



The last chapter? UK Select Committee publishes final report on UK eUniversity

On Thursday 3 March, the House of Commons Select Committee on Education and Skills produced its final report into the defunct UK eUniversity (UKeU). Brandishing the initiative a “disgraceful waste of money”, and criticising everything from management bonuses to platform investment and governance, the committee did not mince its words. The report makes many sensible observations and recommendations, but also puts forward a number of less defensible comments, some errors of fact and comes to some rather odd conclusions.

As previously reported in the Observatory’s [23 April 2004](#) and [15 November 2005](#) articles, the UKeU was the UK government’s dotcom era attempt to strike early and decisively in the supposed gargantuan global market for wholly online degrees. First publicly announced in February 2000, UKeU was allocated £62 million in public funds, was backed by the vast majority of UK universities, took three years to launch any programmes, recruited around 900 students and was shut down in spring 2004. Having already spent £50 million of public money (higher than early estimates suggested), the Select Committee (charged with investigating various education and skills matters) saw fit to intervene. Hearings went on for over six months, with a number of senior figures from UKeU and UK higher education brought before the committee.

The notorious bonuses that UKeU senior management received in 2003- despite delays in programme launch- were castigated by the Committee. The Committee rejected the idea that this was normal practice in the private sector, and argued that the risk involved was not to the company as such, but to public funding. No doubt such bonuses were written into senior management contracts on appointment, and were key to recruiting the ‘right’ people. In that sense, the bonuses were part-and-parcel of a business model that saw some generic notion of ‘private sector expertise’ as central to the success of UKeU, and highlights the blind urgency that characterised the formation of the initiative. Managers were recruited on the basis that they would be rewarded for non-fundamental performance (at least in the first instance), rather than quality of provision in the market, and student recruitment/ attainment. Related to this, the Committee goes on to make many apt points about governance. Crucially, UKeU is described by the Committee as a public sector initiative, backed almost entirely by public funding, but with structures that assumed a public-private partnership. When private sector investment did not materialise, the key mistake was to fail to change the governance structures accordingly, giving HEFCE (Higher Education Funding Council for England), and by extension the UK government, much closer oversight of operations. In the event, UKeU had a governance model that left operational matters almost entirely in the hands of senior management, with HEFCE oversight very low-key on the grounds that it would be inappropriate to interfere in a ‘private’ venture. This generated some unfortunate contradictions- UKeU was funded from the public purse, acted like a private company, focused all its attentions on commercial revenue streams, and neglected the public good items on its agenda (relating to widening participation in higher education in the UK)- the activities that public funding was supposed to support long-term. Ironically, given the clamour for the ‘right’ private sector management, the Committee judged that the lack of private funding for UKeU meant the venture lacked “commercial drive”.

The report makes some less defensible comments about market research. “There was no research by UKeU about the type of learning demanded. They did not consider conducting research into the pedagogy of e-learning and the needs of the learner” (p13). The report also asserts that the project was “technology-driven rather than learner centred focused” (sic), with too much emphasis being put on the development of the technological platform. While it is true to say that investment in the platform absorbed excessive funds and became a drag on

progress, the irony is that UKeU embarked on platform development precisely because it wanted to be learner-focused, and to transcend what were perceived as the pedagogic limits of existing platforms. This ambition was- at least from the perspective of the key thinkers behind the platform- very much rooted in the research literature on pedagogy. The report suggests that the UKeU platform may be made available to the sector. It will be fascinating to see what open scrutiny reveals.

The report stresses time and again that 'blended learning' has emerged as the preferred option of the student, rather than the wholly online option that premised UKeU. The report goes on to cite University of Phoenix as a successful purveyor of blended learning. Of course, this is not an accurate account of the facts. University of Phoenix Online offers wholly online degrees and other programmes, while University of Phoenix itself offers face-to-face provision increasingly augmented by forms of ICT. The report's characterisation of the University of Phoenix as a blended learning institution implies that there is no market for wholly online provision. On the contrary, this market has proved very robust in the United States. According to Eduventures, a US research firm, for-profit institutions such as Phoenix took 40% of the estimated US\$5 billion wholly online higher education market in 2004. The lesson from UKeU is not that wholly online higher education is a non-starter.

The Committee assert that "UKeU did not undertake any market research" (p15). This is not true. The Observatory has been provided with an overview of the UKeU archive- an effort to collate and organise the 166 boxes of materials taken from UKeU premises following closure, supported by the Higher Education Funding Council for England and the Higher Education Academy. The overview document is confidential, and we are not able to reveal full details. But suffice it to say that the archive contains a number of studies of the potential market for UKeU (by subject and country), and some competitor analyses (including University of Phoenix). It is unfortunate that the Committee was not sufficiently aware of the archive, and did not question its curators. This is not to say that UKeU market research was high quality or sufficient (until the relevant reports are placed in the public domain, one must reserve judgement). A more important point is to question the extent to which any market research effort could have yielded firm conclusions. As previously argued by the Observatory, UKeU, as a national, commercial e-university, was a unique and unprecedented proposition, and that most of the non-US market for online higher education was uncertain and barely in existence at launch. Market research no doubt revealed general interest by employed individuals (and companies) in wholly online part-time postgraduate/ post-experience study (short courses and masters degrees), and relatively little interest at undergraduate level. Beyond that, the onus was arguably on UKeU to demonstrate that it could offer high quality provision in particular subjects, for particular audiences. Much of the market had little or no experience of high-end online higher education, and thus market research could only reveal so much about preferences and opinions. As noted above, this again partly explains UKeU's decision to focus so much money and effort in creating a bespoke platform. Such a platform was designed to allow UKeU to do things (in pedagogic and even subject terms) that competitors could not do; and was to reduce the tension between online delivery and the brand of 'the best of UK higher education'. In retrospect, this was a huge gamble, requiring the platform to deliver substantial and unequivocal competitive advantage, visible to the market as well as to the platform developers and its supporters.

The quality of marketing- as opposed to market research- is less clear. The Committee questions why a key senior marketing manager was not replaced, and why senior marketing staff were not on the board. As the Committee notes, little seems to have been learned from the likes of the British Council, the UK's worldwide cultural and education promotional agency. UKeU was also said to have had no formal statement of business objectives.

Another odd conclusion reached by the Committee was that UKeU significantly departed from the original conception of the market derived from the PricewaterhouseCoopers business model study in 2000. The Committee report does not clearly spell out the alleged shift in emphasis, simply saying that it constituted a "shift towards the international market". Yet the PWC report cited the overseas market for UK higher education, along with the general postgraduate/ continuing professional development market, as most under-threat from online competition and the key foci for the proposed UK e-university. UKeU was always identified as

in large part concerned with the overseas market. The Committee also implies that UKeU shifted to an emphasis on the undergraduate market. Yet a glance at the final online catalogue of UKeU courses (including a number then yet to be launched) reveals a vast majority at postgraduate level. It may be true that UKeU departed from the PWC-endorsed approach of at least partly focusing on 'chunks' of provision (rather than whole awards), but this point is not made by the Committee. But in the absence of clear international (or even UK) credit systems, UKeU's focus on short postgraduate awards, and final year bachelors provision seems not unreasonable.

It is still difficult to be precise about the scale of the wholly online higher education market across borders. Most relevant activity is small-scale and scattered, but some market leaders (e.g. University of Southern Queensland, Open University Catalunya and University of Maryland University College) claim many thousands of international students across a growing range of subjects. There are cases of both increased opportunities for face-to-face support, and ever-more sophisticated forms of online support. The Committee calls for better coordinated future research into this market, to help UK institutions longer-term- to ensure that the "UK does not miss out on this market" (a phrase reminiscent of UKeU's inception). (Which market exactly is not clear). Until some kind of step-change in platform functionality is achieved (and as was attempted by UKeU), wholly online higher education will not become a truly mass market. Online provision plus significant face-to-face support, essentially a re-engineering of conventional transnational delivery by UK higher education, will be the growth area, developing in line with extent and speed of student connectivity. This will mirror developments in on-campus higher education in the UK. So the Committee was right to point to blended learning as the main market (for mass undergraduate provision), but wrong to imply that wholly online delivery was a non-starter (in fact, well-suited to parts of the postgraduate and post-experience markets).

The Select Committee performed a useful role in exposing and debating the details of UKeU, and made many sound observations and recommendations. It might have produced an even better report had it talked to a wider range of UKeU staff and other experts, and had a better overview of the UKeU archive. Just as the Committee was concerned that the most senior UKeU and HEFCE staff lacked direct e-learning experience, the same might be said of the people called before the Committee and membership of the Committee itself. In the report there is a bit too much indignation, and not enough appreciation of the subtleties involved. As UK higher education awaits e-learning strategies from the Department for Education & Skills and the Higher Education Funding Council for England, UKeU has become a distraction from the day-to-day business of e-learning development. The Select Committee report has hopefully laid the ghost of UKeU to rest as far as the wider public and central government is concerned. Over time, as the UKeU archive is gradually published, and researchers gain access to the materials, the full debate about the strengths and weaknesses of the venture will be had.