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**Policy development**

**Statement of policy**

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This report is for information

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This document sets out HEFCE's policy for addressing unsatisfactory quality in higher education institutions and further education colleges that are eligible for HEFCE funding from academic year 2013-14.

# HEFCE's policy for addressing unsatisfactory quality in institutions from 2013-14

## Contents

|  |    |
|--|----|
| Executive summary.....   | 2  |
| Introduction.....  | 5  |
| Background .....   | 6  |
| Action at the unsatisfactory judgement.....  | 7  |
| The process following a ‘requires improvement to meet UK expectations’ judgement.....                | 8  |
| The process following a ‘does not meet’ judgement.....   | 8  |
| Interface with charity regulation .....  | 10 |
| Interface with HEFCE’s Teaching Quality and the Student Experience committee .....                   | 10 |
| HEFCE’s detailed involvement.....  | 10 |
| Alignment of the unsatisfactory quality policy with HEFCE’s risk assessment process.....             | 12 |
| Managing provision with others .....   | 13 |
| Potential further action or sanctions if on re-review the provision does not meet UK standards ..... | 13 |
| Communications .....   | 14 |
| Annex A: Flow chart of the first stage – QAA outcomes and routes to HEFCE involvement ...            | 17 |
| Annex B: Flow chart of the second stage – HEFCE’s involvement and intervention .....                 | 18 |

# HEFCE's policy for addressing unsatisfactory quality in institutions from 2013-14

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| To                                   | Heads of HEFCE-funded higher education institutions<br>Heads of HEFCE-funded further education colleges<br>Heads of HEFCE-funded sixth-form colleges<br>National Union of Students |
| Of interest to those responsible for | Quality assurance  |
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## Executive summary

### Rationale and purpose

1. This document sets out HEFCE's policy for addressing unsatisfactory quality in higher education institutions and further education colleges that are eligible for HEFCE funding from academic year 2013-14. The policy comes into play when institutions:

- receive a judgement of 'does not meet UK expectations' in the Quality Assurance Agency for Higher Education's (QAA's) Higher Education Review process, or
- fail to make the necessary improvements through the QAA follow-up process following a judgement of 'requires improvement to meet UK expectations'.

Both scenarios demonstrate that the quality of an institution's learning opportunities, information, enhancement, or academic standards is considered unsatisfactory. The policy comes into effect following the introduction of the new QAA Higher Education Review in 2013-14.

2. HEFCE has a statutory duty to 'secure that provision is made for assessing the quality of education provided in institutions for whose activities they provide, or are considering providing, financial support'. In exercising this duty and in considering quality assurance outcomes in the exercise of our other functions, we aim to ensure that students receive higher education provision of sufficient quality and that England's reputation for high-quality higher education is maintained.

3. HEFCE's initial 'Policy for addressing unsatisfactory quality in institutions' (HEFCE 2009/31) commenced in 2009. Through consultation on this policy HEFCE gained agreement from the higher education sector that we should become directly involved in quality assessment (rather than operating our statutory duty through the QAA) when an institution fails to progress in response to an unsatisfactory judgement.

4. The QAA's new Higher Education Review was introduced following HEFCE's 'A risk-based approach to quality assurance: Consultation' (HEFCE 2012/11), while the need for an update to

the unsatisfactory quality policy was signalled in 'A risk-based approach to quality assurance: Outcomes of consultation and next steps' (HEFCE 2012/27).

5. This revised policy for addressing unsatisfactory quality maintains a proportionate approach that gives institutions appropriate warning, and time to make adjustments, where the quality of their provision falls short. The time available for such improvement is limited, however, in the interests of students and of the reputation of UK higher education. The interest of current, prospective and past students affected by judgements of unsatisfactory policy will be of primary concern in the operation of the unsatisfactory quality policy.

### **Key points**

6. The policy for addressing unsatisfactory quality in universities and colleges forms part of the regulatory landscape for higher education, as described in 'Operating Framework for Higher Education in England', published in July 2013. The operating framework sets out the context within which the unsatisfactory quality policy operates; however it refers to the time frame up to and including academic year 2012-13. The update to the operating framework document will refer to this revised unsatisfactory quality policy.

7. This policy applies to higher education institutions and further education colleges with higher education provision in England. It does not apply to alternative providers of higher education, as the Secretary of State remains responsible for decisions relating to specific course designation.

8. The unsatisfactory quality policy has two stages:

a. When an institution receives a published QAA review judgement of 'does not meet UK expectations' or 'requires improvement to meet UK expectations' in one or more areas, the first stage in addressing the identified issues is led by the QAA.

b. When the issues remain unresolved HEFCE will take the lead in a second stage: improvements will be expected and, in exceptional circumstances, sanctions are applied.

Flowcharts in Annexes A and B demonstrate the process: Annex A shows the first stage, while Annex B demonstrates the second stage.

9. HEFCE is involved at the second stage because we have a clear regulatory duty to ensure that institutions receiving public funds provide value for money and are responsible in their use of these funds, as described in the terms and conditions for payment of HEFCE grants to higher education institutions: 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2010/19). We also seek to promote the collective student interest. A key element in our judgement of whether an institution achieves value for money is the quality of the provision provided to students. If this is shown to be inadequate, we have an obligation to act. Where HEFCE is responsible for risk assessment, a judgement of 'does not meet UK expectations', or failure to make improvements following a 'requires improvement' judgement, will also result in HEFCE considering whether this affects the risk status of the institution concerned.

10. When HEFCE takes the lead, an institution will have a second opportunity to resolve the unsatisfactory quality issues raised in the first stage. After the HEFCE involvement the institution will be re-reviewed by the QAA. If it does not obtain judgements of at least meeting UK expectations in the relevant areas at that point, the HEFCE Board will consider further actions

and sanctions, paying particular attention to the interests of students and the reputation of English higher education.

11. Although this policy sets out a range of actions that may be taken once HEFCE is involved, these are not exhaustive or definitive: we will consider each case of unsatisfactory quality individually, while applying fairness and consistency in similar cases. Ultimately, HEFCE has the right to withdraw funding from an institution, but we would only take this action in exceptional circumstances. HEFCE and the Charity Commission also have responsibilities to consider whether a regulatory response is needed in terms of an institution's status as an exempt or registered charity, whose student beneficiaries may be affected by judgments indicating unsatisfactory quality.

12. At all times the needs and interests of students are of great importance. Institutions have a responsibility towards the students learning with them: the needs of students who are likely to be adversely affected, either by the identified problem or by any actions taken under the policy, must be met.

### **Action required**

13. No action is required in response to this document.

## Introduction

14. This document sets out HEFCE's policy for addressing unsatisfactory quality in institutions eligible for HEFCE funding; the HEFCE policy applies only within England. The policy involves engaging with institutions that:

- receive a judgement of 'does not meet UK expectations' in the Quality Assurance Agency for Higher Education's (QAA's) Higher Education Review process, or
- fail to make the necessary improvements through the QAA follow-up process following a judgement of 'requires improvement to meet UK expectations'.

Both scenarios demonstrate that the quality of an institution's learning opportunities, information, enhancement, or academic standards is considered unsatisfactory. The policy comes into effect following the introduction of the new QAA Higher Education Review in academic year 2013-14.

15. We have this unsatisfactory quality policy to achieve our mission to 'promote and fund high-quality, cost-effective teaching that meets the diverse needs of students, the economy and society'. It also helps us to deliver our strategic aim to ensure that all higher education students benefit from a high-quality learning experience that fully meets their needs and the needs of society.

16. HEFCE's initial 'Policy for addressing unsatisfactory quality in institutions' (HEFCE 2009/31) commenced in 2009 and was updated in 'Policy for addressing unsatisfactory quality in institutions: 2011 update' (HEFCE 2011/36)<sup>1</sup>. It was through consultation on the initial policy that HEFCE gained agreement from the sector that we should become directly involved in quality assessment (rather than operating our statutory duty through the QAA) when an institution fails to progress in response to an unsatisfactory judgement.

17. This updated policy for addressing unsatisfactory quality is designed to align with the principles of the more risk-based approach to quality assurance of the QAA's new Higher Education Review. In particular it aims to be:

- robust and rigorous
- proportionate, in balancing the student interest against the risk of institutional failure
- holistic, in adopting a common approach for higher education institutions (HEIs) and further education institutions (FECs)
- clear and transparent
- responsive, in that it can be tailored to circumstances.

18. With the reforms to fees and funding for higher education in England, students are paying more for their education, and it is important they receive good value for that investment. It is in the interests of neither the global reputation of English higher education (from which all institutions and students benefit), nor the students studying at a given institution, for poor-quality education to remain unaddressed.

19. HEFCE's policy for addressing unsatisfactory quality in universities and colleges up to and including the academic year 2012-13 is described within 'Operating Framework for Higher

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<sup>1</sup> All HEFCE publications are available at [www.hefce.ac.uk/pubs/](http://www.hefce.ac.uk/pubs/), unless otherwise stated.

Education in England', published in July 2013. The operating framework sets out the context within which the unsatisfactory quality policy operates; however it refers to the time frame up to and including academic year 2012-13. The update to the operating framework document will be updated to refer to this revised 2013-14 unsatisfactory quality policy<sup>2</sup>. The operating framework sets out the roles of the regulatory bodies, in working with all types of higher education (HE) provider to ensure accountability for public investment in HE and to protect the student interest. This policy does not apply to alternative providers of HE, as the Secretary of State retains responsibility for decisions relating to specific course designation<sup>3</sup>.

20. While updating this policy we have discussed it with the QAA, Universities UK, GuildHE, the National Union of Students, the Association of Colleges, and HEFCE's Teaching Quality and Student Experience (TQSE) Strategic Advisory Committee. We also consulted HEFCE-funded institutions, and have taken their comments into consideration when finalising the policy.

## Background

21. HEFCE has a statutory duty to 'secure that provision is made for assessing the quality of education provided in institutions for whose activities [we] provide, or are considering providing, financial support'<sup>4</sup>. In exercising this duty, and in considering quality in the exercise of our other functions, we aim to ensure that students receive HE provision of sufficient quality and that England's reputation for high-quality higher education is maintained. We exercise this duty partly through contracting the QAA to review quality in institutions. Our TQSE committee also has a statutory duty to advise the HEFCE Board on the discharge of this responsibility.

22. Following our sector-wide consultation 'A risk-based approach to quality assurance' (HEFCE 2012/11), as called for in the Higher Education White Paper 'Students at the Heart of the System', the QAA launched Higher Education Review as a revised method for reviewing quality from September 2013. The new method applies to HEIs and FECs<sup>5</sup>.

23. When an institution undergoes a review, it receives judgements on:

- the setting and maintenance of threshold **academic standards** (or the academic standards set by degree-awarding bodies and other awarding organisations)
- the quality of students' **learning opportunities**
- **information** about higher education provision
- the **enhancement** of students' learning opportunities.

24. The judgement on threshold academic standards will be expressed as one of the following:

- 'meets UK expectations'
- 'requires improvement to meet UK expectations'

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<sup>2</sup> See [www.hefce.ac.uk/about/intro/wip/rpg/of/](http://www.hefce.ac.uk/about/intro/wip/rpg/of/)

<sup>3</sup> See 'Alternative providers specific course designation: guidance for applicants', available at <https://www.gov.uk/government/publications/alternative-providers-specific-course-designation-guidance-for-applicants>.

<sup>4</sup> Further and Higher Education Act 1992, part II, section 70, available at [www.legislation.gov.uk/ukpga/1992/13/section/70](http://www.legislation.gov.uk/ukpga/1992/13/section/70)

<sup>5</sup> See [www.qaa.ac.uk/InstitutionReports/types-of-review/higher-education-review/Pages/default.aspx](http://www.qaa.ac.uk/InstitutionReports/types-of-review/higher-education-review/Pages/default.aspx)

- ‘does not meet UK expectations’.

25. The judgements on learning opportunities, information, enhancement, will each be expressed as one of the following:

- ‘commended’
- ‘meets UK expectations’
- ‘requires improvement to meet UK expectations’
- ‘does not meet UK expectations’.

26. The judgements ‘requires improvement to meet UK expectations’ and ‘does not meet UK expectations’ are defined in the QAA handbook as unsatisfactory outcomes, and require more intensive follow-up action to complete the review and give the institution a clean bill of health.

27. This unsatisfactory quality policy applies as soon as a judgement of ‘does not meet’ is published, as this is deemed to be an unsatisfactory situation. HEFCE will not become directly involved with the institution’s quality assessment unless it fails to make sufficient progress through the QAA follow-up process. Thus, while HEFCE is formally notified of the situation and the policy activated, the first step is taken by the QAA. If that does not succeed, HEFCE will become involved in our capacity as the major public sector funder and regulator for higher education, with statutory responsibility for quality assessment.

### **Action at the unsatisfactory judgement**

28. The following paragraphs reiterate the QAA follow-up processes for institutions that receive a judgement of ‘does not meet’ or ‘requires improvement’ within the Higher Education Review<sup>6</sup>. A flow chart outlining the routes to invocation of the unsatisfactory quality policy is provided in Annex A. The flow chart commences with the QAA follow-up process, when the outcomes of the review have been published, after any appeals process has been completed.

29. If an institution receives an unsatisfactory judgement (‘requires improvement to meet UK expectations’ or ‘does not meet UK expectations’) in any of the four judgement areas, the institution has an opportunity to appeal (using existing QAA eligibility criteria<sup>7</sup>) before the judgement is confirmed and the report is published on the QAA web-site.

30. When a report with an unsatisfactory judgement is published it will not be signed off as complete by the QAA board, which provides an opportunity for the judgement to be changed to a ‘meets UK expectations’ or ‘commended’ judgement if the institution is able to achieve this through the QAA follow-up process. During this period, the institution will not have the right to display the licensed QAA ‘Quality Mark’ logo on its web-site and in printed marketing materials. This right will only be reinstated if the judgement is changed to a ‘meets UK expectations’ or ‘commended’ judgement and is signed off.

31. A published report with a judgement of ‘requires improvement’ or ‘does not meet’ will require the institution to produce an action plan within one academic term or semester, to address the review findings within a year (both periods to be counted from the report’s

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<sup>6</sup> See part 4 of ‘Higher Education Review: A handbook for providers’, available at [www.qaa.ac.uk/Publications/InformationAndGuidance/Pages/HER-handbook-13.aspx](http://www.qaa.ac.uk/Publications/InformationAndGuidance/Pages/HER-handbook-13.aspx)

<sup>7</sup> See the QAA’s consolidated appeals process: [www.qaa.ac.uk/Complaints/Pages/Appeals.aspx](http://www.qaa.ac.uk/Complaints/Pages/Appeals.aspx)



publication, meaning there is a 12 month maximum for planning and completing follow-up actions). Throughout this time, the QAA will expect progress reports against the action plan. The QAA follow-up process provides a limited period for institutions to demonstrate improvement. This gives the institution a chance to rectify the issue, but also ensures students are not continuing to receive poor quality education for an extended period.

### **The process following a 'requires improvement to meet UK expectations' judgement**

32. After an institution has received a published judgement of 'requires improvement', if reports are then received on time showing that progress has been made in dealing with the review findings, the QAA will arrange for the review team to discuss and agree whether the judgement can be changed to 'meets expectations' or higher. This may involve a further visit to the HE provider by some or all of the review team. If the review team agrees to change the judgement to 'meets UK expectations', the QAA officer will make a recommendation to the QAA board to change the judgement. The review shall be regarded as complete and signed off if the board approves the revised judgement.

33. If the QAA board decides not to change the judgement – either because the review team agrees that insufficient progress has been made in dealing with the review findings or because the board does not agree with a recommendation to change the judgement – unsatisfactory quality policy will apply, and the institution will move directly to step two of the unsatisfactory quality policy, led by HEFCE (see Annex B). This process involves regular meetings and engagement with HEFCE and other stakeholders, and is described in more detail in the next section. Such an institution will have already had a chance to improve its quality and failed to do so. It is in the interests of students and of the reputation of the sector that HEFCE becomes involved in this manner at this point.

### **The process following a 'does not meet UK expectations' judgement**

34. If the published review outcome includes a judgement of 'does not meet' in any area, this unsatisfactory quality policy will apply immediately. At this point the adverse judgement has formally come to HEFCE's attention, although HEFCE will not be involved directly in the QAA action plan that follows. The QAA will expect a detailed action plan to not only address the specific review findings, but to review and strengthen quality assurance structures, processes and policies and limit the risk of such a judgement being delivered in future. The depth and breadth of actions likely to be required will thus be wider in scope than for 'requires improvement' judgements, and actions will be more carefully monitored. The maximum time frame is the same as that for a 'requires improvement' judgement and is detailed in paragraph 31.

35. If a provider receives a published judgement of 'does not meet' but then institutional reports are received on time showing that progress has been made in dealing with the review findings, the QAA review team will consider whether the judgement should be changed to 'meets UK expectations'. This may involve a further visit to the provider by some or all of the review team.

36. If the team agrees that the judgement can be changed to 'meets UK expectations', the relevant QAA officer will make a recommendation to the QAA board to change the judgement. The review shall be regarded as complete and signed off if the board approves the revised judgement. If the QAA board decides not to change the judgement, either because the review team agrees that insufficient progress has been made in dealing with the review findings or

because the Board does not agree with a recommendation to change the judgement, then the institution will move directly to step two of the unsatisfactory quality policy, led by HEFCE (see the flow chart in Annex B).

37. HEFCE will become the institution's main point of contact in connection with its unsatisfactory quality, although the QAA and HEFCE will liaise regularly. HEFCE becomes directly involved at this point as the major public sector funder and regulator for higher education. From this moment onwards, HEFCE will take the lead and make final decisions regarding necessary actions and, exceptionally if quality fails to improve, sanctions. The QAA, because of its expertise in quality judgements and understanding of the background to the specific review outcome, will continue to have a central role in assessing that steps are taken to bring about the provision's compliance with UK HE requirements for threshold academic standards and quality, and will conduct any further reviews agreed as necessary.

38. Under the terms and conditions for payment of HEFCE grants to higher education institutions, as specified in 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2010/19), HEFCE reserves the right to assess the risk status of an HEI at any point. When an HEI receives a published judgement of 'does not meet', or fails to make the required improvements following a 'requires improvement' judgement, we would expect to consider whether its risk status is affected, although any decision to change this would respond to the individual circumstances. The risk assessment process is described in more detail under the section 'HEFCE's detailed involvement'.

#### **Summary of the scenarios leading to unsatisfactory quality policy**

The scenarios in which the unsatisfactory quality policy (UQP) would be invoked following a QAA Higher Education Review are as follows:

1. If an institution receives a judgement of 'requires improvement' and either:
  - a. does not make satisfactory improvement against an action plan; or
  - b. does not produce an action plan in a specified time frame.

**The next step:** UQP meetings with HEFCE and other relevant bodies will be initiated immediately.

2. If an institution receives a judgement of 'does not meet', then the UQP will be invoked as soon as the judgement is published.

**The next step:** At this point the institution has formally come to HEFCE's attention, although HEFCE will not be involved directly in action planning. The QAA will have the opportunity to implement its process for dealing with the judgement by asking for a detailed action plan.

The second stage involving HEFCE intervention will be set in motion if the institution:

- a. does not make satisfactory improvement against an action plan; or
- b. does not produce an action plan in a specified time frame.

All the scenarios above ensure that any institution will have two chances to make the required improvements before reaching the stage in the UQP process where sanctions would be considered: one chance to rectify the issues through the QAA processes, and a second opportunity through meetings and actions monitored by HEFCE.

## **Interface with charity regulation**

39. Both the Charity Commission (for HEIs that are registered charities) and HEFCE (for HEIs that are exempt charities) require institutions to report serious incidents at the time they arise. Serious incidents include ones which have resulted in, or could result in, a significant risk to a charity's work, beneficiaries or reputation. We would view the publication of a 'does not meet UK expectations' judgment as a serious incident in that it could pose a significant risk of harm to the institution's reputation and/or to its students (who are among its charitable beneficiaries). An HEI with a published 'requires improvement' judgment should also consider whether the individual circumstances fit the indicators of a serious incident. Reporting the judgment as a serious incident will demonstrate recognition by the HEI's trustees of their duty of care to both the institution as a charity and its beneficiaries, and their duties to HEFCE as a regulator; it is unlikely to change the actions which HEFCE will take or will already be taking in accordance with this policy. We recognise that an institution with a published unsatisfactory review judgement will be working to address the issue(s) through follow-up action with the QAA. However, a failure by the institution to act on QAA recommendations might lead to regulatory action to protect the beneficiaries from further harm.

## **Interface with HEFCE's Teaching Quality and the Student Experience committee**

40. One of HEFCE's five strategic advisory committees – Teaching Quality and the Student Experience<sup>8</sup> – provides the HEFCE Board with advice on quality assessment in the HE sector in England. HEFCE supports the TQSE committee in this by providing the published results of review activity at each meeting, so once an unsatisfactory judgement is published, the TQSE committee will be informed at the next meeting. TQSE will be informed of key decisions in the unsatisfactory quality policy process.

## **HEFCE's detailed involvement**

41. The process once HEFCE is directly involved is outlined in the flow chart in Annex B. As indicated above HEFCE's involvement is triggered by certain QAA judgements, including that an action plan has not progressed. HEFCE will not revisit past judgements made by the QAA which led to HEFCE becoming the institution's main point of contact.

42. Once the unsatisfactory quality policy (UQP) is invoked and the institution has failed to make sufficient progress against an action plan with the QAA, HEFCE will arrange for a meeting of key partners at the earliest possible opportunity. Attendance at the meeting would normally consist of the following:

- a. Institutional representatives should normally include: the head of the institution, the chair of the board of governors, the institution's head of communications (or other suitable representative), those responsible for the oversight of teaching and learning (for example, the relevant pro-vice-chancellor), other senior managers as appropriate, the president of the student union and the student union officer for student experience, or a permanent member of the student union staff.
- b. If the unsatisfactory judgements from the original QAA review were based, in whole or in part, on the institution's working relationships with other organisations to provide learning opportunities, the meeting may also need to include representatives from those

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<sup>8</sup> See [www.hefce.ac.uk/about/staff/committees/](http://www.hefce.ac.uk/about/staff/committees/) for details.

organisations. If the unsatisfactory judgement was on the academic standards set by degree-awarding bodies and/or other awarding organisations then the awarding body would also need to be involved.

c. HEFCE and the QAA will be involved through senior level representation. Depending on the nature of the problem and of the institution, other stakeholders may be invited to attend all or part of the meeting. For instance, the Skills Funding Agency (SFA) may be asked to attend if a further education college is involved, or the Education Funding Agency if a sixth-form College that delivers HE is involved. Professional, statutory and regulatory bodies may also need to be involved if the unsatisfactory provision is related to them.

43. At this point HEFCE will work with the institution, supporting it in rectifying the issues. However, the way in which this is done and the timescales involved will be judged on individual circumstances. For instance, if an institution receives an outcome of 'does not meet' in more than one judgement area, this would be taken into account. Alternatively, if the judgement related only to a relatively small area of provision, the institution would only be expected to take action in that area, and potentially in a shorter timescale. This focused approach will also apply in the case of a differentiated judgement from the QAA that only applies to a specific area of provision such as collaborative or postgraduate provision. However, foremost in consideration of recommended actions and timescales will be the student interest, alongside the reputational impact on English HE. For example, agreed actions may need to include arrangements for protecting current students and enabling prospective students to make informed decisions. The institution will also need to consider contingency plans for if they fail to gain a 'meets UK expectations' or higher judgement in the re-review. Further details in relation to this eventuality are provided in paragraph 63.

44. It is expected that further UQP meetings will be held on a regular basis to assess progress. The QAA will deploy its expertise in this area to help HEFCE determine whether the rate and scope of progress is acceptable. The institution will need to provide evidence of change. It is anticipated that normally the maximum period for this stage before re-review occurs will be 12 months, with an expectation that it should be less.

45. In addition, HEFCE may need to take the following action, depending on the circumstances. This list is not exhaustive and each case will be considered individually.

a. We may limit or exclude the institution from securing further public investment through any bidding process run by HEFCE.

b. We may consider whether the institution's poor-quality status should have any impact on how the student number control applies.

c. We could make a support team available to the institution to help resolve the issues. This might include a team or officer from the QAA (under a special contract with us), peer reviewers, someone with management or financial expertise, or other experts as appropriate to the required improvements. The institution would be expected to utilise the support team as one of the actions to addressing the issues with their provision, and the support team would be represented at the UQP meetings described above.

d. The representatives at the UQP meetings could make recommendations to the institution's senior management team and, if appropriate, the board of governors as detailed in the 'wider support strategy' in Annex D of the financial memorandum (HEFCE

2010/19). These recommendations would constitute guidance rather than mandatory requirements. However, we would expect to receive a response from the board of governors or senior management team, and it should be understood that cooperation with and implementation of the recommendations might enable the institution to make progress against the action plan, move away from unsatisfactory quality status and thus avoid further sanctions.

e. HEFCE will also consider applying its general institutional support strategy, which is described in Annex D of HEFCE 2010/19.

### **Alignment of the unsatisfactory quality policy with HEFCE's risk assessment process**

46. As set out in HEFCE's financial memorandum 2010/19, we reserve the right to reassess the risk status of an HEI at any time. In cases of unsatisfactory quality we would usually expect to do this as soon as an institution receives a published judgement of 'does not meet', to consider whether the unsatisfactory quality issue warrants a change. In the case of a 'requires improvement' judgement, we would usually expect to assess the risk status of the institution only if they fail to make the required improvements through the QAA follow-up process. Risk may be assessed again at appropriate points through the process.

47. If an HEI is put at higher risk, we would consider whether the risk status should be made public in the interest of prospective students. Decisions would be made on a case by case basis, and with awareness of potential impact on current and past students and others of doing so.

48. Our risk assessment process and the engagement and support strategy we adopt with HEIs at higher risk are described in 'Outcomes of the consultation on changes to the Financial Memorandum' (HEFCE Circular letter 18/2010). The assessment is holistic in approach; taking into account all types of risk including reputational and financial. If an institution is put at higher risk, the support strategy involves regular meetings between the institution and the relevant HEFCE assurance consultant and institutional team, under the leadership of a HEFCE associate director. If an institution with unsatisfactory quality is considered to be at higher risk then the ensuing risk meetings will, where possible, be aligned with the general UQP meetings to avoid duplication and ensure continuity.

49. HEFCE's financial memorandum and strategy for supporting higher education institutions at higher risk is due to be updated in 2014<sup>9</sup>. This unsatisfactory quality policy may require a supplementary update in light of these changes. We will not consult on this update, as any changes will have resulted from the consultation about the financial memorandum.

50. Where the institution is an FEC, we do not have a whole-institution remit; FECs are not subject to our accountability processes or our risk assessment process. We will inform the SFA that there is a higher education quality concern and that our unsatisfactory quality policy has been applied to the college's HE provision. SFA will consider whether the HE issues pose risks to the institution as a whole, and whether or not to launch its own risk management strategy.

51. HEFCE also funds a small number of sixth-form colleges that offer higher education provision. As with FECs, we do not have a whole-institution remit, and sixth-form colleges are not subject to our accountability processes or our risk assessment process. We will inform the

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<sup>9</sup> [www.hefce.ac.uk/pubs/year/2013/201321/](http://www.hefce.ac.uk/pubs/year/2013/201321/)

Education Funding Agency if the unsatisfactory quality policy is applied to a sixth-form college's HE provision.

### **Managing provision with others**

52. As stated in the QAA's 'Higher Education Review: A handbook for providers', the parameters of the QAA review of arrangements for working with others vary according to whether the partners, delivery organisations or support providers are also reviewed by QAA. Where such providers are subject to QAA review, in any form, the parameters of the review of the provider making the awards will be confined to the management of the arrangement by that provider, and to the setting and maintenance of academic standards.

53. When reviewing non-degree-awarding bodies, QAA review teams will be concerned with the way providers discharge the responsibilities they have to their degree-awarding bodies and other awarding organisations, and not with how the degree-awarding bodies or awarding organisations manage their own responsibilities. As indicated above, the review of the degree-awarding bodies' responsibilities forms part of the review of the degree-awarding body.

54. If the QAA's judgement of an institution has triggered the unsatisfactory quality policy, then most resulting actions should apply principally to that institution. The detail of the cause of the unsatisfactory quality judgement in the QAA review report, based on the approach described above, will determine whether partner institutions should be involved in addressing the unsatisfactory quality. We will wish to satisfy ourselves that students throughout a partnership are receiving education of a satisfactory quality and standard. In particular, HEIs (which are responsible for the standards of their awards wherever they are delivered) are likely to be involved in unsatisfactory quality meetings relating to standards at partner FECs, and the implementation of the follow-up action.

55. Conversely, if an HEI is the subject of the unsatisfactory quality policy, we will wish to ensure that any partners delivering its programmes are not adversely affected by the identified problem or by the actions taken to address them: these partners may also be subject to the activity stemming from the follow-up actions. These inquiries will be treated as part of the investigations at the institution which has triggered the policy, not as an issue at the partner institution.

### **Potential further action or sanctions if on re-review the provision does not meet UK standards**

56. Once the institution has provided evidence of improvement, HEFCE (advised by the QAA) will decide whether it has made enough progress to warrant a re-review. The QAA will advise upon receipt of an institutional update on the agreed follow-up actions. The re-review will apply only to the judgement areas that did not meet UK standards in the previous review.

57. If the re-review results in an outcome of 'meets expectations' or higher, the QAA Board will sign off the review as complete, and the institution will be authorised to display the QAA logo on its web-site. The HEFCE Board will ordinarily certify that the unsatisfactory quality policy is no longer in application, and any restrictions applied to the institution will be lifted.

58. If the re-review results in an outcome of 'requires improvement' or 'does not meet', the institution has an opportunity to appeal through the QAA's consolidated appeals procedure before the judgement is confirmed. The QAA appeals process commences with an initial

consideration of the appeal, which will act as a screening process to decide if appeals should progress to a full appeals panel. This may protect students from further delays in addressing the issue, if the appeal is not eligible for proceeding any further in the appeals process. Full details are available on the QAA web-site.

59. A confirmed failed re-review will result in the HEFCE Board considering the next steps. Our ultimate sanction is the withdrawal of some or all HEFCE funding. Subject to safeguarding the interests of students at the institution or any particular programmes, we retain the right to withhold funding when appropriate, in order to ensure that the public funds we administer are not used to fund poor-quality provision.

60. Funding could be withheld in a number of ways, including:

- a deferral of payment or temporary withdrawal of funding
- a one-off withdrawal of funding which would not be recoverable in that year
- a permanent reduction in funding.

61. We stress that we would consider the withdrawal of funding only in exceptional circumstances, and only after full discussion with the institution. The details of how we might withdraw or defer funding would be decided on a case-by-case basis.

62. If changes are made to HEFCE's ultimate sanction through the regulatory reforms in 2014 then this section of the unsatisfactory quality policy may require a supplementary update in the light of these changes<sup>10</sup>. We would not expect to consult separately on such an update to unsatisfactory quality policy, because the changes will have been fully considered through the consultation on the regulatory reforms.

63. The interests of students affected by judgements of unsatisfactory quality will always be paramount in determining the speed and nature of actions to be taken. Any students likely to be adversely affected by the identified problem or by any actions taken under the unsatisfactory quality policy must be given the opportunity to continue their studies at an acceptable level of quality and standards; this is an institutional responsibility. If suitable arrangements cannot be made at the students' original institution, the institution may need to consider possible transfer to a different provider. Student representatives and advisers should be consulted in this process, and existing support arrangements (for example, for disabled students) should be maintained. We will also consider the interests of potential students and applicants, and the impact of the situation on those about to graduate or already holding a degree from the institution, although the impact on graduates may be difficult to determine and be largely out of our control.

## **Communications**

64. Once the review outcome has been published by the QAA, HEFCE's TQSE committee will receive updates on progress at its meetings, prior to formal reporting to the HEFCE Board. The HEFCE Board will make any decision on sanctions.

65. Although the judgement will be in the public domain once published, and students may be aware of the issue through the media, it is important that the institution takes responsibility for communicating directly with its students in setting out the nature of the issue and the process.

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<sup>10</sup> [www.hefce.ac.uk/pubs/year/2013/cl202013/](http://www.hefce.ac.uk/pubs/year/2013/cl202013/)

66. HEFCE would not usually release a statement on a case of unsatisfactory quality, but would speak to the institution involved before responding to any queries from the press. Any institution that the policy applies to would be expected to make their own decision on whether to release a statement, but they should discuss it with HEFCE, the QAA, and any other bodies mentioned in the statement prior to release.

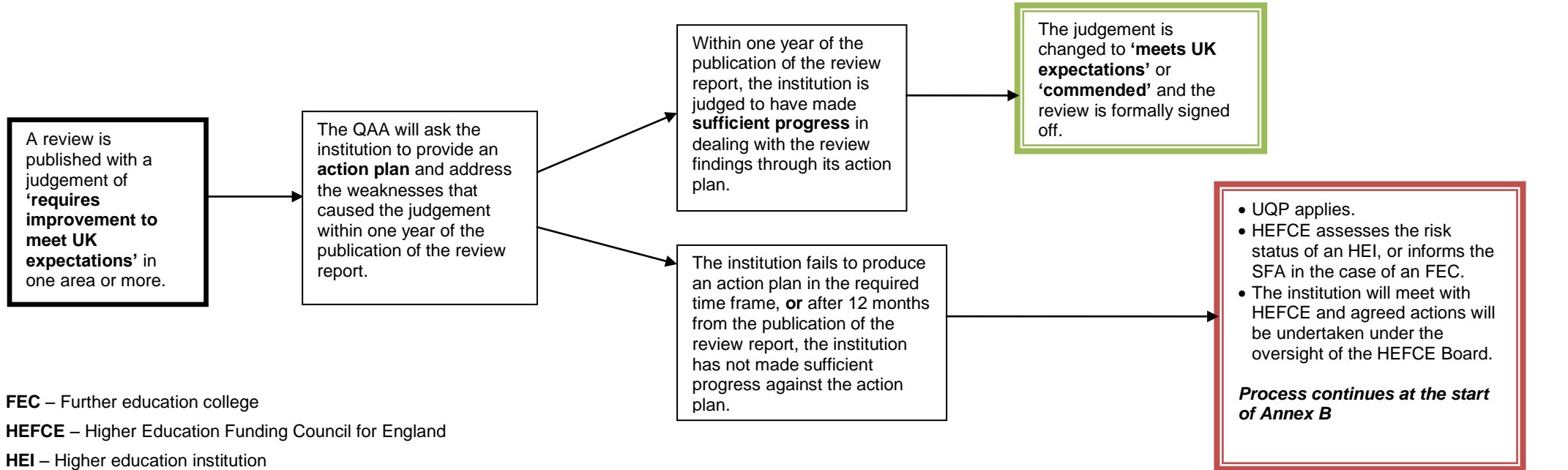
67. Should HEFCE step in, as indicated above, an exchange of correspondence/meetings will take place between HEFCE, the QAA and the HEI. This is very similar in terms of sensitivity to the exchanges we have with HEIs regarding their financial situation and risk circumstances. In line with our advice in HEFCE 2010/19, we would not normally expect to release information in response to a request under the Freedom of Information Act while this dialogue is taking place; however we will treat each request on a case by case basis. HEFCE commits to liaising with the third parties concerned if we receive a FOI request in line with the Code of Practice issued under section 45 of the Freedom of Information Act. HEFCE will make details of the case public while this dialogue is taking place only in exceptional cases, for example, and under some circumstances, when the institution's position as a going concern in the short term is under threat.



## List of abbreviations

|       |  |
|-------|--|
| FEC   | Further education college  |
| HE    | Higher education   |
| HEFCE | Higher Education Funding Council for England                                       |
| HEI   | Higher education institution   |
| QAA   | Quality Assurance Agency for Higher Education                                      |
| SFA   | Skills Funding Agency  |
| TQSE  | Teaching Quality and the Student Experience (a HEFCE Strategic Advisory Committee) |
| UQP   | HEFCE's policy for addressing unsatisfactory quality in institutions               |

## Annex A: Flow chart of the first stage – QAA outcomes and routes to HEFCE involvement



**FEC** – Further education college

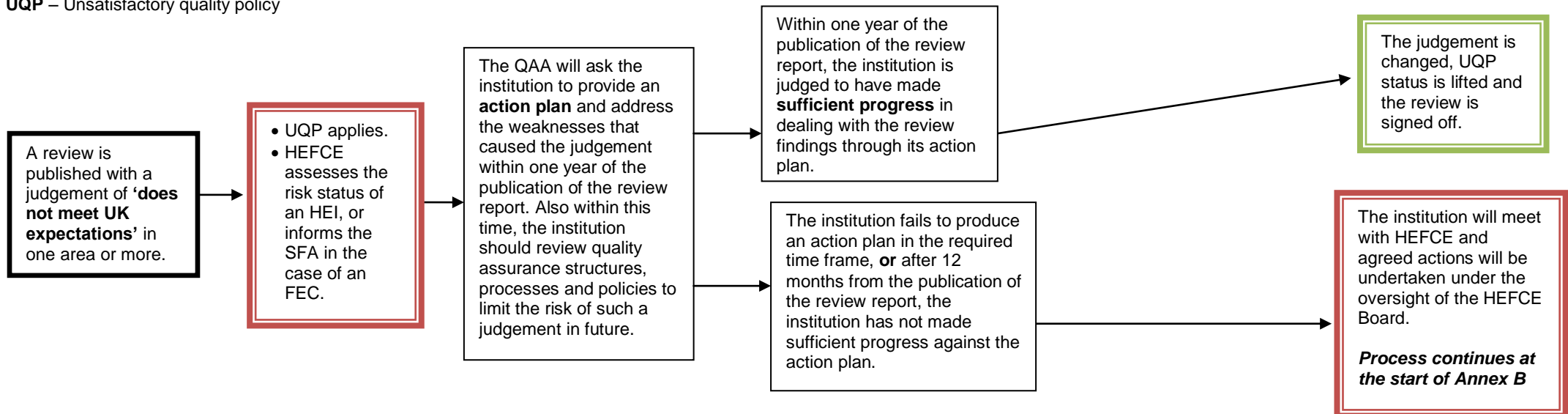
**HEFCE** – Higher Education Funding Council for England

**HEI** – Higher education institution

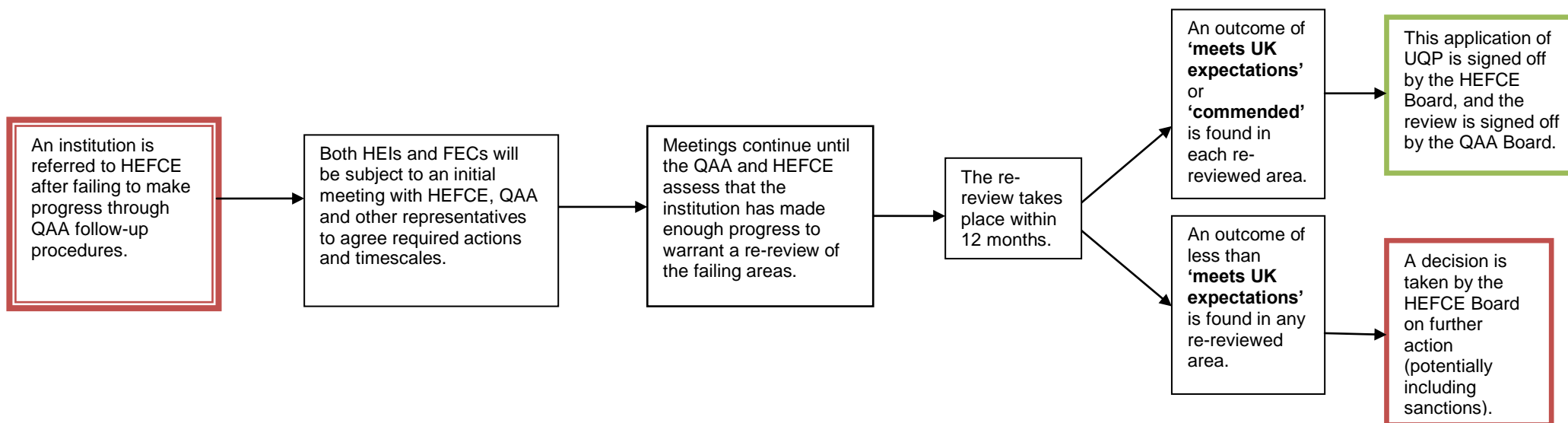
**QAA** – Quality Assurance Agency for Higher Education

**SFA** – Skills Funding Agency

**UQP** – Unsatisfactory quality policy



## Annex B: Flow chart of the second stage – HEFCE’s involvement and intervention



**FEC** – Further education college

**HEFCE** – Higher Education Funding Council for England

**HEI** – Higher education institution

**QAA** – Quality Assurance Agency for Higher Education

**SFA** – Skills Funding Agency

**UQP** – Unsatisfactory quality policy