

The heart of
student living

UNITE

KEY ISSUES AND CHALLENGES FOR UNIVERSITY ACCOMMODATION IN THE UK



Urban Lifestyle ✓
In great locations

Friendly People ✓
On hand to help

Student Living ✓
With your friends



A SUMMARY OF

RESEARCH

FINDINGS

UNITE plc with Echo Research

Contents

- 01 Research objectives
- 02 Research design
- 03 Key issues in higher education
- 04 Challenges for university accommodation
- 05 Building effective partnerships
- 06 Conclusion

01

RESEARCH

OBJECTIVES

Early in 2006, the senior management and communications team of UNITE Group plc commissioned Echo to conduct an independent study of perceptions among the company's most important stakeholders. These were to include universities, planning authorities and national organisations with a direct influence on the worlds of higher education and student accommodation.

The commitment of UNITE to this research stemmed from the very top of the company. The Chief Executive and Board clearly recognised the importance of understanding both how UNITE is viewed as an organisation, and the dynamics of the sector in which it operates. Their ultimate goal? To improve the services UNITE provides to its

customers and business partners both now and into the future.

This report summarises some of the key findings of the research, with a focus on the following three subject areas:

- key issues in higher education
- challenges for university accommodation
- building effective partnerships.

02

RESEARCH

DESIGN

A total of 45 face-to-face and telephone interviews were conducted by Echo Research between 14 February and 07 March 2006. The tight timing of the project is important, because it enabled a 'moment in time' to be captured, in which there is less chance of perceptions being coloured by extraneous events.

The breakdown of the final sample between the various audience groups was as follows:

UNIVERSITIES:

- 29 individuals with responsibility for, or interest in, student accommodation, representing 23 different UK universities
- Titles included Vice-Chancellor, Dean of Students, Directors and Heads of Estates, Accommodation, Residential and Catering, Hospitality, Campus Services and Housing.

NATIONAL INFLUENCER ORGANISATIONS:

- 16 individuals involved in higher education policy, property and planning, non-governmental organisations, professional associations and the media.

In line with individual requests, no comments are attributable to any specific individual in the report that follows.



Participants were asked for their perceptions around some of the key issues facing higher education currently and in the future.

Given the highly sensitive and political nature of higher education, it is perhaps not surprising that there was a high degree of consistency in the issues raised. At the front of most participants' minds are:

- the impact of the introduction of variable fees within England
- the continued move towards widening access
- the demographic downturn post-2010
- the need to remain internationally competitive.

In particular, the first of these issues is seen to have profound implications for the future of higher education in the UK, which are only starting to be thought through.

One of the most far reaching consequences is the perception that the move will result in a far more market-driven approach to higher education, with students behaving more like customers and becoming more assertive and demanding in their requirements (such behaviour is already seen among post graduate students but will start to characterise undergraduates as well):

“Will the variable fee regime affect the relationship between students and the institutions? Where are those fees going to go? Will we at some stage move towards a much more genuine market led approach to higher education?” Influencer

“We already see it at the post graduate level where many of the overseas students are paying the actual price of the course. And the sort of demands the student makes on the institution right from accommodation, to the library, to the sports facilities and so on. They are paying a significant amount of money and they expect good value.” University

The second burning issue is widening access. This is seen to have a particular impact on funding:

“This university is not alone in having a great deal of difficulty in balancing its books each year. The underlying reason for this is the under-funding of the increased student population.” University

A further issue of potentially enormous strategic impact is the demographic down-turn, post-2010:

“I think that the looming demographic downturn after 2010 will have a big impact. All of us have spent most of our careers in an atmosphere of growth and I think an industry feels very different when its fundamental unit is actually in decline rather than growing.” Influencer

In such a climate, there is seen to be an ever-greater focus on both post-graduate students and overseas students:

“The area where there is greatest headroom for growth is in post-graduate students.” University

“If you ask me what sort of percentage we will be looking at for foreign students with different backgrounds, I would be looking at around 10%, which is the way the student numbers are going.” University

The issue of the UK's competitiveness as a destination for foreign students is mentioned by a number of the universities themselves, as well as a number of the national influencers. The main anxiety is that just as the requirement for foreign students is increasing, the perceived attractiveness of the UK is seen to be slipping:

“How are British universities going to get the resource needed to remain internationally competitive? We do still occupy a significant number of places in the top 20 but it is a real challenge to keep that.” Influencer

“We are losing market share in terms of overseas students quite dramatically.” University

Finally, mention was also made of the potential introduction of post-qualification application. Although this is not certain, it could affect the relationship between institutions and potential students:

“If we move to a system of post-qualification application where students actually apply after they have got their results rather than before, that would be a very large structural change affecting the way universities cultivate a relationship with potential students.” Influencer

Having discussed some of the ‘top of mind’ issues for the sector as a whole, participants were asked for their views on the key challenges for accommodation and hospitality within universities.

Although the academic standing of the university, course availability and the overall appeal of particular cities and towns are still seen to be the main drivers of student decision making, factors such as accommodation and other value-added ‘hospitality’ services offered by universities are becoming increasingly important to both students and parents.

“I think naturally the academic standing and the reputation of the university has to be the number one influencer on students choosing which university to apply to, but I think the support services come close behind that.”

University

“Students are coming to university to obtain a degree but they are also coming for more than that now. They are coming to have the total experience. And certainly the accommodation and the catering, and the social activity that we offer, if you like has an effect on whether the student actually leaves the university feeling they have had value for money.” University

In general terms there is expected to be growing demand for accommodation over the next few years due to the overall expansion in places. However, there is also expected to be greater fragmentation in student requirements. Although quality thresholds are seen to be rising all the time (driven as much by parental expectations as by those of students themselves) the accommodation market will in future need to be more flexible and better segmented, to take account of this greater diversity:

“Ten years ago students accepted rather than challenged. The expectations of students in terms of quality are increasing, which has forced us to look at what we are providing.” University

There are several aspects to this increasing diversity:

- the growth in number of post-graduate students will increase demand for family accommodation or ‘married quarters’
- the growth in the number of overseas students and the increasingly multi-cultural nature of the indigenous student population will increase the requirement for provision that is sensitive to religious and cultural needs.

“I think we have to get a bit smarter with the product. Our international students get off the plane with a suitcase and they get to their accommodation and they have to go out and buy you know household appliances and crockery and everything like that...so I think more serviced apartments or bed spaces will be the order of the day.” University

At the other end of the spectrum, the introduction of variable fees may once again place greater focus on value for money accommodation, as students see it as a way of possibly reducing overall indebtedness now that they have to pay for their tuition too. Certainly it will cause them to examine more precisely what they are getting for their money:

“Affordable rents is likely to be a bigger issue over the next few years, with the higher tuition fees kicking in and the students start to see precisely what sort of debt they are mounting up.” University

The other issue that continues to preoccupy those within universities is the location of accommodation. This covers accessibility issues – both to courses and to social amenities – as well as integration with the local community.



The participants in the research were clear and united in their views about the underpinnings of successful partnerships between universities and private sector providers. With any potential supplier or partner, there are a number of threshold expectations that determine successful relationships.

Core commercial considerations

- value for money
- the overall quality of the product service delivery
- the overall corporate robustness and professionalism of the partner.

“Just the normal things that any commercial firm would look at; reliability, level of service, financial status in making sure it was a sound company.” University

The quality and consistency of client management

Within universities, the individuals responsible for student accommodation greatly value a close, collaborative working relationship with private providers.

“Whilst we have a service level agreement, in some ways that is less important than a good working relationship”.

University

On the part of the provider, this entails:

- good local knowledge
- responsiveness to local needs
- stability and continuity in client contacts
- transparency, particularly in relation to pricing
- flexibility in addressing client requirements.

“I think flexibility to the university and to the student, which equals customer response to either. So rather than just quoting company policy, showing some flexibility to make sure the product for whichever customer is offered in the best possible way.” University

Communication effectiveness

- regular, proactive communication from partners and suppliers
- discussion and dialogue about new, mutual opportunities
- personal contact from senior management.

Private providers of student accommodation are well advised to address two different types of client relationship. The first of these is the relationship with the university administrators (from the VC and Director of Estates down to individual accommodation officers) and the second the relationship with end-users – the students themselves:

“The relationship with the student really matters too: how well they manage the property, particularly in terms of staff presence on site. As well as the quality of the repairs and the commitment to the upkeep of the place in general.” University



Each of the universities that participated in this research clearly faces its own set of very particular challenges and issues. Nonetheless, there are a number of common themes: chief among them the important role that accommodation has come to play in differentiating universities, within an ever more competitive market place.

In this context, the need to build effective partnerships between universities and private providers will be paramount. We hope that the research findings outlined in this report will make a useful contribution to that process.





**For more information
please contact:**

UNITE
The Core
40 St Thomas Street
Bristol BS1 6JZ

t +44 (0) 117 302 7000
info@unite-group.co.uk
www.unite-group.co.uk
www.unite-students.com