

**UNIVERSITY OF ULSTER**

**INTERNATIONAL DEPARTMENT**

**INTERNATIONAL BUSINESS SUPPORT**

**PROTOCOL FOR PRICING INTERNATIONAL CONTRACTS**

## **Introduction**

The International Business Support division of the International Department has been established to support the University's Internationalisation Strategy and identify target student recruitment markets in liaison with International Student Marketing and Recruitment and Faculties and to provide support and guidance in relation to new and current contracts.

To underpin these roles the International Business Support division has drafted a protocol and pricing framework to assist Faculties and Departments with pricing international contracts. This protocol is for guidance purposes and is not entirely prescriptive in its nature.

The protocol should be used in conjunction with full participation of the International Business Support division once a Faculty or Department embarks on collaboration with an international institution.

## **Contract Pricing Overview**

This procedure addresses contract pricing for taught students only and in an international context.

All international contracts should be fully priced at the outset of negotiations and costs must be transparent and supported. It is essential that contracts are costed at the beginning of the negotiation process to establish the benchmark from which the final contract price may be agreed. All contracts are open to negotiation, and flexibility is subject to market sensitivities.

For guidance purposes the pricing framework is divided in to three general areas; set up costs, student costs and support costs. The list of costs is not exhaustive and some disciplines will attract costs that do not apply to other subject areas. Further explanation is provided below.

### **Set up costs**

All set up costs should be identified and quantified before work commences. In most cases all or some of the set up costs will be paid by the partner institution receiving the education provision. This is a main area for negotiation. Where the partner institution is not willing to cover all or some of the set up costs, it is advisable to look at a means of absorbing the set up costs in to the cost of running the programme and ensure that the cost of setting up the programme does not negate the income generated from student fees.

#### *Writing and validating the programme*

Set up costs will include staff time required to write and validate the programme, this will be calculated using the staff member(s) salary cost including 27% employers costs. Other validation costs may include inviting external staff to the University to participate in the validation process.

#### *Advertising and promotional materials*

Under the agreement the University may undertake to advertise the programme as part of the recruitment process. The University should seek to recoup the advertising cost from the partner institution. The recruitment process will also entail designing and publishing promotional materials. The University should seek to recoup all or part of the costs associated with marketing the programme, in particular in the first year.

### *Recruitment costs*

The cost of recruiting students on behalf of the partner institution must also be considered. This may involve costing part of the salary of a current member of staff or recruiting additional staff to support recruitment of large student numbers. When new staff are recruited, the cost should cover the salary plus employers costs and also the recruitment campaign through Human Resources.

### *Indemnity*

Students may require an insurance policy in addition to the University's current provision. This will be particularly important to cover areas such as medical malpractice. The University should seek to recoup in full or share the cost of indemnity. In some cases, such as outcentre provision, the indemnity arrangements will be the responsibility of the partner institution.

### *Professional accreditation*

Some disciplines will require the programme to be accredited by a regulatory body where professional registration is involved. This will incur additional costs for staff resources and travel/accommodation for visitors.

### *Launch event*

Where it is agreed that an event will take place to launch the programme the University must establish where responsibility lies for funding the event. The partner institution may take full responsibility for organisation and payment of the event.

### *Equipment*

Some programmes will require the procurement of new or additional equipment. This process must be fully costed, adhere to the University's purchasing guidelines and give consideration to recovering costs from the partner institution.

## **Student income and expenditure**

A range of costs will apply to the students recruited by the University and partner institution on to the programme. The University may wish to advise students about fees only, provide advice on a range of costs and in some cases provide a 'package fee'.

### *Student fees*

The University publishes agreed overseas student fees on an annual basis. The fee quoted will depend on whether students will be full-time, part-time, distance learning, validation only etc. Where the fees for the academic year of delivery are not available, the University will quote the current fee and state that fees are subject to annual inflationary uplift. All proposed non-standard fees must be approved by the Pro Vice Chancellor for Teaching and Learning.

The University's fee schedule outlines various other fees that may be applicable to overseas students such as late enrolment, re-sit, resubmission, graduation etc.

In addition to fees agreed by the University, other fees will/may apply to overseas students. This includes CAS, visa, English language testing. Some disciplines may have additional fees e.g. police check (Access NI), occupational health assessment and vaccinations, uniform, placement fee, laboratory fee.

### *Accommodation and cost of living*

Partner institutions may expect the University to advise students on accommodation options and costs and an approximate cost of living in Northern Ireland/UK.

The University should also provide advice and guidance to new students regarding travel and entering the UK/Northern Ireland.

## **Staff costs**

### *Administration*

Programmes should cost the on-going administrative support in relation to delivery of the programme and may also include continuing recruitment and registration of students. Administrative costs are normally based on a percentage of the staff member's time dedicated to the programme e.g. 0.25FTE. Salary costs are taken from the mid-spine point of the appropriate grade salary scale and include 27% employers costs.

### *Teaching support*

The same principle is applied to teaching staff.

### *Other support*

If the programme is delivered through an outcentre agreement there will be considerably reduced costs for supporting the student. Management Accounts will assist Faculties in calculating the proportion of overheads applicable to outcentre provision.

Programmes delivered on the University's premises may incur additional support costs for academic services, finance, human resources, occupational health, information services, VLE, graduation etc. This will be dependent on the overall student numbers on the programme. Faculties should be cognisant of their contribution (approx. 40%) of income to the University for overheads.

The method of programme delivery will significantly impact on support costs.

### *Staff travel*

Throughout the programme staff may be required to travel to the partner institution and therefore incur costs such as mileage, flights, travel tickets, overnight accommodation, subsistence allowance etc. The University must consider whether the partner institution will be responsible for payment of these costs or if the costs are subsumed in to the salary costs for the dedicated staff.

## **Support costs**

### *Recurring costs*

Costs associated with external examiners, attendance at exam boards, validations, auditing, professional body accreditation etc. will recur throughout the programme and must be estimated to assist with full costing of the programme. Consideration must be given to the responsibility of the University and partner institution in covering the costs.

### *Indemnity*

Indemnity costs will recur on an annual basis and the same consideration must be given to the annual policy as outlined in the set up costs.

## **Management Accounts**

Faculties are advised to contact the International Business Support division in the first instance. The International Business Support division will evaluate the proposal taking in to consideration current and potential agreements, target markets and associated risks.

If the proposal is feasible, International Business Support will initiate contact with Management Accounts who will assist the Faculty in completing the full economic costing for a new course/collaboration.

### **Student cohorts**

In planning both income and expenditure for international contracts it is essential to establish minimum student numbers to deliver the programme. When overseas students join already established programmes this will not be required. In the case of new programmes and programmes delivered exclusively for the partner institution the University must agree a minimum cohort number for each year and level of the programme. Where the University/partner institution fails to actively recruit the minimum cohort, the University will continue to receive payment for the agreed minimum number of students to cover operating costs.

It is advisable to consider agreeing a cohort price, cohort student number range and additional cost per place price. Normally a cost per place price is based on the mean number of students in the cohort. For example, if a cohort range is agreed as 14-16 students with a cohort price of £60,000 the cost per place fee will be £4,000.

### **Discounts, bursaries and partial fee waivers**

There is often an expectation from potential partners to demonstrate a reduced fee as part of the contract negotiation. There is normally an increased discount for larger student numbers. This process will result in a non-standard fee that must be approved by the Pro Vice Chancellor for Teaching and Learning. For example, 10 or more students receive a 5% discount, 20 or more receive a 10%. Discounting student fees must not be considered as an agreed practice and the University should always seek to charge a full overseas fee in the first instance.

Programmes that involve a substantial laboratory or workshop component may consider a higher fee than the normal UG or PGT fee.

### **Financial variables**

It is advisable to make provision for financial variables outside of the University and partner institutions control.

Normally the exchange rate is agreed at one given date during the financial year. Any fluctuation in exchange rate is normally addressed by equally splitting the increase or decrease in income/expenditure.

Faculties are also advised to risk assess the feasibility of the programme in the event of economic instability and political unrest.

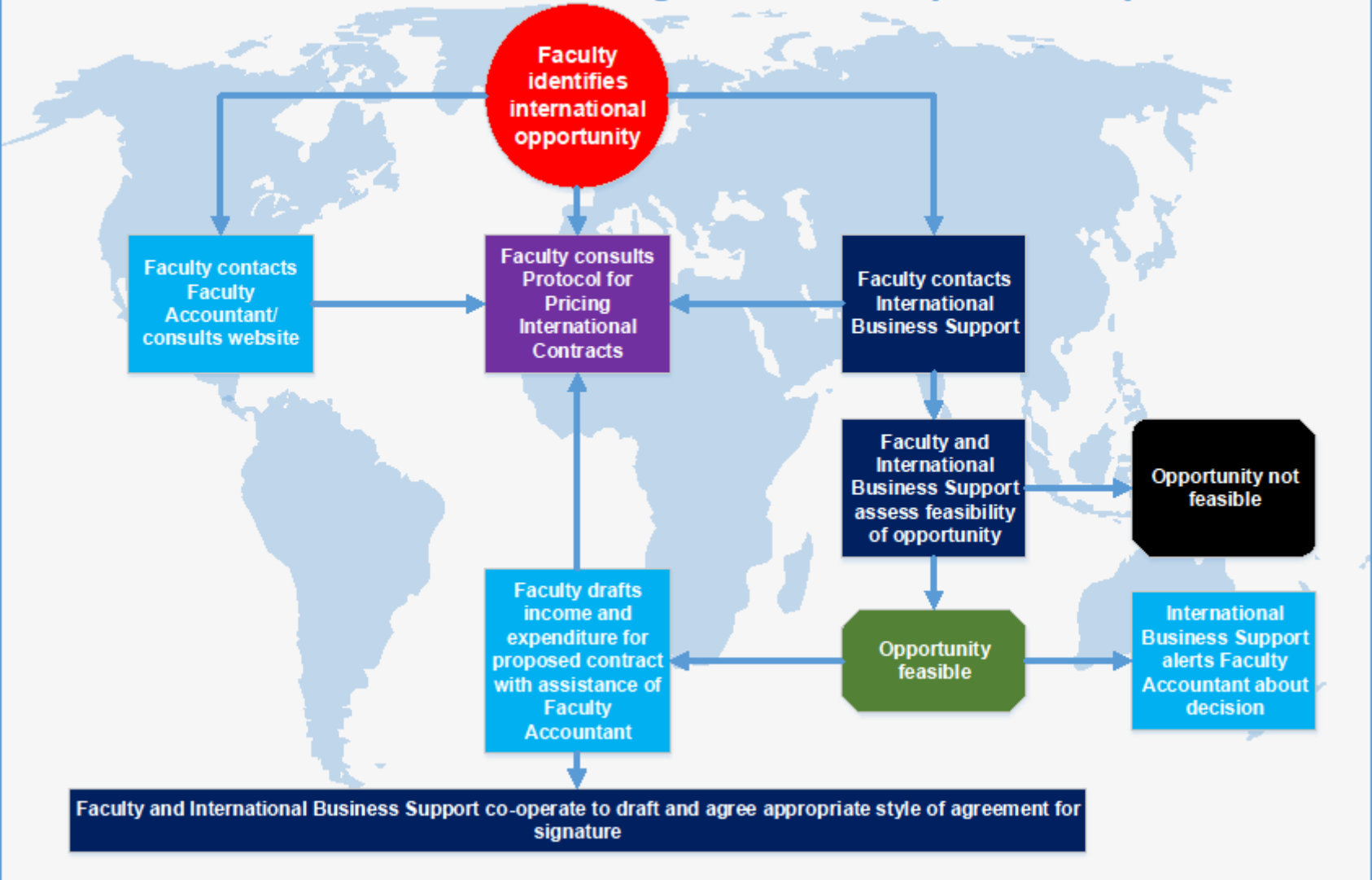
### **Payment schedules**

A payment schedule must be agreed as part of the contract with a partner institution. This will detail the frequency of invoices and payment arrangements. The payment schedule must also take in to consideration the University's payment options for students and withdrawal dates where a student may avail of a full or partial refund.

### **Summary**

The International Business Support division will engage with all Faculties and Departments to provide assistance in drawing up agreements and contracts. The financial arrangements for all contracts must be transparent and fully costed. Once a proposal has been approved, Management Accounts will assist the Faculty in the full costing of the agreement. Fees and associated expenditure for delivery of a programme will be dependent upon a range of factors and this protocol is provided for guidance purposes.

# Process for establishing international partnerships



## Pricing Framework (non-research)

### Set Up Costs (non-recurring)

- Writing programme
- Validation of programme including travel costs
- Advertising
- Design and publication of promotional materials
- Recruitment costs – staff and students
- Indemnity
- Professional accreditation costs, if applicable
- Launch event, if applicable
- Equipment, if required

### Student Income and Expenditure

- Student fee; full time UG, full time PGT, per credit point non-distance learning, per credit point distance learning, validation fee
- Other fees where applicable; registration, re-sit, resubmission, late enrolment, APL, graduation
- Miscellaneous costs where applicable; Police check, occupational health check and vaccinations, CAS, English Language testing, visa, uniform, placement fee if external to the University
- Accommodation costs and cost of living expenses
- Travel

### Staff costs

- Administrative support including recruitment and registration
- Teaching support
- Other support such as academic and student affairs, finance, occupational health, human resources, overheads, teaching accommodation and equipment, printing and publications
- Staff mileage, travel and accommodation for the duration of the programme

### Support costs

- External examiners
- Exam Boards
- Validation costs
- Professional validation costs, where applicable
- Indemnity (recurring)

**INTERNATIONAL DEPARTMENT  
INTERNATIONAL BUSINESS SUPPORT**

**GUIDANCE ON DISCOUNTS, BURSARIES, PARTIAL WAIVERS AND AGENT COMMISSION RATES RELATING TO  
CONTRACTS**

All contracts should be fully costed (TRAC), following advice from the Faculty Head of Administration and Faculty Accountant and including full tuition fees in the first instance. Some target markets and certain market influences may require offering a reduction in tuition fees to remain competitive when securing new business. This will be viewed as a non-standard fee and must be supported by a business case outlining indicative student numbers, projected income and net profit after discounts have been applied. The table below provides guidance for discounts and agent commission. Faculties must seek advice from the International Business Support division for negotiations not covered by this guidance.

**DISCOUNTS** for net tuition fees and contract prices

<b>0 – 9 students</b>	<b>10 – 19 students</b>	<b>20 – 29 students</b>	<b>30+ students</b>
Full fee	5%	10%	15%

**AGENT COMMISSION** based on per capita net tuition fee

<b>0 – 9 students</b>	<b>10 – 15 students</b>	<b>15+ students</b>
10%	12.5%	15%

*Programmes that include a substantial laboratory or workshop component may consider a higher fee than the normal UG or PG net tuition fee.*

Notes:

1. Discounts and commission rates do not fluctuate e.g. where 25 students are enrolled, all 25 students will receive a 10% discount.
2. Depending on the nature of the contract, a discount may be paid to the student or to a third party.
3. Specified discounts and commission rates must be an integral part of the contract.
4. Discounts and commission may be applicable to any course, not just premium priced courses.