

ATFS Bulletin September 2021 Educational Estate in a Post-Covid, Post-Brexit World

Educational Estate – The Current Climate

In the wake of the events of the last 18 months, the UK education sector is facing numerous challenges.

The impact of Covid-19 on teaching and learning has been seismic. The sector went from relatively low levels of online learning provision to pretty much 100% virtual delivery in a matter of weeks. As both teachers and learners have been more accustomed to increased online provision, it might be reasonable to consider the downstream impact of pedagogical strategy on both curriculum delivery structures as well as the type and size of estate that will be needed in future.

Many Colleges and Universities have also seen falling numbers of overseas students. Over and above the impact of Covid-19 on the way we work, teach, and learn, Brexit has caused demographic shifts that have also impacted the sector.

In the past decade, overseas student revenues, including both tuition and accommodation income, has been very important in strengthening the financial performance of many education providers.

Across the sector, overall overseas learn numbers are down, with the most significant decrease (56%) being in learners from EU member states. This has been offset to some extent by a As a result, reducing numbers of overseas learners can have a double whammy. Some providers are feeling the impact of this change in demographic, especially those who have depended on overseas students to bolster financing arrangements on student accommodation etc.

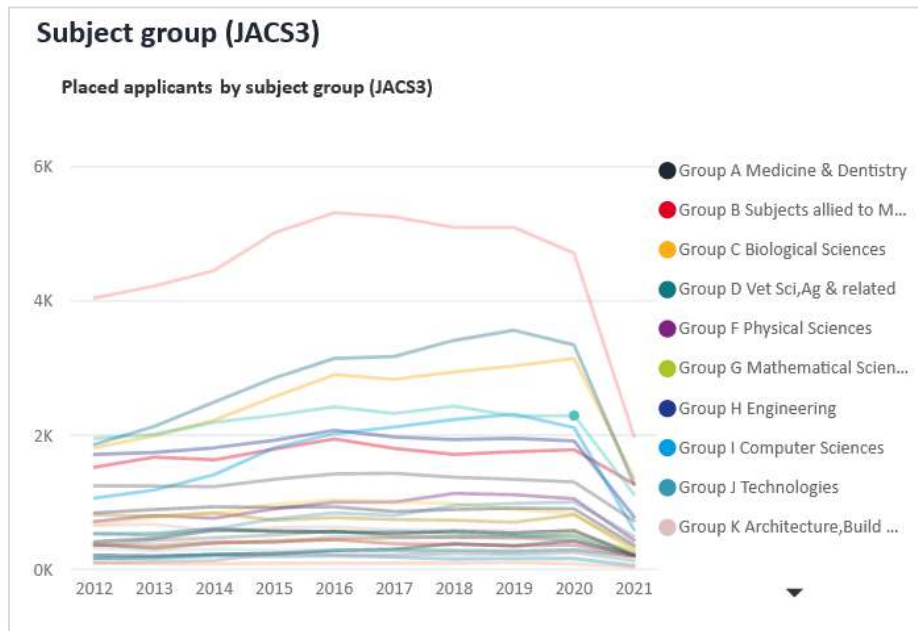


Figure 1 - The fall in overseas learners from EU countries

Conversely, recent data has shown that 2021 is set to present different challenges. This year UCAS has reported that 37.9% of the entire UK 18-year-old population is due to start a full-time undergraduate course; a new high and surpassing last year's equivalent figure of 36.4%.

Changing Demographics – The evolution of vocational education

There also seems to be some significant trends in course demand, with a swing away from social studies and business courses and strong growth in enrolments in subjects allied to medicine, particularly nursing (up 25% since 2019) and biological sciences.

The data suggest that there is a significant trend away from non-vocational subjects towards more career-oriented qualifications., especially in medically allied subjects.

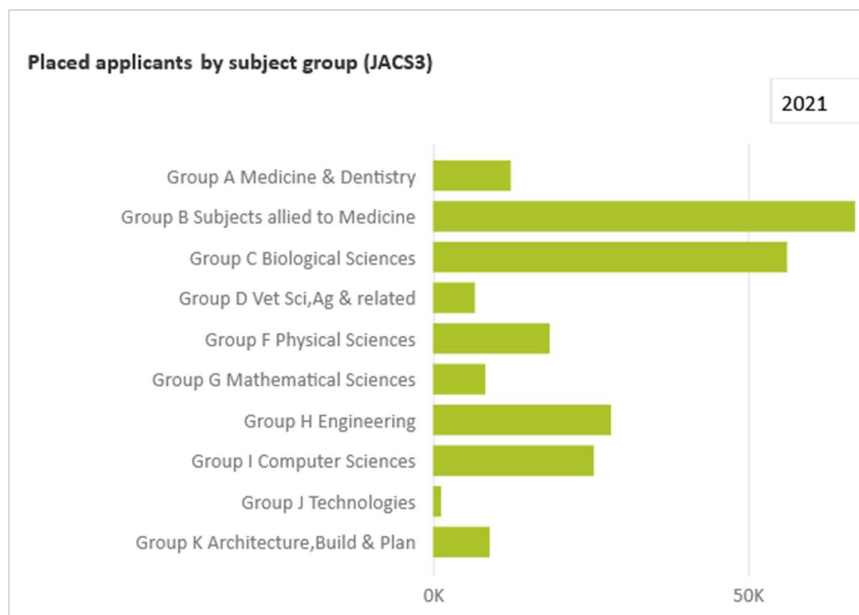


Figure 2 - Student acceptance by subject 2021 (UCAS)

Of course, this is not a surprise. This trend has been in play from some time now. However, the events of the last few years, both political and in terms of public health, seem to be having significant impact on the kind of learner that is applying for higher education, where they come from, what they want to learn and how they want to be taught.

Clearly, these trends are likely to have a significant impact on the financial planning and operating strategy of many institutions.

Changing Pedagogies – The impact of remote and autonomous learning approaches

The UK Governments policies on restrictions to travel and social interaction in the last 18 months have presented an ongoing challenge to the education sector. Notwithstanding the operational challenges presented to on-campus provision, providers have had to significantly increase the amount of teaching and learning delivered virtually. For many this has meant significant increases in the use of online teaching and virtual meeting platforms like zoom or MS Teams. In addition, many educators have invested heavily in rich-content provision, developing or purchasing packages of virtual, technology driven learning.

It has been a steep learning curve for both teaching institutions and learners, and there are clearly lessons the sector needs to learn, in order to improve online and remote delivery. A recent student survey by Jisc¹ identified

Whether at work or in the classroom, the way we operate has changed, with many of us increasingly working, teaching and/or learning from home. It is likely that at least some of these trends will continue, as our ability to work and learn remotely, and the confidence institutions place in this arrangement grows. Clearly, this could have lasting impact on the pedagogical assumptions that back out the operating strategy of many institutions.

¹ <https://repository.jisc.ac.uk/8487/1/Student%20DEI%20HE%20report%202021%20Final.pdf>

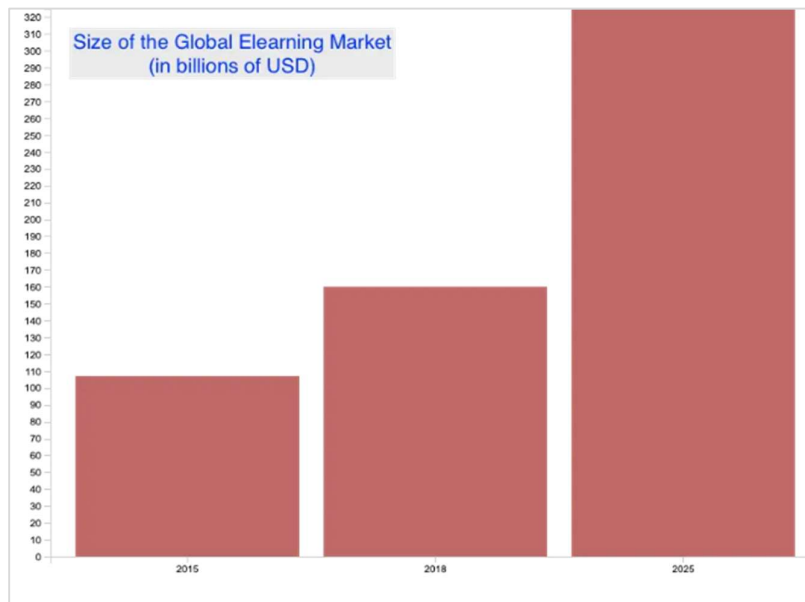


Figure 3 - The increase global e-learning market

Of course, online provision can carry additional benefit, providing access to a global learning audience. Indeed, as the post-Brexit UK economy looks further afield to attract talent, the global reach that e-learning provides will be fundamental to the onward competitiveness of many UK institutions, acting both as a recruitment funnel (online access-level provision) and a global teaching and learning environment.

As a result, institutions will need to rethink what they will teach, to who, how and where. What kind of physical and digital estate will be required to deliver this emerging pedagogical model. What specialist teaching and learning environments (both physical and digital) will be needed. And how will those changes be funded?

Taking stock – Assessment of future trends and needs

In order to better understand, and plan for, the operating and pedagogical models needed, and the physical and digital estate required to deliver them, enterprise level analysis is needed; a wholesale review, subject-by-subject, course-by-course of learner trends, pedagogical model and teaching and learning environment requirement.

The resultant operating strategy will better inform each institutions strategic decision-making, informing of the size, shape and nature of the physical and digital estate needed, as well as the investment and financial strategy required to deliver it.

Optimising value – Capitalising surplus assets

Clearly, such a strategy will provide insight into the opportunities that exist for rationalisation of estate, with the potential for possible asset capitalisation. Whether that is through asset divestment or through asset-backed refinancing arrangements, there is clearly an opportunity for providers to move quickly to better understand their estate requirements and work out how best to use existing estate to accommodate, and/or finance, the investment needed to future-proof delivery. Indeed, the future viability of many institutions may depend on the ability and agility to understand these market trends and plan ahead accordingly.

Mark O'Reilly is Managing Director of Just Ask Scarlett, a boutique consultancy specialising in providing support services for all elements of strategic operational and estate planning in the education sector, would particular emphasis in supporting the funding and financing strategic investment.

For further information, in the first instance, please contact:

Richard Leighton, Director, Education, M: 07557 367622 E: richard.leighton@atfsltd.co.uk