currently absent as is an established draw to the Hastings campus - in contrast to Brighton.
- 4.8.4 Even the lure of top quality equipment and facilities is unlikely to attract a large number of students in a short space of time, as has been witnessed with the investment to date at the Hastings campus in the media area.
- 4.8.5 There is potential for such a model to work but in the timetable and with the costs necessary (new student accommodation, a new Student Union) the risk/benefit relationship is extremely high and exposes the University unnecessarily when compared to a similar investment in Brighton.
- 4.8.6 As an imminent investment decision is required for the Hastings campus, which can only be made based on clear evidence, this option is not considered to be appropriate on a commercial basis, but could be argued as a social investment (though only if sufficient 'free' funds are available).
- 4.8.7 Although the University may choose to pursue this option, we have not been presented with or seen evidence of a demonstrable and sustainable stream of students. On balance, we believe that the rationale for expanding Hastings in this way is at best unproven and more likely flawed.
- 4.8.8 This option is not evidence based and would be at high risk and at a high opportunity cost to the University.

4.9 *Option 3: Local Campus to serve Hastings*

- 4.9.1 *Two scenarios are envisaged within this option. Common to both are smaller student numbers, scaled-back provision, a focus on local needs, widening participation and opportunities for broader University engagement and outreach. This vision is of a local campus serving Hastings and its surrounding area.*
- 4.9.2 This option acknowledges that growth in student numbers, given the past experience of the Hastings campus and the expected future of the local area, will be difficult to achieve. Both scenarios focus on building existing links with other educational providers.
- 4.9.3 There is an assumption that the University will continue to manage the HE offering, and therefore to provide both appropriate staffing, direct quality assurance on the academic offer and a management structure that will optimise effectiveness.
- 4.9.4 Finding a suitable staffing structure where academics can devote sufficient time to the Hastings campus has proved to be difficult in the past and, unless the academic offering of this option is based around the staff available (or more local staff recruited), this is likely to remain difficult. However, changing the academic offering to reflect the staff available is more along the lines of a specialist institute (Option 2) and is a high risk strategy, without any previous evidence to support the anticipated future success of this change in terms of recruitment to courses and retention rates.
- 4.9.5 Additionally, this option is likely to require the use of at least one of the University buildings in Hastings. Currently the three University buildings in Hastings are significantly underutilised, reducing the quality of the student experience and making these expensive to run given the student numbers. There is a risk that this option would continue to underutilise the relevant part of the estate, requiring high maintenance, security and utility costs given the number of students involved.
- 4.9.6 A scaling back is unlikely to be viable for degree level courses and the volume of Level 4 courses is limited, and tends to be localised.
- 4.9.7 With smaller cohorts of students, there would be a negative impact on the student experience, a limited range of academic options and a (further) stark difference in experience between Hastings and other University campuses.
- 4.9.8 A scaled down provision would not require the three buildings (which are already under-utilised), would pose new issues on academic quality assurance (limited range of courses, continued use of 'peripatetic staff') as well as impacting on the student experience (seen through NSS scores and non-completion rates). A reduction in footprint used will be clearly seen in the town and is likely to have a direct impact on student recruitment.
- 4.9.9 This option has some merit but there are likely to be better options for the University (see below). From the evidence presented and the demographics, there is a likely to be a further withdrawal over time and this option could well be simply a short-term measure leading to a later exit.
- 4.9.10 As such, the University needs to consider whether there is a more elegant way to continue (or withdraw) in Hastings.
- 4.9.11 There is limited merit in this option as it stands and a high opportunity cost to the University in delivering it, mainly management time and impact on student experience. If it fails, then withdrawal is inevitable.
- 4.9.12 The University needs to balance its social investment in meeting the needs of the regional community and its commercial position delivering education across the University.
- 4.9.13 Although the University may choose to pursue this option, we have not been presented with or seen evidence of a demonstrable and sustainable stream of students within an academic model that would support this option.
- 4.9.14 An alternative option, similar to this proposal but divesting many of the risks, is described below at Option 5.

4.10 *Option 4: Withdrawal*

- 4.10.1 *The option to withdraw the University's direct provision at Hastings, including its associated estate, would be controversial and, inevitably, would result in negative reputational impact. Even so, this option is included not only to provide a comprehensive spectrum of possible ways to proceed but to be given serious consideration at a visionary and strategic level despite all the downsides.*
- 4.10.2 The University (and other parties) has made a significant investment in the Hastings campus in the past. As noted earlier in the report, this has helped to meet the original intention to upskill the local area. There have been positive outcomes, though notably (relative to the University's student body as a whole) impacting a relatively low number of students.
- 4.10.3 Given the University's current and prospective student numbers in Hastings and in context of the University's capital requirements (across the University), this option is perhaps the most obvious outcome of the four options put forward by management and comes with some distinctive risks.
- 4.10.4 This option would be a turnaround on a long term social investment in Hastings and a turnaround on policy.
- 4.10.5 The context has changed over the last 12 years, and even over the last couple of years as we come out of a deep recession with not only cuts delivered through the CSR but at a time of competitive change in the HE market place and adverse demographics for the next four years.
- 4.10.6 A significant number of academic offerings have been tested in the past at Hastings and none have demonstrated a rapid and major improvement in student recruitment and retention for the campus. One could argue that a number of the changes have been short-lived and/or 'the wrong changes', however, there is no compelling, readily available evidence that either a focussed or pluralist academic offering in future will generate a rapid change in student numbers.
- 4.10.7 There are opportunity costs to the University in the choices it makes and we believe that the University needs to focus its attention on the aspects of the University which will generate success in the future.
- 4.10.8 This is likely to be primarily the courses offered at the Brighton campus (and breadth of academic options within these). There is a better transport infrastructure (national and international), availability of student activities both internally and externally, a greater catchment for academic staff and greater availability overall of specialised equipment, giving economies of scale. This is supported by overall student retention numbers, which on average for the University are higher than for the Hastings campus specifically.
- 4.10.9 This option, in its current form, poses a number of risks and would directly impact on students, staff and the regional community, though may not significantly impact the University's student numbers in the medium term as courses are returned to other campuses or stopped allowing time and money to be expended elsewhere within the University.
- 4.10.10 The University could pursue this option in its current form but, on further reflection, may feel that there are better pathways to achieve the same option, or a variation on it.
- 4.10.11 An alternative option is described below.

4.11 *Option 5: Controlled Divestment*

- 4.11.1 We recommend that the University considers an alternative option of controlled divestment.
- 4.11.2 This will eliminate, or at least enable easier management of, some of the reputational, operational and financial risks whilst having regard to the student interest and maintaining the University's reputation as far as is possible on a local, regional and national basis.
- 4.11.3 Strategically, the University is reviewing its investment decisions, capital needs and student numbers across the whole University.
- 4.11.4 As detailed above we have not been presented with or, in the time available, discovered any compelling evidence to support the view that future academic offerings will build a sustainable student cohort for the University at Hastings at an opportunity cost and risk appropriate to the University.
- 4.11.5 The current provision breaks into several constituent parts, Level 4, UG, PG and Research.
- 4.11.6 We recommend that the University revisits the breadth and depth of its partnership and accreditation arrangements with Sussex Coast College Hastings ('SCCH') exploring an alternative HE model for Hastings.
- 4.11.7 In doing so, the University will consider a number of options ranging from an arms-length relationship (accreditation only) to SCCH being a 'University Centre'. SCCH could deliver Level 4, Foundation, some Y1 UG and could be tied to an agreement to broaden its offering and transferring all students at Y2 or Y3 UG to a University campus for completion of a degree.
- 4.11.8 We understand that SCCH currently has excess space capacity (the top floor of its relatively new building has not been brought into use) and, if the college was to expand its HE provision could possibly utilise some (probably one) of the University's buildings in Hastings.
- 4.11.9 The reality is that most provision would be localised as there would not be a great draw for students from outside of a commutable distance to come to Hastings to do a degree level course as the student experience would be limited. This could however be attractive to a number of local students and indeed to the college.
- 4.11.10 It is possible that the University could commercially transfer some of its resources (equipment/space) to SCCH to facilitate a teach-out and start a number of new courses/higher level learning led by the college, with a view to transferring students to the University if they succeed in degree level studies.
- 4.11.11 We understand that the University is committed to a 2016 Y1 UG entry for the Hastings Campus. In continuing with this commitment the University has a number of choices including limiting the recruitment to direct entry and not accepting clearing students, through to moving some of the courses to other campuses (perhaps with inducements to students to attend at Eastbourne or another campus).
- 4.11.12 The University can begin a teach-out programme, probably over a two year period ending in 2017/18. Y2 UG students (October 2016) could (some or all) be transferred to other campuses, with notice, and this could enable a widening of academic options to them for both Y2 and Y3 enriching their degrees and enhancing academic and social opportunities.
- 4.11.13 The current Y2 cohort would continue through Y3 at Hastings completing their studies. Any deferrals would transfer to another campus for 2017/18.
- 4.11.14 The option of controlled divestment is to teach-out the current Hastings students and would mean not accepting applications to Hastings for 2017/18 or beyond for the University. Recruitment to the same courses can take place at other locations; recruitment to alternative UG courses could be run by SCCH in partnership with the University.

- 4.11.15 The University currently has a good estate in Hastings (though underutilised and spread over three buildings) and some highly specified equipment (eg media and biology). It is feasible that SCCH could be interested in running specialist courses related to these academic areas and could over time develop a sufficient cohort of Level 4 and UG students to utilise at least one of the buildings.
- 4.11.16 As such, the University should consider entering into detailed talks with SCCH, and seek support from the local Council, to utilise at least one building on a teach-out basis whilst exploring academic options with SCCH.
- 4.11.17 With the support of both SCCH and the Council, this would enable a (reasonably) elegant change to the focus in Hastings and transition to a different but potentially sustainable ongoing HE provision in Hastings.
- 4.11.18 Within this arrangement the University could consider a range of options from selling/transferring some equipment to SCCH (and SCCH to open up its surplus space) to an option to buy one, or more of the properties.
- 4.11.19 An option to buy could be constructed over a five year period (reasonable to enable an academic offer to be proven at sufficient volume for SCCH).
- 4.11.20 A review of the success of the arrangements should be formalised, though will be reasonably self-evident if there was an option to buy exercised, on a regular basis. External factors could significantly impact, including the outcome of the current FE area review.
- 4.11.21 Post graduate and research students could be moved to an alternate campus with effect from October 2016, if not earlier.

4.12 *Hastings Estate*

- 4.12.1 There is surplus estate in Hastings and if a controlled divestment takes place, then an exit from one or more buildings would be appropriate and a focus on delivery in a more limited space.
- 4.12.2 We understand that it is unlikely that a buyer would be found in the immediate future for the three University buildings as these have been specifically designed for educational use and would need to be converted (with planning consent) for other purposes. There are currently few large employers in Hastings and the demand for large office space is limited.
- 4.12.3 We understand that there are restrictions/covenants on the sale of one or more of these buildings.
- 4.12.4 Even if a buyer (or buyers) can be found, the University is unlikely to recoup its investment in the properties. We have not considered the financial impact of this as it is outside of the scope of our review.

4.13 *Managing the student experience and staff expectations*

- 4.13.1 A teach-out would need to be carefully managed. Recruitment has already started for 2016/17 at Hastings and therefore this cohort needs to be accepted (though some or all could potentially be moved to an alternate campus, subject to understanding the legal position).
- 4.13.2 Historically the Hastings campus has recruited a large number of students through Clearing. We recommend the University limits its recruitment to direct UCAS entry only to assist in managing the student numbers which will ultimately be involved in a transfer.
- 4.13.3 UG Y1 Courses in 2016/17 may need to be taught at the Hastings campus to manage the expectations of students and meet legal commitments. However, expediting the exit of the Hastings buildings would be beneficial to consolidate the operations of the University and to avoid unnecessary costs of keeping all buildings open.

- 4.13.4 We recommend that students are offered an alternative to complete their course at the Brighton (or another) campus; for locally based students this could be a rail pass or other travel allowance, and for non-local students a bursary amounting to the difference in price between Brighton and Hastings accommodation.
- 4.13.5 This will enable these students to continue their study at Brighton without additional personal cost, but with use of the more extensive academic and student social facilities available.
- 4.13.6 This will enable the University to exit the Hastings campus by July 2017.
- 4.13.7 In parallel, the University should explore alternate HE opportunities and arrangements with SCCH.
- 4.13.8 By July 2017, the University will be able to move the specialist equipment contained within the Hastings campus to Brighton.
- 4.13.9 Subject to legal advice, staff with employment contracts which specify their place of work as Hastings could be offered employment at another campus or voluntary redundancy. Depending on arrangements (if any) entered into with SCCH, there may be an opportunity for some staff to transfer to the college (and there may be TUPE considerations if courses continue within alternative arrangements).
- 4.14 *External relationships and stakeholder engagement*
 - 4.14.1 The University's management team will consider this report, alongside any other relevant representations, and make a recommendation to the Board. The Board will make a decision on the future of the Hastings campus.
 - 4.14.2 If this option (or a variation of it) is pursued by the Board then, aside from students and staff, one of the most difficult parts of fulfilling this option will be communication, consultation and management of external stakeholders. Based on recent events, there is a high likelihood of some negative publicity in regional (and potentially national) press.
 - 4.14.3 Publicising the outcome of the Board's decision for the Hastings campus needs to be carefully planned to ensure the relevant stakeholders are consulted and informed in a logical order and timeframe.

Appendix 1: Reviewed papers

The following documents were prepared or collated by management as part of the strategic review. BDO has read all these papers and taken them into account as part of the review. Titles shown below are document file names as presented to BDO.

1. JHP Review report FINAL
2. HSOG All meeting notes to Nov 15
3. Hastings campus messaging 2015
4. Hastings projections 2015 to 2018 amended Sept 14
5. Journalism media Hastings outline for SMT 3/2/14
6. Marketing activity for the Hastings campus 14/15 recruitment cycle - May update and July update, and Appendix to marketing activity in support of recruitment
7. Update to MC Marketing activity for the Hastings campus 14/15 recruitment cycle
8. The HUB working document as of Dec 2014
9. The University of Brighton in Hastings Jan 2014 v2
10. UBH strategy committee paper - research 1 July 2014
11. UBH Campus Organisation draft v6 with TC accepted -2015-07-08
12. UBH Portfolio Review ver2NS-1
13. UCH Bus Plan Draft Feb 2005
14. UCH bid BUSINESS PLAN 3 Oct
15. SE Creative Prospectus
16. Secondary campus research
17. selep-skills-strategy-02.12.14
18. Skills Funding Agency SFR_commentary_June_2015
19. Southampton-Solent-University-Higher-Apprenticeship-and-Degree-Apprenticeship
20. Strategic Plan 2015-18_DRAFT
21. Sussex Coast College Hastings - Signed 2013-14
22. The University of Brighton in Hastings March 2014
23. UBH staff count Sep15
24. UBH Vision options summer 2015
25. UofB Hastings issues v1
26. Hastings Cultural Regen Strategy 2010-2015
27. Hastings Data
28. Hastings Journalism and Digital Media MI summary Oct15
29. Hastings overview for PPG 050514
30. Hastings Roll-Through 2015-16 Onwards
31. Hastings UCAS HESA Data
32. Hastings_Destination_Profile_-_Ark_07
33. HEFCE Apprenticeships_roadmap
34. HESA SSRs
35. JHP Review report FINAL
36. learner-participation-outcomes-and-level-of-highest-qualification-data-tables-june15
37. New business reg rate per 10k pop 2004-2013
38. Satellite Campus Study - Hull 2010
39. SCCH Area reviews briefing paper (2)
40. 3 Year Campus Estimations (May-15)
41. 2014-05-08_Exploring-options_Future-of-the-Scarborough-Campus
42. BCP R0 2015-2016 bm draft
43. BIS-15-526-reviewing-post-16-education-and-training-institutions-guidance-on-area-reviews
44. BoG Sub-Group Queensbury House Sept15
45. Business units by group 2009-2014
46. Businesses by group 2009-2014
47. East Sussex 2012-based Demographic projections_Jan14 v2
48. East Sussex Business Survey 2014 - Executive Summary
49. East Sussex Business Survey 2014 - Markets and Business Advice
50. East Sussex Business Survey 2014 analysis (skills)
51. East Sussex in Figures - Apprenticeships starts achievements 2005-2014
52. East Sussex July2015Economic update

53. East Sussex Population estimates July2015
54. EastSussexSkills_071014
55. Employment by industry group 2009-2014
56. Employment in creative industries 2009-2014
57. Estate UBH Summary Oct15 V3 3 review
58. Estimating future impact of expansion of student numbers in Hastings
59. Hastings - Nomis Official Labour Market Statistics
60. Hastings appraisal data
61. Hastings campus financial model Oct15 v2
62. Hastings campus structural review snapshot; Hastings ac staffing; Hastings PS staffing
63. Appendix One breakdown
64. Journalism tables
65. Hastings Campus Phasing history
66. Letter from Hastings Borough Council to BDO (1 February 2016)

Appendix 2: Interviewees

BDO spoke with the following individuals as part of the review:

University of Brighton

- Liz Allen Head of Strategic Planning and Projects Office
- Anne Boddington Dean of College of Arts & Humanities
- Jackie Broadway Campus Administration Manager
- Stephen Denyer Pro Vice-Chancellor Education and Student Experience
- Jo Doust Head of School of Sport and Service Management
- Paul Frost Director of Hastings Campus
- Debra Humphris Vice-Chancellor
- Helen Kennedy Deputy Head of School - Art, Design and Media
- Andrew Lloyd Dean of College of Life, Health & Physical Sciences
- Sue McHugh Chief Operating Officer
- Chris Pole Deputy Vice-Chancellor
- Liz Sanz Director of Marketing and Communications
- Nicola Smith Assistant Director of Hastings Campus
- David Taylor Dean of College of Social Sciences

External parties

- Peter Chowney Leader, Hastings Borough Council
- Clive Cooke Principal, Sussex Coast College Hastings
- Simon Hubbard Director of Operational Services, Hastings Borough Council
- John Shaw Chief Executive Officer, Sea Change Sussex