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**Policy development**

**Next steps**

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This document sets out the revised operating model for quality assessment to be implemented from 2017-18, the transition arrangements during 2016-17 to support such implementation, and plans for a range of pilot activities during 2016-17.

# Revised operating model for quality assessment

## Contents

Executive summary .....	3
Introduction .....	9
Background.....	9
Summary of the revised approach to quality assessment .....	11
Principles for the quality assessment system.....	13
Review for established providers.....	20
When investigation and intervention are necessary.....	32
Degree standards and their reasonable comparability.....	34
International aspects of quality assessment.....	40
Cross-cutting issues .....	42
Contracting with other organisations .....	46
List of abbreviations and terms.....	51

## Revised operating model for quality assessment

To	Heads of higher education institutions in England, Wales and Northern Ireland Heads of further education colleges in England, Wales and Northern Ireland Chairs of governing bodies of higher education institutions in England, Wales and Northern Ireland Heads of other higher education providers Students' representatives Professional, statutory and regulatory bodies Key stakeholders with an interest or involvement in the regulation of higher education Individuals and organisations with an interest in quality assessment in higher education
Of interest to those responsible for	Quality assessment and quality assurance; Academic governance; Planning and management; Student experience and engagement; Learning and teaching
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### Executive summary

1. This document builds on the responses to the consultation on future approaches to quality assessment in universities and colleges in England, Wales and Northern Ireland. It sets out the revised operating model for quality assessment to be implemented in England and Northern Ireland from 2017-18, the transition arrangements during 2016-17 to support such implementation, and plans for a range of pilot activities during 2016-17.

### Background

2. As part of their respective statutory responsibilities, the higher education funding bodies in England, Wales and Northern Ireland sought views on future approaches to assessing the quality of education in the universities and colleges they fund or are considering funding. The review was intended to consider what kind of quality assessment arrangements would be necessary as we look towards 2025 and the next decade of the sector's development. The analysis of responses to the consultation revealed broad agreement with the proposals, together with a number of suggestions for refining them.

3. It is intended that the high-level elements set out in this document will be taken forward in Wales in a similar way to the approach adopted in England and Northern Ireland, but the detailed operating model for quality assessment in Wales will be the subject of a separate consultation by HEFCW under its new powers in the near future.
4. This document also sets out plans for a range of pilot activities that will take place during 2016-17 across England, Wales and Northern Ireland, and in some cases Scotland. The sector representative bodies will lead this pilot activity where it relates to the development of the external examining system.
5. Some activities in the new operating model will be undertaken by the relevant funding body. Other elements are more appropriately delivered under contract by one or more external organisations with relevant expertise and experience. We will undertake an open procurement process for these contracts through the Official Journal of the European Union.
6. As we have designed the revised approach to quality assessment, we have sought to address a number of cross-cutting issues:
  - a. **A UK-wide system** – the revised approach to quality assessment provides, at the level of principle and key features, a shared approach in England, Wales and Northern Ireland. We will continue to work with the Scottish Funding Council in areas of particular UK-wide importance.
  - b. **European quality expectations** – the revised operating model has been designed to be consistent with the new 2015 European Standards and Guidelines and, after further design work at a more detailed level, to meet the requirements of the European Association for Quality Assurance in Higher Education and the Register Committee of the European Quality Assurance Register.
  - c. **The role of students** – The funding bodies will continue to work with students and their representative bodies to ensure that they are actively involved in designing and implementing quality assessment arrangements, and providing evidence about their own academic experiences in the context of a particular provider.
  - d. **The Home Office's requirements** – The revised operating model to be implemented in England and Northern Ireland, and the transition arrangements to be put in place during 2016-17, meet the Home Office's requirements for educational oversight.
  - e. **The Government's Green Paper** – We continue to work closely with the Department for Business, Innovation and Skills to ensure that the quality assessment arrangements implemented by HEFCE in England align seamlessly with the Government's proposed reforms as set out in its higher education Green Paper. The content of this document is, in part, a product of that process of work, which we expect to continue.

### **The revised operating model for quality assessment**

7. One of the strongest and most consistent messages to emerge from the review period was that the growing diversity of providers and provision in the sector means that

'one size' of quality assessment can no longer 'fit all', and that future quality assessment arrangements should seek to encourage innovation in learning and teaching, rather than driving providers towards risk-averse activities and homogenised provision.

8. The approach for implementation is therefore designed to be proportionate, risk-based and grounded in the context of each individual provider and its students: it will target regulatory scrutiny and activity on those issues and providers that represent greater risk to the student academic experience or to the reputation of the sector as a whole. It will do this in a way that makes better use of existing arrangements, strengthened where necessary, and encourages continuous improvement within providers.

9. More broadly, the approach is underpinned by the view that 'quality' is an inescapable part of an overall approach to regulation that cannot in future be considered separately from the broader context in which an individual provider operates. In particular, the refocusing of regulation around the student interest demands 'intelligent' regulation that provides the assurances that matter to students – on degree standards, student outcomes and the academic experience – and makes it impossible to separate out scrutiny of 'quality' from other tailored regulatory activity and intervention.

10. We believe that this tailored approach will significantly reduce the regulatory cost and burden for many providers as it removes the need to prepare for repeated and routine 'one size fits all' cyclical quality reviews against the baseline requirements. It is also designed to encourage creative and context-specific approaches to the design and operation of a provider's own quality management arrangements, rather than engendering a compliance-focused quality culture. Critically, the proposals ensure that the autonomy of providers is preserved.

11. The components of the revised operating model for quality assessment are set out in the sections that follow.

#### Baseline regulatory requirements

12. The set of baseline regulatory requirements will include the following elements:

- a. The framework for higher education qualifications in England, Wales and Northern Ireland.
- b. Specific elements of the current UK-wide Quality Code.
- c. The financial sustainability, management and governance requirements of the relevant funding body.
- d. The Higher Education Code of Governance, or other equivalent designated governance code.
- e. The expectations of consumer law as expressed through the Competition and Markets Authority guidance.
- f. Student protection measures as expressed through the Office of the Independent Adjudicator's good practice framework and the Northern Ireland Public Service Ombudsman equivalent, and HEFCE's Statement of Good Practice on higher education course changes and closures.

g. The provider's mission and strategy for its higher education provision.

13. The external reference points that comprise the baseline regulatory requirements already exist in the regulatory landscape and are developed and used by a range of organisations and bodies. It is important to note here that we are not seeking to take responsibility for these components, but to draw together the existing material that is important in assessing whether a provider is ready to enter the higher education sector, and to present this transparently and coherently for providers and for students.

14. We will work with sector and student representative bodies to convene a UK-wide standing committee to provide sector-led governance arrangements for the baseline regulatory requirements. We see this as an important element of a co-regulatory approach.

#### Gateway into the higher education system

15. There will continue to be a rigorous test of a provider's readiness to enter the higher education sector. A provider will be reviewed against the baseline regulatory requirements set out in paragraph 53, and this process will include an independent peer review visit to the provider by trained academic and student reviewers.

16. The Gateway process will also fulfil a developmental function. It will identify the areas for development for a provider to progress through a developmental period (see paragraph 70) and be considered 'established' at the time of its next review visit. This development activity is likely to focus on the necessary steps for a provider to establish mature academic and corporate governance arrangements.

17. As now, the relevant funding body will reach a judgement about the provider's readiness to enter the sector, drawing on all the Gateway evidence, including from the peer review visit. It will also identify any further development needed over the following years, and the support available during this period. We intend that these arrangements for entry to the higher education system be designed and operated in such a way as to avoid unnecessary barriers or bureaucracy or cost.

#### Developmental period: enhanced monitoring and scrutiny

18. The framework for quality assessment is designed to deliver a period of enhanced scrutiny for providers new to the system. We will avoid using the term 'probation' and will instead refer to this as a 'developmental period' of enhanced scrutiny and support for recent entrants to the sector.

19. This 'developmental period' will last for four years in the first instance. During this period a provider will:

- a. Undertake the developmental activities identified as necessary when it first entered the sector, including completing any action plan put in place at that time.
- b. Undergo an Annual Provider Review process, as set out in paragraph 92 in relation to established providers.

20. At the end of the four-year period, a provider will receive a further independent peer review visit to re-test the quality aspects of the baseline regulatory requirements. The relevant funding body will use the evidence from the review visit and evidence that it

has collected through successive Annual Provider Reviews, to judge whether the provider's own arrangements for safeguarding quality and standards and for providing broader assurances about its activities are sufficiently mature and reliable for it to move into a category requiring less intensive regulatory scrutiny (that is, to be deemed 'established').

#### Review for established providers

21. The revised approach to review for established providers has the following components:
- a. Verification of a provider's methodology for its own review processes, as a one-off transition mechanism, to ensure that these are focused appropriately on delivering continuous improvement in the student academic experience and in student outcomes.
  - b. An Annual Provider Review process, tailored for operation in each country, that brings together the scrutiny of data, student views and other intelligence, and the information collected through the relevant funding body's annual accountability processes.
  - c. A re-focused periodic Assurance Review visit, conducted by the relevant funding body, to test the basis on which a governing body can provide assurances about the provider's activities in this area. We will put in place support and guidance for governing bodies as they undertake this role.

#### When investigation and intervention are necessary

22. The relevant funding body will consider and, if appropriate, act on concerns about the integrity of standards, or the quality of the student academic experience. Such concerns can be reported directly to the relevant funding body by stakeholders, including external examiners, students, and other regulatory bodies. This arrangement will replace the current Quality Assurance Agency for Higher Education Concerns Scheme from 2016-17. Where further investigation is considered necessary, this will include a tailored independent peer review visit to the provider, using trained academic and student reviewers as appropriate.

23. The Annual Provider Review process operated by the relevant funding body (see paragraph 92) may also identify areas of a provider's activities that require further investigation and, if appropriate, intervention. In these circumstances, where there is evidence that prima facie serious or material issues have not been successfully addressed in a timely manner by the provider, the same process for investigation will be adopted.

#### Degree standards and their reasonable comparability

24. We will continue to use the Framework for Higher Education Qualifications as a clear written expression of academic output standards. It will be a component of the baseline regulatory requirements (see paragraph 53) and will continue to provide a shared approach to setting standards across the UK system at threshold level.

25. We also wish to investigate a range of approaches designed to improve arrangements for the maintenance of degree standards and their reasonable

comparability. In particular, we believe that it would be beneficial to the sector and its stakeholders to consider further strengthening the external examining system. We believe that this would enhance the role of the external examining system as part of the future quality assessment system, and would be highly desirable in its own right. However, we wish to develop this area in a way that is credible to the academic community and respects the autonomy of providers.

26. We will therefore support the sector representative bodies to explore different approaches to training external examiners. The focus of the training will be to ensure that external examiners are clear about their role and have the requisite technical assessment skills. They will then be better able to provide reliable judgements about the standards set by institutions and the measurement of student achievement against them, such that standards are maintained over time and are reasonably comparable.

27. We will also support the sector representative bodies to explore different approaches to the calibration of standards. The intention is to establish a simple mechanism to bring together examiners from a subject community to compare their students' work and to judge student achievement against the standards set in order to improve comparability and consistency.

28. We will also commission the sector representative bodies to undertake detailed research into the range of classification algorithms currently in use, and to determine a sensible range of possible algorithms according to the desired pedagogic and other outcomes.

#### International aspects of quality assessment

29. A UK provider should remain fully responsible for academic output standards, student outcomes, and the quality of the student academic experience, wherever its students are based or however they study. In practice, this means that the arrangements set out in this document – at the entry Gateway, through the development period, and for established providers – will apply on exactly the same basis to programmes delivered internationally, whether with a partner or not.

30. We have also concluded that it would be helpful to develop our understanding of the maturity of the quality assessment arrangements in other countries, and the extent of the local scrutiny that UK providers undergo when operating in these jurisdictions. We therefore intend to develop further strategic engagement with governments and agencies in countries where UK providers are active. This activity will provide a better understanding of quality-related developments in specific countries, and a platform for developing mutual recognition of quality assessment arrangements.

31. In addition we will preserve a number of aspects of the current arrangements for the review of UK providers' transnational education activity.



## Introduction

32. In June 2015, the higher education funding bodies in England, Wales and Northern Ireland sought views on future approaches to assessing the quality of education in the universities and colleges they fund or are considering funding as part of each funding body's statutory responsibility<sup>1</sup>:

a. In England, HEFCE's duties in this area are set out under section 70 of the Further and Higher Education Act 1992.

b. In Wales, the statutory underpinning for HEFCW's quality assessment responsibilities as set out in the Further and Higher Education Act 1992 was replaced on 1 September 2015 by new responsibilities under section 17 of the Higher Education (Wales) Act 2015.

c. In Northern Ireland, the statutory underpinning for DEL's responsibilities in this area are set out under article 102 of the Education and Libraries (Northern Ireland) Order 1986.

33. This document sets out the operating model for quality assessment as it will be implemented in England and Northern Ireland from 2017-18, and the transition arrangements during 2016-17 to support this implementation. The funding bodies' June 2015 consultation related specifically to HEFCW's duties under the 1992 Act, and no questions relating to HEFCW's new duties under the 2015 Act were included. It is intended that the high-level elements set out in this document will be taken forward in Wales in a similar way to the approach adopted for England and Northern Ireland, but the detailed operating model for quality assessment in Wales will be the subject of a separate consultation by HEFCW in the near future. Some elements in this document are, however, relevant to arrangements in Wales. These can be found in paragraph 56, paragraphs 139 to 165 and paragraphs 169 to 174.

34. The Scottish Funding Council is reviewing its arrangements for quality assessment in a separate, but parallel, process. Some elements in this document are relevant to those in Scotland, however. These can be found in paragraph 56, paragraphs 152 to 153 and paragraphs 164 to 165.

35. In producing this document, we have given due regard to the need to eliminate discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations between people who share a relevant protected characteristic (as defined in the Equality Act 2010) and those who do not share it.

## Background

36. As part of their respective statutory responsibilities, the higher education funding bodies in England, Wales and Northern Ireland sought views on future approaches to assessing the quality of education in the universities and colleges they fund or are

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<sup>1</sup> See [www.hefce.ac.uk/reg/review/](http://www.hefce.ac.uk/reg/review/). Throughout this document 'we' and 'our' refers to one or more of the funding bodies: the Department for Employment and Learning (Northern Ireland) (DEL), the Higher Education Funding Council for England (HEFCE) and the Higher Education Funding Council for Wales (HEFCW).

considering funding<sup>2</sup>. This Quality Assessment Review was intended to consider what kind of quality assessment arrangements will be necessary as we look towards 2025 and the next decade of the sector's development. We believe that the key characteristic of the future landscape is its fast increasing diversity, one feature of which is the emergence of a growing number of alternative providers. Respondents were able to identify trends, but a common theme in responses has been the difficulty in determining precisely the nature, scale and extent of other likely changes. It is this dynamic future, and in particular the changes in the operating environment for providers in different parts of the UK, that have framed the approach we will implement to quality assessment.

37. The analysis of responses to the consultation was published in November 2015<sup>3</sup>. It revealed broad agreement with the proposals, and a number of suggestions for refining these. It also identified two areas where the consultation generated less widespread support: the strengthening of the external examining system and the proposed role for governing bodies. This document sets out the operating model for the core quality assessment approach, on which there was general agreement, and includes information on the further piloting work proposed in these two specific areas. The operating model also draws on evidence from the earlier stages of the review, on the advice and guidance provided by the Quality Assessment Review Steering Group, and on discussions with sector bodies, the National Union of Students (NUS) and other stakeholders.

38. In parallel, the Government's consultation on its higher education Green Paper 'Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice'<sup>4</sup> closed on 15 January 2016, and we expect its formal response later in the spring of 2016. The Government is proposing a significant programme of reform for higher education in England, and the operating model for quality assessment set out in this document has been developed so that it can work in this context too. The UK-wide nature of many aspects of the higher education system means that Government's proposals are relevant beyond England, and the devolved administrations are considering how they might also participate in these reforms.

39. In this context of wide-ranging policy development, careful consideration has been given to the appropriate timing for the next steps towards implementation of revised quality assessment arrangements. We have concluded that it is important to begin implementing the revised operating model now, to ensure that transition arrangements are secure and that each funding body is able to fully discharge its statutory responsibilities during 2016-17 and beyond. In addition, the revised operating model to be implemented in England and Northern Ireland, and the transition arrangements to be put in place during 2016-17, meet the Home Office's requirements for educational oversight. In England, in particular, we continue to work closely with the Department for

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<sup>2</sup> See 'Future approaches to quality assessment in England, Wales and Northern Ireland: Consultation' (HEFCE 2015/11), available at [www.hefce.ac.uk/pubs/year/2015/201511/](http://www.hefce.ac.uk/pubs/year/2015/201511/).

<sup>3</sup> See 'Future approaches to quality assessment in England, Wales and Northern Ireland: Analysis of responses to consultation' (HEFCE 2015/30), available at [www.hefce.ac.uk/pubs/year/2015/201530/](http://www.hefce.ac.uk/pubs/year/2015/201530/).

<sup>4</sup> See <https://www.gov.uk/government/consultations/higher-education-teaching-excellence-social-mobility-and-student-choice>.

Business, Innovation and Skills (BIS) to ensure that all of these policy developments result in a coherent approach.

## **Summary of the revised approach to quality assessment**

40. One of the strongest and most consistent messages that came through the review period was that the current and growing diversity of providers and provision in the sector means that ‘one size’ of quality assessment can no longer ‘fit all’, and that future quality assessment arrangements should seek to encourage innovation in learning and teaching rather than driving providers towards risk-averse activities and homogenised provision. The approach for implementation is therefore designed to be proportionate, risk-based and grounded in the context for an individual provider and its students: it will target regulatory scrutiny and activity on those areas and providers that represent greater risk to the student interest or to the reputation of the sector as a whole.

41. It will do this in a way that makes better use of existing arrangements, strengthened where necessary, and encourages continuous improvement in the academic experience within providers. We believe that this tailored approach will significantly reduce the regulatory cost and burden for many providers, as it removes the need to prepare for repeated and routine ‘one size fits all’ cyclical quality reviews against the baseline requirements. It is also designed to encourage creative and context-specific approaches to the design and operation of a provider’s own quality management arrangements, rather than engendering a ‘one size fits all’ compliance-focused quality culture. But the revised approach will be sensitive to context in a way that also recognises the need for a consistent regulatory approach, and for regulation to be predictable enough to provide stability and certainty to those being regulated.

42. More broadly, the approach is underpinned by the view that ‘quality’ is an inescapable part of an overall approach to regulation, and cannot in future be considered separately from the broader context in which an individual provider operates. In particular, refocusing regulation around the student interest demands ‘intelligent’ regulation that provides the assurances that matter to students – of degree standards, student outcomes and the academic experience – and makes it impossible to separate scrutiny of ‘quality’ from other tailored regulatory activity and intervention.

43. The proposals also ensure that the autonomy of providers is preserved in several essential respects, including:

- determining their own mission and strategy
- deciding which students to admit
- deciding the nature of an excellent academic experience for their students
- determining the steps necessary to improve the academic experience
- for those providers with degree awarding powers, setting academic standards within the UK-wide Framework for Higher Education Qualifications (FHEQ), and for all providers assessing students against these standards
- operating, in cooperation with other providers across the UK, the external examining system

- determining how to respond to Part 1 of the European Standards and Guidelines 2015 (ESG 2015)<sup>5</sup>.

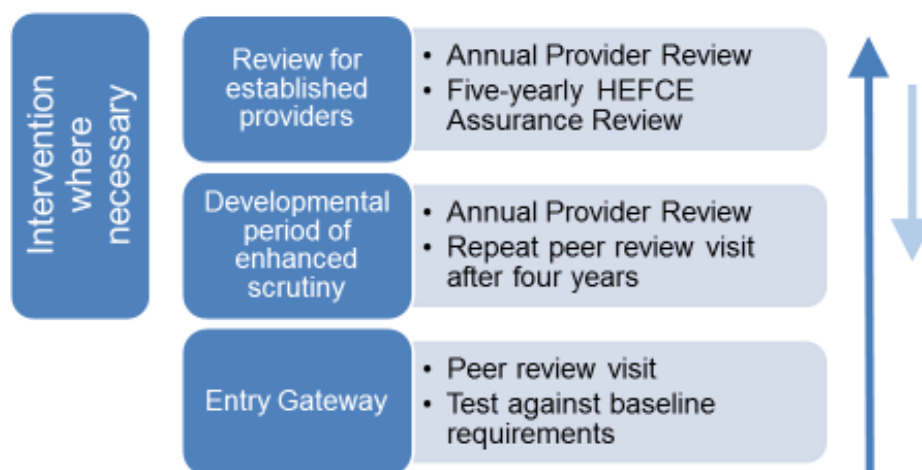
44. Throughout the review period, we have also been clear that preserving and indeed strengthening the reputation of the UK higher education system must be an essential component of future arrangements.

45. The revised operating model for quality assessment consists of the following components:

- Baseline regulatory requirements, to include quality-related requirements, with revised, shared, UK- and sector-wide governance arrangements.
- A single gateway for entry to the higher education system.
- A 'probationary' or 'developmental' period of closer monitoring, engagement and scrutiny for recent entrants, and for providers requiring this for other reasons.
- Risk-based and context-sensitive review arrangements for established providers, building on established and tested approaches to data benchmarking and analysis, intelligence gathering (including from students), risk assessment, and assurance.
- Strengthened arrangements for securing degree standards and their reasonable comparability across the UK, led by the sector representative bodies.
- Rapid tailored intervention where necessary.
- Protection of the international reputation of the UK higher education brand, including the assurance of transnational education.

46. Figure 1 provides a diagrammatic representation of the core components of the revised approach.

**Figure 1: Core components of the revised approach to quality assessment**



<sup>5</sup> The ESG set out European standards for quality assurance in higher education. The standards are in three parts, covering internal quality assurance of higher education institutions, external quality assurance of higher education, and quality assurance of external quality assurance agencies. The 2015 edition of the ESG can be found at [www.enqa.eu/index.php/home/esg/](http://www.enqa.eu/index.php/home/esg/).

47. This model ensures that enhanced regulatory scrutiny can be targeted on the providers that represent greater risk to the student interest and to the reputation of the sector as a whole. It ensures that providers new to the system, or about whom there are or have been concerns, can be subject to enhanced scrutiny. It also provides for rapid, coherent and targeted investigation and intervention across the full range of regulatory concerns. The approach includes scrutiny of a provider's international activities as a matter of routine. It will also allow us to identify sector-wide patterns and issues, to require further information from some or all providers, and to intervene where there is evidence of systemic risks. Independent peer review is built into each element of the operating model.

48. This quality assessment model is also designed to accommodate, in the future, those alternative providers in England currently regulated by BIS. Our approach to a Gateway for new providers, followed by a period of enhanced monitoring, aligns with the Government's Green Paper proposals for a single Gateway for all providers. This document's approach to these issues is the product of close working between HEFCE and BIS.

49. The sections that follow provide more detail on all components of the operating model, and set out the following planned arrangements from the beginning of the 2017-18 academic year:

- principles for the quality assessment system
- baseline regulatory requirements
- a gateway into the higher education system for new providers
- a developmental period of enhanced monitoring and scrutiny for new entrants to the higher education system
- review for established providers
- when investigation and intervention are necessary
- degree standards and their reasonable comparability
- international activities.

50. Cross-cutting issues are also discussed, including the role of students in the revised approach (in paragraphs 169 to 189), and further information about piloting and transition arrangements during 2016-17 (in paragraphs 194 to 200).

## **Principles for the quality assessment system**

51. The responses to the June 2015 consultation endorsed the proposed principles for future approaches to quality assessment. Some respondents identified areas where they considered principles could usefully be refined, and these views have informed the further development of the principles. Our revised quality assessment system:

- a. Is based on the autonomy of higher education providers with degree awarding powers to set and maintain academic standards, and on the

responsibility of all providers to determine and deliver the most appropriate academic experience for their students wherever and however they study.

- b. Uses peer review and appropriate external scrutiny as core components of quality assessment and assurance approaches.
- c. Integrates students as partners in designing, implementing, monitoring and reviewing processes to improve the quality of their education.
- d. Provides accountability, value for money, and easily understood assurances to prospective students, students, employers, Government and the public, in the areas that matter to these stakeholders, in relation to individual providers and across the sector as a whole.
- e. Works well for increasingly diverse missions and types of provider, and ensures that providers are able to experiment and innovate in strategic direction and in approaches to learning and teaching.
- f. Adopts a context-sensitive, risk- and evidence-based approach to co-regulation to ensure that regulatory scrutiny focuses on the areas with greater risk or potential risk, to standards and the academic experience of students or the system.
- g. Intervenes early, rapidly and proportionately when things go wrong.
- h. Provides support for new or less mature providers, while ensuring that the threshold for entry into the sector is set at a level sufficient for an appropriately high-quality academic experience and secure degree standards.
- i. Uses a robust evidence base to ensure that opportunities for continuous improvement are identified and exploited by all providers.
- j. Maintains, as far as possible in a devolved system, a UK-wide approach.
- k. Protects the reputation of the UK higher education system in a global context, including through continued engagement with European quality assurance expectations<sup>6</sup>.
- l. Ensures that the overall cost and burden of the quality assessment and wider assurance system are proportionate.

52. We believe that these principles provide a framework within which quality assessment can operate sufficiently flexibly to meet the challenging future landscape of the higher education system. The operating model for this quality assessment approach is set out in the sections that follow.

### **Baseline regulatory requirements**

53. The responses to the June 2015 consultation endorsed the proposal to publish and maintain a baseline requirement for the quality of the academic experience for students. Respondents also identified a series of other requirements that providers should be

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<sup>6</sup> This includes ensuring overall consistency of quality assessment arrangements with the ESG (2015) and the Interpretation Notes of the Register Committee of the European Quality Assurance Register (EQAR) (RC12.1 June 2015).

expected to meet to ensure that student interests can be protected right from the start of a provider's entry into the higher education system.

54. We agree that a broader regulatory approach to setting requirements for entry to the higher education sector is necessary, and see this involving the following elements:

- a. The framework for higher education qualifications in England, Wales and Northern Ireland.
- b. Other elements of the current UK Quality Code for Higher Education<sup>7</sup>.
- c. The financial sustainability, management and governance (FSMG) requirements of the relevant funding body.
- d. The HE Code of Governance, or other equivalent designated governance code.
- e. The expectations of consumer law as expressed through the Competition and Markets Authority (CMA) guidance.
- f. Student protection measures as expressed through the Office of the Independent Adjudicator's (OIA's) good practice framework and the Northern Ireland Public Service Ombudsman equivalent, and the Statement of Good Practice on higher education course changes and closures published by HEFCE<sup>8</sup>.
- g. The provider's mission and strategy for its higher education provision.

55. The external reference points (paragraphs 54a to 54f) already exist in the regulatory landscape and are developed and used by a range of organisations and bodies. It is important to note here that we are not seeking to take responsibility for these components, but to draw together the existing material that is important to assessing whether a provider is ready to enter the higher education sector, and to present this transparently as a coherent whole for providers and students.

56. All four funding bodies<sup>9</sup> will work with sector and student representative bodies to convene a UK-wide standing committee. The standing committee will draw together representatives from across the UK HE sector, and will include members from the sector bodies that have developed the external reference points: the funding bodies, the Quality Assurance Agency for Higher Education (QAA), the Committee of University Chairs and the OIA. We see this as an important element of a co-regulatory approach<sup>10</sup>. It will also include students', employers' and public, statutory and regulatory bodies' (PSRBs') voices.

57. As the first phase of its work, this committee will consider and confirm the components of the 'baseline regulatory requirements' for use in the Gateway for those

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<sup>7</sup> This is to meet the European Standards and Guidelines (2015) and EQAR RC12.1.

<sup>8</sup> 'Higher education course changes and closures: Statement of good practice' was published by HEFCE following its development with a number of sector bodies (Universities UK, GuildHE, the Association of Colleges, NUS, Study UK and the Independent Universities' Group). It is available at [www.hefce.ac.uk/reg/forstudents/sp/](http://www.hefce.ac.uk/reg/forstudents/sp/).

<sup>9</sup> Including the Scottish Funding Council.

<sup>10</sup> The previous Quality in HE Group which operated in England provides one possible model for this co-regulatory work.

seeking entry to the sector in England and Northern Ireland from 2017-18<sup>11</sup>. Its role will be to ensure that these baseline requirements are sufficiently comprehensive that providers entering the sector can deliver a high-quality academic experience, protect the integrity of degree standards, and protect student interests. It is not envisaged that this will represent extensive work, and the funding bodies anticipate that this process will result in confirmation that the existing reference points remain appropriate without amendment. The baseline regulatory requirements will then be published to ensure that they are visible to providers and to students.

58. Beyond this initial work during the summer of 2016, we envisage the standing committee taking a more active role in considering how the 'quality' aspects of the baseline regulatory requirements might develop to remain fit for purpose. We are discussing with the sector representative bodies how this could be developed as the governance mechanism for determining the ongoing development of the Quality Code, as an important and shared UK-wide reference point. It will remain important for this process to be owned by the sector, but the proposed governance arrangements would allow the funding bodies to satisfy themselves that they can each meet their obligations relating to the quality of education, the protection of students, and proportionate and low-burden approaches to regulation.

59. In England, Wales and Northern Ireland we expect to include the 'Expectations' of the Quality Code as an element of the baseline regulatory requirements. We do not wish to continue to use the 'Indicators' of the code, as many respondents to the June 2015 consultation believed that these detailed elements prompted an unhelpfully burdensome and formulaic approach to review by both providers and review teams.

60. This approach will allow the four funding bodies to continue to use an important shared set of quality reference points – the Expectations – for providers across the UK, and to ensure that all UK providers are able to meet the Standards in Part 1 of the European Standards and Guidelines. It will also allow an individual funding body to confirm the level of granularity in the reference points it considers appropriate for its own national context. This will allow us properly to reflect the differing degrees of size, shape, complexity, maturity, and marketisation in the different countries.

### **Gateway into the higher education system**

61. Responses to the June 2015 consultation endorsed the proposal that a provider seeking entry to the higher education sector should be tested against the baseline regulatory requirements, and that this process should continue to involve a peer review visit to the provider. A common view was that the 'threshold bar' for entry should be set sufficiently high to ensure that students would receive an appropriately high-quality academic experience, that degree standards would be set appropriately and remain secure, and that the reputation of the system as a whole would be protected.

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<sup>11</sup> In England, this refers specifically to providers seeking to receive HEFCE funding from the beginning of the 2017-18 academic year. Such providers will need to complete the Gateway process satisfactorily during 2016-17. This means that the initial 'baseline regulatory requirements' will need to be published by September 2016. The Government recently consulted on a broader set of regulatory reforms affecting entry to the HE sector which, if implemented, would come into effect from the 2018-19 academic year



62. We agree that there should continue to be a rigorous test of a provider's readiness to enter the higher education sector<sup>12</sup>, which should be measured against the baseline regulatory requirements set out in paragraph 54. As currently, the relevant funding body will scrutinise a provider's FSMG arrangements, including seeking assurances from the Skills Funding Agency in the case of colleges in England. It will also consider a provider's ability to meet the expectations of consumer law as expressed through the CMA guidance, and its broader arrangements for student protection. This will ensure that the student interest issues that will become acute if the provider exits the higher education system are addressed on entry. The relevant funding body will also evaluate the provider's strategy for its HE provision.

63. The entry Gateway will include detailed scrutiny of a provider's ability to meet those elements of the baseline regulatory requirements that relate directly to the quality of the student academic experience, and to the safeguarding of degree standards. This scrutiny will take place through an independent peer review visit to the provider. The funding bodies intend to contract a third-party organisation to undertake the detailed design and operation of this peer review component of the Gateway process. The specification for this work will require the successful bidder to:

- a. Design an approach for operating review visits, including for any appeals by providers.
- b. Consult stakeholders on the proposed approach, through publication of a draft review handbook for providers, and use feedback from this process to work with the funding bodies to refine the approach.
- c. Carry out review visits to test the relevant components of the baseline regulatory requirements at providers identified for review.
- d. Report the outcomes of each review visit to the relevant funding body, and publish a report from each visit.
- e. Produce an annual report for the relevant funding body, evaluating the previous year's activity to identify lessons from the operation of the approach, and in relation to the quality of the UK higher education sector more broadly.

64. Review visits designed and operated by the successful bidder will:

- a. Draw on a pool of qualified and trained reviewers, to include peer academic and student reviewers.
- b. Minimise the burden to providers wherever possible, and be proportionate to the size and nature of the provider.
- c. Consider the views of the provider's students.

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<sup>12</sup> The current regulatory framework for higher education in England provides statutory powers to HEFCE to assess the quality of education in those providers in receipt of HEFCE funding and those to whom HEFCE is considering providing funding. HEFCE has no regulatory power in relation to alternative providers seeking to enter the English system through the process for Specific Course Designation, although our views are sought and we provide advice to BIS on FSMG matters. In England, therefore, throughout this document, references to 'providers seeking to enter the higher education system' relate specifically to providers seeking HEFCE funding.

- d. Consider all the provider's higher education provision, however and wherever it is delivered.
- e. Support and work seamlessly with the funding bodies' approach to quality assessment and regulation more broadly.

65. We intend these arrangements for entry to the higher education system to be designed and operated to avoid unnecessary barriers and bureaucracy. The Gateway process, including the peer review visit, will be designed to ensure that it can produce reliable judgements about a provider's readiness to enter the higher education sector and deliver a high-quality academic experience, even when the provider does not have a substantial track record of delivering higher education. It is, however, important to note that a 'lower barrier' to entry in this sense does not mean a lower quality academic experience or unreliable degree standards, nor that students' interests are not protected<sup>13</sup>. Paragraphs 92 to 127 set out the risk-based approach that we will adopt for the scrutiny of a provider once it has passed through the entry Gateway.

66. The Gateway process will also fulfil a developmental function. It will identify the areas for development for a provider to progress through a developmental period (see paragraphs 70 to 83) and be considered 'established' at the time of its next review visit. This development activity is likely to focus on the necessary steps for a provider to establish mature academic and corporate governance arrangements.

67. As now, the relevant funding body will reach a judgement about the provider's readiness to enter the sector, drawing on all the Gateway evidence, including from the peer review visit. It will also identify any further development needed over the following years, and the support available during this period. The published outcomes of this process will fall into one of the following categories:

- a. **Satisfactory** – the provider may enter the higher education sector.
- b. **Satisfactory with conditions** – the provider may enter the higher education sector, but with an action plan to address areas of immediate concern.
- c. **Unsatisfactory** – the provider may not enter the higher education sector.

68. These new arrangements will apply for any new provider seeking to receive HEFCE funding in England, or to enter the sector in Northern Ireland, from the start of the 2017-18 academic year. The Gateway scrutiny process will therefore take place for such providers during 2016-17. We will publish detailed guidance about the Gateway process and the way it will operate, including provision for any appeals, in autumn 2016.

69. We have developed these Gateway arrangements in partnership with BIS, in a way that draws directly on its approach to the regulation of alternative providers, to ensure that they can accommodate the direction of travel set out by the Government in its Green Paper. We therefore envisage that all providers in England will use this single Gateway

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<sup>13</sup> The 'core and margin' approach to the allocation of student numbers to new providers in the English publicly funded sector in 2012-13 and 2013-14 adopted a similar approach, in that the QAA operated an 'Initial Review' on behalf of HEFCE to confirm that a provider had made appropriate arrangements to meet the expectations of the Quality Code and to deliver high-quality provision.

process for the routes identified in the Green Paper from 2018-19, and we continue to work closely with BIS colleagues in this area as they develop their plans.

### **Developmental period: enhanced monitoring and scrutiny**

70. We asked in the June 2015 consultation whether respondents thought that there should be a 'probationary period' for new entrants to the higher education sector. We had argued that different types of provider, at different stages of development, might have governance systems of differing maturity, and that providers newly through the Gateway for entry to the higher education system would therefore be likely to require enhanced monitoring by the relevant funding body until evidence suggested otherwise.

71. Some respondents suggested that there should be a formal 'probationary period' for new entrants to the sector of several years, during which a provider would be re-tested against the baseline requirements. Others said that a risk-based system ought to be sufficient to identify and resolve any issues without a formal probationary period. A number commented that the term 'probation' was unhelpful.

72. The pattern of consultation responses, and the Government's preference for faster access for high-quality providers to the higher education system in England as signalled in the Green Paper, lead us to conclude that it is appropriate to implement a system able to deliver a period of enhanced scrutiny for providers new to the system. We will avoid using the term 'probation' and will instead refer to this as a 'developmental period' of enhanced scrutiny and support for recent entrants to the sector.

73. This 'developmental period' will last for four years in the first instance<sup>14</sup>. During this period a provider will:

- a. Undertake the developmental activities identified as necessary when it first entered the sector, including completing any action plan put in place at that time.
- b. Undergo the Annual Provider Review, as set out in more detail in paragraphs 92 to 98 in relation to established providers.

74. At the end of the four-year period, a provider will receive a further peer review visit to re-test the quality aspects of the baseline regulatory requirements. The relevant funding body will use the evidence from the review visit and the evidence it has collected through successive Annual Provider Reviews to judge whether a provider is ready to leave the developmental period.

75. This developmental period will allow recent entrants, including those without a significant track record of delivering higher education, to demonstrate that they are indeed able to deliver a consistently high-quality student academic experience, that degree standards are secure, and that their students have good outcomes. In parallel, it

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<sup>14</sup> The Government's Green Paper proposals do not envisage that new providers will undergo enhanced scrutiny for a fixed period of four years. Instead, there is a preference for a more risk- and evidence-based approach that would see those providers considered to represent a low risk to students, and to the reputation of the sector, undergoing enhanced scrutiny for a shorter period of time. We will gather evidence to calibrate our judgement about such risk during the early years of operation of the revised arrangements, to ensure that we are in a position to deliver the Green Paper reforms for a coherent single Gateway for all providers from 2018-19.

also allows the relevant funding body to judge whether the provider's arrangements for safeguarding quality and standards and providing broader assurances about its activities are sufficiently mature and reliable for it to move into a category requiring less intensive regulatory scrutiny. If a provider cannot meet both of these requirements, it will stay in the developmental category for enhanced scrutiny, with an action plan for further development.

76. At the end of the four-year developmental period the relevant funding body will reach a judgement about the provider's progress and its readiness to move into a category of less intensive scrutiny. It will draw on all the available evidence, including the peer review visit. Published outcomes of this process will fall into one of the following categories:

- a. **Satisfactory** – the provider may become 'established' and undergo Annual Provider Review on ongoing basis.
- b. **Satisfactory with conditions** – the provider may become 'established' and undergo Annual Provider Review on ongoing basis, but with an action plan to address areas of immediate concern.
- c. **Remain in development category** – the provider will remain under enhanced scrutiny with another peer review visit scheduled, and an action plan to address areas of immediate concern.
- d. **Unsatisfactory** – the concerns are sufficiently serious to warrant removal of the provider from the Register of Higher Education Providers and the sector.

77. The funding bodies intend to contract with a third-party organisation to undertake the detailed design and operation of the peer review visit at the end of the development period. The specification for this work will mirror that set out in paragraphs 63-64 for the entry Gateway. The work will also elicit information about the maturity of each provider's academic governance arrangements and therefore its readiness to leave the developmental period.

78. These new developmental arrangements will apply for any provider that first receives HEFCE funding in England, or first enters the sector in Northern Ireland, from the start of the 2017-18 academic year. This means that the four-year repeat review will take place for such providers during 2020-21.

79. The funding bodies also plan to operate this developmental review visit during the transition period for a number of providers that had been scheduled for a QAA Higher Education Review (HER) because they had not yet had two or more successful full reviews. Such providers are reviewed under the current arrangements four years after their last engagement with QAA. More detail about the arrangements for the transition years is provided in paragraphs 198 to 200.

## **Review for established providers**

80. In the June 2015 consultation we proposed a revised approach to review for established providers. The key features of the approach were:

- removing cyclical peer review visits to re-test baseline quality requirements for established providers
- re-shaping providers' own review processes to ensure that they were focused on improving student outcomes and the student academic experience
- placing greater emphasis on the role of governing bodies for providing assurances about quality and standards matters
- using student and other data more systematically so funding bodies can monitor the performance of providers
- using existing funding body accountability mechanisms.

81. In most of these areas there was strong support for the proposals, and responses included many helpful comments that have informed the approach we have adopted. There was, however, less support for the proposal to place more emphasis on the role of a provider's governing body. Those expressing reservations about this aspect of the proposals tended to focus on concerns about the capability and capacity of governing bodies to undertake this work, and on the need to ensure that the important role of senates and academic boards was not undermined. We have given further thought to this aspect of the proposals, and our approach to exploring these issues further through careful piloting is described in paragraphs 111 to 119.

82. The approach we intend to implement in England and Northern Ireland for the review of established providers has the following components:

- a. Verification of a provider's methodology for its own review processes, as a one-off transition mechanism.
- b. A process of 'Annual Provider Review' (or Annual Accountability Review in Northern Ireland) that brings together the scrutiny of data, student views and other intelligence, and the information collected through the funding body's annual accountability processes.
- c. A re-focused five-yearly Assurance Review visit, to test the basis on which a governing body is able to provide assurances about the provider's activities in this area.

83. These components are described in more detail in the sections that follow. The funding body in Wales expects to adopt a similar framework, but will consult on detailed operational aspects in the near future as required under the Higher Education (Wales) Act 2015.

### **Verification of a provider's approach to its own review processes**

84. In the June 2015 consultation, we proposed that, once a provider has passed through the Gateway to enter the higher education system, its own periodic review process should be the key mechanism to improve academic outcomes and the student academic experience. This approach recognises the important principle that a provider should remain fully responsible for student outcomes and the quality of the student academic experience wherever its students are based.

85. We heard through the review that individual providers now have the capacity to use key data – including the National Student Survey and Destinations of Leavers from Higher Education survey and the Higher Education Statistics Agency’s staff, student and institutional data – to analyse and improve the academic experience for their students in their own context. We intend to recognise the importance of these existing institutional activities and build them more formally into quality assessment arrangements. Each funding body will expect to see individual providers making effective use of a range of data relevant to their mission, provision and students. This routine analysis will provide the basis for internal reflection with students on the quality of student outcomes and the learning and teaching experience that is delivering them, as well as a framework within which continuous improvement activities can be planned and implemented.

86. To ensure that all established providers are able to meet this set of expectations, we will verify the approach each takes to its own periodic review processes through a one-off scrutiny process. The purpose of this external verification is to ensure that the chosen approach is sufficiently focused on improving student outcomes and has sufficient strong external scrutiny built into it. This mechanism will also be used to support the development of internal review methods in less mature providers.

87. The funding bodies are not looking for a single model for internal periodic review. Indeed, the reverse is the case: the approach chosen by a provider should be informed by its context, provision and students. The funding bodies intend to contract a third-party organisation to undertake the detailed design and operation of this verification process. The specification for this work will include the following:

- a. Developing a set of requirements that elicit responses in the following areas from a provider:
  - i. Is there externality in any process that the provider operates to review the student academic experience and student outcomes? Does it include employer or alumni or PSRB representation? Is it operated in partnership with students? Does it contain experts from other UK institutions, or indeed from other countries if appropriate?
  - ii. How does the provider identify innovations and developments that could enhance the student academic experience and its outcomes? How does it design such interventions and innovations? How does the provider evaluate whether improvement has occurred or not?
  - iii. How does the provider evaluate ‘what works’ and what does not?
  - iv. How does the provider identify issues or problems that need addressing in the student academic experience and its outcomes?
- b. Designing a desk-based, peer-led scrutiny process to verify the methodology used by each provider and confirm that the provider’s internal review arrangements meet the Standards of ESG (2015) Part 1.
- c. Testing this approach through pilot activity with a range of providers in 2016-17, before undertaking verification activity for all remaining providers during 2017-18.

- d. Publishing guidance for providers and case studies of different but effective methodologies found during the pilot phase.
  - e. Reporting the outcomes of the verification process for each provider to the relevant funding body.
  - f. Producing a report at the end of the contract to evaluate the approaches used by providers through a series of case studies of different but effective approaches to internal review.
88. Verification activity designed and operated by the successful bidder will:
- a. Encourage and recognise a wide diversity of approaches.
  - b. Draw on a pool of qualified and trained expert reviewers.
  - c. Minimise the burden to providers by collecting the minimum information necessary to reach a reliable view about the verification of a provider's methodology.
  - d. Support and work seamlessly with the funding bodies' approach to quality assessment and regulation more broadly.
89. The outcomes of the verification process will be shared with the provider. Feedback will be provided, particularly where further development of the approach is considered necessary. Once the verification process has been satisfactorily completed for all established providers, we will publish a document to illustrate the variety of approaches adopted across the sector, as a mechanism to disseminate good practice.
90. Once the capacity of a provider to continue to undertake its own review has been established through this verification mechanism the provider will only need to confirm to the relevant funding body, through its annual accountability statement, that the programme of activities scheduled for the year has been completed and the outcomes discussed by the academic board, senate (or equivalent) and governing body. The evidence used by a governing body to provide its annual accountability statement will be tested, as now for some providers, through a five-yearly assurance review (see paragraphs 125 to 126).
91. The verification process has been designed as a one-off activity that will take place during 2016-17 and 2017-18 for established providers. However, new providers coming through the entry Gateway and those in the developmental period will also need to have their approach to the periodic review of their activities tested and verified as part of the scrutiny undertaken during the peer review visit.

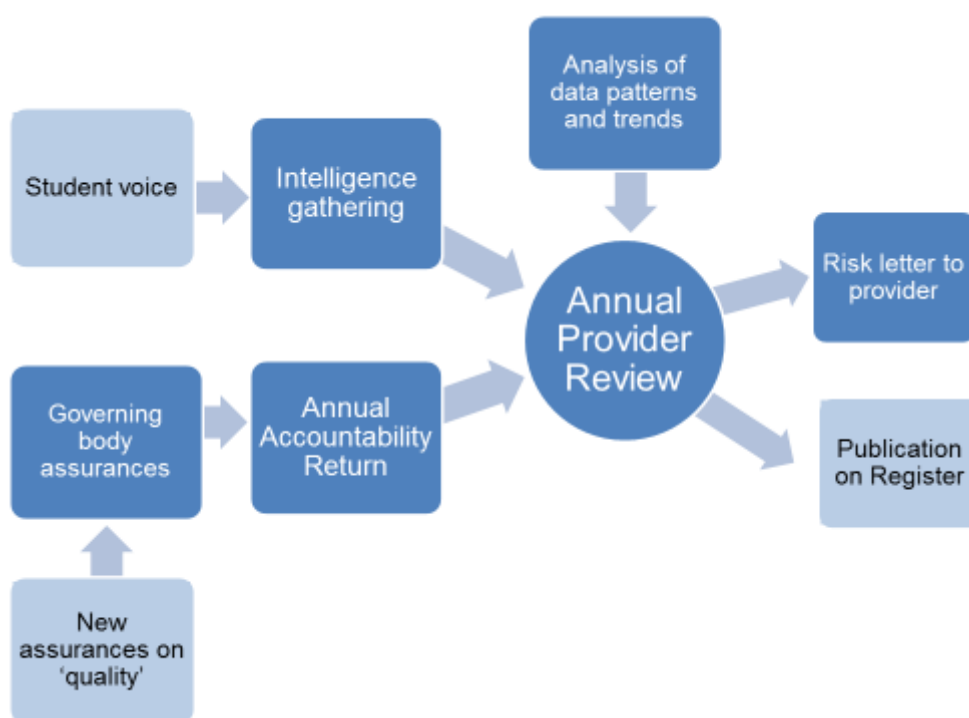
### **Annual Provider Review**

92. The Annual Provider Review (or Annual Accountability Review in Northern Ireland) is the core mechanism for reviewing established providers that no longer require cyclical peer review visits. The design of the process builds on established data analysis and assurance arrangements, particularly as these have been operated in England over the past two years in response to the removal of student number controls. This aspect of the revised quality assessment arrangements will be operated by the funding bodies themselves as part of an integrated approach to regulation. This approach underlines our

view that 'quality' is part of an overall approach to regulation that cannot be considered separately from a provider's broader context.

93. The dark blue blocks in Figure 2 are existing aspects of funding body accountability arrangements. The paler blue blocks are the new or expanded aspects that will be introduced as part of our revised approach to quality assessment.

**Figure 2: Aspects of accountability arrangements in the Annual Provider Review**



94. Four elements of our existing approach are being brought together more formally into a coherent single process called Annual Provider Review:

- a. We have been undertaking work in England over the past two years to scrutinise key pieces of data for each provider. We developed this work in response to the Government's request to ensure that quality did not suffer as a result of removing student number controls (see paragraphs 102 to 110 for more detail).
- b. Each funding body gathers intelligence and develops a sophisticated understanding of its providers and the context in which they operate, through routine visits and engagement activities. We will supplement our intelligence about providers by establishing effective ways to capture the views of its students and any outcomes of PSRB activities.
- c. We currently collect and test annual assurances from governing bodies of higher education institutions (HEIs) on FSMG, data quality and value for money, through the Annual Accountability Return. The return will be expanded to include the new quality-related assurances. Parallel arrangements to collect such assurances from colleges will build on the approach HEFCE took in 2015-16 for



these providers. The effectiveness of a governing body to generate reliable assurances will be tested through the five-yearly assurance review, which again will be developed appropriately for colleges.

d. We currently write to each HEI's governing body to share our judgement about its risk status, and any need for further action, in the annual risk letter. We include in this letter feedback on the HEI's performance against certain sector benchmarks, particularly those relating to financial health. We will expand this process to provide our judgements about quality to the governing body, and will replicate this process in an appropriate way for colleges. We will also publish the outcomes of the quality-related aspects of the Annual Provider Review on the Register of HE Providers.

95. The Annual Provider Review will produce a judgement about an individual provider. The outcomes of this process will fall into one of the following categories:

a. **Meets requirements** – the provider will continue to undergo Annual Provider Review.

b. **Meets requirements with conditions** – the provider will continue to undergo Annual Provider Review, but with an action plan to address areas of immediate concern'.

c. **Pending** – the producer will be referred for further investigation and intervention.

d. **Does not meet Annual Provider Review requirements** – the provider will return to developmental enhanced scrutiny, with a peer review visit as appropriate and an ongoing schedule of four-yearly visits, with an action plan to address areas of immediate concern.

e. **Does not meet baseline regulatory requirements** – concerns are sufficiently serious to warrant removal of the provider from the Register of HE Providers.

96. As the Teaching Excellence Framework (TEF) is developed further, we will set out the quality assessment requirements that will allow a provider to apply to the TEF process.

97. A clear element of peer review will be built into the judgement process for the quality-related aspects of the Annual Provider Review. In England, this will be built into the governance arrangements operated by HEFCE's independent quality committee, the Quality, Accountability and Regulation Strategic Advisory Committee. This will involve a panel of appropriately qualified and trained peer and student reviewers who will consider the quality-related evidence generated through the Annual Provider Review and confirm judgements about the extent to which an individual provider meets the relevant funding body's quality assessment requirements. It is likely that HEFCE will fulfil this role on behalf of DEL to ensure appropriate separation between quality-related judgements

about an individual provider and the relevant government department. This mechanism will be developed and tested during 2016-17<sup>15</sup>.

98. The relevant funding body will also publish, on an annual basis, its judgements about the important quality-related issues, and any systemic risks, for the sector as a whole, and any action it intends to take in response to these.

### **Role of students in Annual Provider Review**

99. Each funding body gathers intelligence to develop its understanding of providers and the context in which they operate, through routine visits and engagement activities. These engagement activities do not systematically capture the views of a provider's students. We wish to plug this gap in our understanding of a provider's activities, and will therefore establish effective ways to capture the views of a provider's students.

100. We will work with the NUS, through the Student Engagement Partnership, and with student representative bodies in a group of individual providers, to explore and pilot a range of mechanisms to capture student views as part of the Annual Provider Review process. We will focus on mechanisms that elicit independent and collective views from students, and account for the diversity of the student population and their different modes and locations of study. Such pilot activity will take place during 2016-17 and might include one or more of the following:

- structured meetings with elected student representatives at a provider
- structured meetings with course representatives at a provider
- web-based gathering of views by local student representative bodies
- open 'town hall' meetings on institutional visits
- written submissions of varying frequency from local student representative bodies
- exploration of the way in which views can be collected from students studying at a distance, including outside the UK.

101. At the end of the pilot activities, we will publish a summary of the approaches tested, and an evaluation of the effectiveness and usefulness of each as a permanent component of quality assessment arrangements. We will ensure that the approaches take into account the context of a provider and its students.

### **Use of data in Annual Provider Review**

102. Respondents to the consultation agreed that we should further develop the approaches already used by the funding bodies to monitor for early warning signs of concern about the student academic experience. They argued for extending this approach into a more substantial component of external quality assessment arrangements.

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<sup>15</sup> This approach is designed to allow us to demonstrate that individual providers meet the expectations of the ESG (2015) Part 1, and that the funding bodies meet those of the ESG (2015) Part 2 and the European Quality Assurance Register (EQAR) Register Committee RC12.1

103. In England, HEFCE has developed and implemented this approach over the past two years in response to the removal of student number controls. We have used data in a more structured and consistent manner across all the providers we fund to trigger enquiries and any necessary follow-up action, the latter being conducted by our Institutional Directorate.

104. We have been particularly interested in student registration data from the Higher Education Students Early Statistics and Higher Education in Further Education: Students surveys, as these are leading indicators that allow us to see large increases and decreases in actual and projected student numbers. Our main interest has been that the institution has planned for the changes in student population, and is managing them well so that quality and the student academic experience are not compromised. National Student Survey outcomes and retention data that is well below the benchmark, trends downward or shows rapid change at a subject level, is another marker we now investigate more closely. Our analysis has triggered quality-related conversations and prompted providers to take appropriate action to improve. In a small number of cases it has also triggered investigation under the QAA Concerns Scheme.

105. We will continue to develop this work as a more central component of quality assessment activities. We will monitor and analyse trends in student recruitment, progression and achievement, and in broader student outcomes. Although often these are lagging indicators, we are clear that the outcomes of their study matter to students and should therefore form part of our approach to quality assessment. The data we will continue to use will include:

- over- and under-recruitment patterns
- non-progression and non-completion rates
- National Student Survey outcomes
- degree outcomes, including differential outcomes for students with different characteristics
- employment outcomes
- TEF outcomes, where applicable and when available.

106. Wherever possible, data will be benchmarked as for the TEF, to ensure that any discussion of performance takes account of input measures and is grounded in the context of an individual provider, its provision and its students.

107. Routine discussion with a provider about the trends in its data will be incorporated into the 'annual meeting' conducted by the relevant funding body. The identification and analysis of data trends and patterns – for example, a provider consistently performing less well than its peer group – will provide a basis for further specific dialogue with providers, to establish whether or not they represent a genuine issue requiring resolution.

108. In these circumstances the governing body and executive would be responsible in the first instance for the solution or strategy needed to address any confirmed issues. If, however, evidence remained of persistent decline or underperformance despite this, the relevant funding body would signal the issue formally, for example in the annual risk letter used for HEIs in England. It would continue to monitor for signs of improvement,

recognising that this might in some circumstances take time. Where issues remain unresolved, and in cases where the issue is sufficiently serious, the relevant funding body will draw on independent expert advice, for example through a peer review visit (see paragraph 138).

109. Throughout this process, the relevant funding body will remain mindful of the complexities involved in making judgements about a higher education provider's performance, and will recognise that data analysis and dialogue in these circumstances needs to be robust, sophisticated and nuanced. It is particularly important to note here that we are not advocating a crude metrics-driven approach, using data to predict providers that might or might not have received successful outcomes under previous quality assessment approaches. Rather, data is used as one source of information to inform a broader judgement supported where needed by suitably qualified and independent experts.

110. HEFCE's activity in 2015-16 will inform the development of our approach to using data for these purposes, and we will publish an operating model for the start of the 2016-17 academic year. This will include details of the data to be used and an approach to determining the basis for triggering further investigation. Should we believe in the future that it is necessary substantially to amend or extend the range of this data, or significantly to adjust the way it is used, we will consult stakeholders further.

### **The role of governing bodies in Annual Provider Review**

111. In the June 2015 consultation, the funding bodies welcomed the recent revisions to the Higher Education Code of Governance<sup>16</sup> and, in particular, the expectations set out for the role of governing bodies in the oversight of academic governance. The fourth 'primary element' in the Code is that:

'The governing body receives assurance that academic governance is effective by working with the Senate/Academic Board or equivalent as specified in its governance instruments in order to maintain quality.'

112. We suggested that effective use of this aspect of the revised code, or similar areas of other relevant codes, would strengthen the role of governing bodies so that a quality assessment system would be able to take reliable assurances from each provider on the continuing appropriateness and improvement of the student academic experience and student outcomes. We therefore proposed that we should increase the role of institutional governance in the quality assessment system. A significant number of respondents were confident that further reliance could, and indeed should, be placed on internal academic governance arrangements. Others expressed reservations.

113. It seems to us that we should be clearer about our intentions. The consultation proposals were not suggesting that existing quality-focused cyclical peer review visits could or should be simply replaced by a 'self-assessment' of an institution's arrangements by its governing body. We are clear that this arrangement would not meet the reasonable expectations of students and other stakeholders for appropriate external

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<sup>16</sup> While voluntary, the Higher Education Code of Governance ([www.universitychairs.ac.uk/publications/](http://www.universitychairs.ac.uk/publications/)) sets out an agreed statement of the principles and practices for good governance in the higher education sector.

scrutiny of a provider's activities in this important area; nor would it enable the funding bodies to meet the Standards of ESG (2015) Part 2 and the expectations of the Register Committee of the European Quality Assurance Register (EQAR) RC12.1. For established providers, the use of data and other intelligence in Annual Provider Review (as described in paragraphs 102 to 110) provides for such additional external scrutiny, with further investigation and intervention as necessary: the full weight of external quality assessment is not intended to rest on the reliability of assurances from a governing body.

114. The role of the governing body would be to receive reports and challenge assurances from within the institution. It should not be drawn into quality management activities itself. We recognise the predominant role of senates and academic boards (or equivalent) in academic governance, and the responsibility of the accountable officer and senior executive team, and would expect an individual governing body to be clear about the formal relationships between the elements of the governance arrangements in its own institutional context.

115. As it considers these matters, a governing body will wish to identify and consider the full profile of academic risk, and may wish to use this to guide its data and information requirements: for example, in relation to international or other collaborative partnerships, students studying at a distance, or new areas of learning and teaching activity. We would expect a governing body to draw appropriately on the experience of its student members as it undertakes this work and to ensure that these members are appropriately supported in their role.

116. This role for a provider's governing body is particularly important if we are to implement effective risk-based approaches to quality assessment. Where the relevant funding body has confidence in the full range of assurances from a governing body, the level of scrutiny applied to that provider can be reduced. As a provider matures, therefore – from new entrant, perhaps without a significant track record of delivering higher education, through to being considered 'established' – the pattern of scrutiny shifts from detailed testing of baseline requirements to testing the effectiveness of a governing body to continue to discharge its responsibilities to maintain academic standards, and to improve the academic experience and associated student outcomes.

117. The capability and approach of a governing body are therefore important. The Committee of University Chairs and the Leadership Foundation are undertaking work to support governing bodies in implementing the December 2014 HE Code of Governance, particularly its expectations for safe academic governance arrangements and oversight of the student academic experience. The sensible implementation of the requirements of the code – on the basis of 'apply or explain' – would meet HEFCE's quality assessment needs without any additional expectations or burden for governing bodies.

118. The funding bodies intend to contract a third-party organisation to evaluate any gaps in the capabilities of a range of governing bodies in this area, so as to design and pilot different approaches to additional support for governors. The specification for this work will require the successful bidder to:

- a. Design and implement an approach to identify and analyse any gaps in the capabilities of a range of governing bodies in this area.
  - b. Design and then pilot different approaches to providing additional support for governors.
  - c. Evaluate the pilot activity and propose evidence-based and cost-effective longer-term approaches to support governing bodies in both new and established providers.
119. The successful bidder will take the following issues into account:
- a. The variation in maturity of governance arrangements in different providers at different stages of their development.
  - b. The need to ensure that the important role of senates and academic boards in academic governance is respected.
  - c. The particular support needs of student members of governing bodies.
  - d. Flexible ways in which governing bodies from across an increasingly diverse sector will be able to identify and access support and development.

### **The role of funding body accountability mechanisms in Annual Provider Review**

120. The June 2015 consultation document proposed that the funding bodies should develop and use their existing external accountability mechanisms more fully in future approaches to quality assessment. Many respondents agreed that it would be sensible to adapt existing mechanisms instead of developing new regulatory tools.

121. This particularly applies to two components: the annual accountability return as an element of the Annual Provider Review, and the five-yearly cyclical assurance review visit.

122. In England and in Northern Ireland, the funding bodies will use the current Annual Accountability Return to capture and test assurances from governing bodies on the student academic experience and on academic output standards. For HEFCE-funded HEIs, the memorandum of assurance and accountability sets out terms and conditions for payment of HEFCE grant, and already includes a requirement for the governing body to receive assurances that the institution 'has an effective framework – overseen by its senate, academic board or equivalent – to manage the quality of learning and teaching and to maintain standards'. During 2015-16 we put in place a similar reporting requirement for quality-related issues at HEFCE-funded colleges. A broadly equivalent arrangement applies via the Financial Memorandum in Northern Ireland. We will therefore use the existing annual accountability return to collect the quality assessment assurances set out in paragraph 124.

123. As part of the Annual Provider Review, each funding body will expect the governing body of an institution delivering higher education (whether a degree awarding body or not) to provide confirmation about the student academic experience on an annual basis, through the regular assurance reporting process operated by the relevant funding body. In addition, the governing body of a provider with degree awarding powers will be

expected to provide confirmation that the integrity of the standard of awards for which it is responsible has been assured.

124. During the spring and early summer of 2016, we will work with the Committee of University Chairs, the Association of Colleges, the Association of Heads of University Administration and other relevant bodies to refine such an annual confirmation. We are suggesting the following wording as a starting point for discussion:

‘The governing body has received and discussed a report and accompanying action plan relating to the student academic experience and student outcomes, including the evidence from the institution’s own periodic review processes which fully involve students and external expert advice.’

‘The governing body has received the outcomes of continuous improvement activity relating to learning and teaching and challenged the executive where necessary.’

‘The methodologies used as a basis to improve the student academic experience and student outcomes are, to the best of our knowledge, robust and appropriate.’

The governing body has received a report that confirms that the provider continues to meet the Standards of Part 1 of the ESG (2015).’

And for providers with degree awarding powers:

‘The standards of awards for which we are responsible have been appropriately set and maintained.’

125. In England, HEFCE will use the five-yearly HEFCE assurance review (HAR) visit to check the evidence and processes used by the governing body to reach its annual statement on the continuous improvement of the student academic experience and academic output standards, as currently for financial management, risk and data returns. We would expect to make adjustments to the HAR process to ensure appropriate engagement with governing bodies, and that equivalent but context-sensitive arrangements can be achieved for colleges. These developments will be tested in the pilot period in 2016-17. It will be important to ensure on the one hand that the extended HAR is credible but on the other that it does not become a burden on a similar scale to the Higher Education Review. It is intended that the HAR process will also be introduced in Northern Ireland, with HEFCE undertaking some activities on behalf of DEL.

126. Published outcomes of this five-yearly process will be a concise report and findings, the latter falling into one of the following categories:

- a. **Meets requirements** – the provider continues to undergo Annual Provider Review.
- b. **Meets requirements with conditions** – the provider continues to undergo Annual Provider Review, but with an action plan to address areas of immediate concern.
- c. **Pending** – the provider will be referred for further investigation and intervention.

d. **Does not meet requirements** – the provider must return to developmental enhanced scrutiny, with a peer review visit as appropriate, an ongoing schedule of external peer review visits, and an action plan to address areas of immediate concern.

e. **Does not meet baseline requirements** – concerns are sufficiently serious to warrant removal of the provider from the Register of HE Providers.

127. The funding body in Wales expects to adopt a similar framework to the Annual Provider Review, but will consult on detailed operational aspects in the near future as required under the Higher Education (Wales) Act 2015.

## **When investigation and intervention are necessary**

128. There is a significant student and public interest in identifying, investigating and rapidly resolving any major concerns about the integrity of degree standards or the quality of the student academic experience. A quality assessment system that adopts a risk-based approach to routine monitoring must have, and be seen to have, 'teeth' when serious problems are identified.

129. In the June 2015 consultation we proposed developing and implementing a strengthened mechanism to investigate rapidly when an indication of serious problems in an individual provider is not addressed in a satisfactory and timely manner. There was strong support for this approach, with an unambiguous view from student organisations that there must be a clear mechanism for students to trigger such investigation.

130. We therefore intend to establish a mechanism through which concerns about the integrity of standards, or the quality of the student academic experience – which may indicate that something serious has gone wrong in a particular provider – can be reported directly to the relevant funding body by stakeholders including external examiners, PSRBs, the OIA, the new Northern Ireland Public Service Ombudsman (NIPSO), the CMA, student representative bodies, and others<sup>17</sup>. This reporting line is not intended to interfere with the ongoing work of the OIA and NIPSO in relation to cases brought by individual students, nor the responsibilities of providers to deal appropriately with employment matters. Nor will a provider be denied the normal opportunity to address any shortcoming before there is external intervention, provided it acts in a timely and appropriate manner and the legitimate interests of other parties are protected in the meantime.

131. The relevant funding body will operate a two-stage process to consider and if appropriate act on these reported concerns from stakeholders. Further operational details of this mechanism will be published for the beginning of the 2016-17 academic year, but the key features of this process may be summarised as follows. The first stage, operated by the funding body itself, will establish whether there is sufficient evidence of a serious problem to require further investigation and intervention. If necessary, the funding body will as a second stage undertake detailed investigation of the issues, and may if appropriate commission an external review of the provider to investigate the prima facie issue in depth. Where the concerns are about the integrity of degree standards or the

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<sup>17</sup> For providers in England and Northern Ireland, this arrangement will replace the current QAA Concerns Scheme from 2016-17.



quality of the academic experience, the external review activity will be undertaken through a tailored peer review visit to the provider by a team with an appropriate balance of experience and subject expertise. The relevant funding body will deploy other external expertise as appropriate, for example if there are concerns about financial performance, fraud, or the management and governance arrangements in a provider. The scale and nature of this type of intervention will be proportionate to the significance of the problem and the risk it represents to students and to the reputation of the sector as a whole.

132. The funding bodies intend to contract a range of third-party organisations to undertake the further investigation and review work required. The specification for the quality-related aspects of this work will require the successful bidder to:

- a. Design an overarching approach for operating review visits that can be tailored to meet the requirements of each specific Investigation, including for any appeals by providers.
- b. Carry out review visits, and any necessary follow-up action with an individual provider.
- c. Report the outcomes of each review visit to the relevant funding body, and publish a report from each visit.
- d. Produce an annual report evaluating the previous year's activity to identify lessons from the operation of the approach, and to assist the relevant funding body in identifying any issues relevant to the quality of the UK higher education sector more broadly.

133. Review visits designed and operated by the successful bidder will:

- a. Draw on a pool of qualified and trained reviewers, to include academic and student reviewers as appropriate, that meets the funding bodies' requirements.
- b. Undertake and complete peer review visits rapidly and in a timescale agreed with the relevant funding body.
- c. Minimise the burden to providers, through tailoring the review activity to focus only on the areas of concern.
- d. Consider the views of the provider's students, if appropriate.
- e. Adopt an evidence-based approach to ensure that scrutiny focuses on the areas where risk to standards and to the academic experience of students or the system is greatest.
- f. Work seamlessly with the funding bodies' approach to quality assessment and regulation more broadly.

134. To ensure that the quality assessment arrangements are sufficiently credible to students and other stakeholders, the approaches used to investigate concerns need to be transparent and able to deal effectively with seriously poor practice in a provider. The funding bodies will publish the outcomes of reviews undertaken through this process – after any appeal by a provider has been considered – together with an account of the action required for a provider to resolve any issues that are found.

135. Published outcomes of this process will be a concise report on the investigation and its findings, in the form of one of the following statements:

- a. **No issues** – the provider continues to undergo Annual Provider Review, or remains in enhanced scrutiny category.
- b. **Minor issues found** – the provider continues to undergo Annual Provider Review or remains in enhanced scrutiny category, but with an action plan to address areas of immediate concern.
- c. **Substantial issues found** – the provider must return to developmental enhanced scrutiny with an ongoing schedule of external peer review visits, with an action plan to address areas of immediate concern.
- d. **Very significant issues found, or a lack of resolution of issues that are subject to an action plan** – sufficiently serious to warrant removal of the provider from the Register of HE Providers.

136. Any necessary escalation of interventions will take place through the powers set out for the relevant funding body in its accountability framework.

137. We asked in the June 2015 consultation whether the mechanism to investigate problems in an individual provider would require, in addition to the tailored investigation of the specific issue of concern, the re-testing of the arrangements in the provider against the baseline regulatory requirements set out for the Gateway. Views were mixed, but a large number of responses indicated that this might be appropriate in some circumstances. Paragraph 135c provides for a repeat re-testing of the provider against the baseline requirements if appropriate.

138. The Annual Provider Review process operated by the relevant funding body (see paragraphs 92 to 98) may also identify areas of a provider's activities that require further investigation and, if appropriate, intervention. In these circumstances, where there is evidence that prima facie serious or material issues have not been successfully addressed in a timely manner by the provider, the process set out in paragraphs 131 to 135 for the second stage of investigation will be used. As currently, further investigation by the relevant funding body could cover a broad range of regulatory matters rather than being confined to the quality-related aspects of a provider's activities.

## **Degree standards and their reasonable comparability**

139. We asked in the June 2015 consultation whether respondents agreed that a future quality assessment system must provide reliable assurances to students and other stakeholders about the maintenance of academic output standards and their reasonable comparability across the UK higher education system. There was strong support for this principle, with respondents recognising that the continuing credibility of degrees awarded was critically important for the reputation of the UK sector internationally.

140. However, some categories of respondent, particularly those from HEIs, were concerned about the specific proposals we had made to address this issue. Arguments mobilised against the proposals included:

- an opposition in principle to the funding bodies acting in an area where institutional autonomy is prized
- a view that there was no particular problem to be resolved, or that the specific proposals would not resolve whatever problems might exist
- a series of more practical concerns relating to increasing the burden on external examiners, thereby disincentivising the people on whom the successful operation of the system depends.

141. As a counterbalance to these views, student and PSRB respondents were much clearer that modernisation in this area was important, with some suggesting that the proposed reforms did not go far enough.

142. We have reflected on the full range of responses and considered carefully the most appropriate next steps in this complex area, seeking to balance the competing views expressed through the consultation. We have also returned to the research evidence gathered by the Higher Education Academy (HEA) during phase 1 of the Quality Assessment Review<sup>18</sup>. The HEA concluded that there are reservations about the effectiveness of the external examining system in safeguarding academic standards and assuring their reasonable comparability, although it also noted that those in the sector had greater confidence in this area. Specifically the HEA's reservations were that:

- a. The assessment decisions of external examiners and others in the higher education setting can exhibit poor reliability in applying standards to student work.
- b. Although examiners, other academics and those managing quality assurance often assume that explicit standards are genuinely shared, it is not possible to articulate most academic standards explicitly such that they are interpreted similarly.
- c. Some examiners do not use published reference points for standards.
- d. There is a strong tendency for providers to appoint examiners from similar types of institution, limiting examiners' experience of standards elsewhere, and thereby their ability to judge whether programmes are widely comparable.
- e. While examiners may be able to contribute to assuring the 'correct' marks for individual assignments, exams and performances, they have little power to safeguard programme-level award standards. The situation is similar for 'award' examiners who typically focus at the award or programme level rather than the module level.
- f. There is less confidence in external examiners' capacity to assure standards in the face of the pressures created by league tables and the related potential for 'grade inflation'.

143. The June 2015 proposals sought to address these findings through the following:

- a proposal to develop UK-wide training for external examiners (designed to address the issues in paragraphs 142a, b, c, and e)

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<sup>18</sup> See [www.hefce.ac.uk/reg/review/Research/](http://www.hefce.ac.uk/reg/review/Research/).

- a proposal to develop and publish a Register of trained external examiners (designed to address paragraph 142d)
- proposals to explore approaches to the calibration of standards (designed to address paragraphs 142a and b)
- a proposal to review degree classification algorithms (designed to address paragraph 142e)
- a proposal for the relevant funding body to analyse benchmarked degree classification data for each provider (designed to address paragraph 142f).

144. The findings of the HEA's research, combined with the views expressed by students, have confirmed for us that the funding bodies have a legitimate interest in the security of degree standards and their broad comparability, and that we need to address this area. But we wish to do so in a way that is credible to the academic community and respects the autonomy of providers. We have discussed our 'next steps' with the sector representative bodies and have asked that they take the lead on this work. The next steps will also involve careful piloting and evaluation before any sector-wide implementation. The funding bodies will, however, wish to satisfy themselves that the sector's work in this important area does indeed result in the strengthening of current arrangements. We do not propose, at this stage, to take forward the creation of a 'register' of trained external examiners. However, we do expect that the sector-wide group convened to oversee the other aspects of this work will wish to consider the most appropriate way to identify those external examiners who have been trained.

145. The sections that follow set out the approach we will take to these issues.

### **Written academic output standards**

146. Throughout the early discussion phase of the Quality Assessment Review, there was strong support for the need to maintain a written expression of academic output standards. We agree with the need for a clear expression of what constitutes higher education at each of its different levels (Level 4 to Level 8), and of the amount of learning expected for awards at these levels (whether expressed in credit terms or otherwise). We intend to continue to use the Framework for Higher Education Qualifications for this purpose<sup>19</sup>. It will be a component of the baseline regulatory requirements (see paragraph 54) and will also continue to provide a shared approach to setting standards across the UK system at threshold level. This approach will also ensure that qualifications awarded in the UK continue to refer to the correct level of the Framework for Qualifications of the European Higher Education Area.

### **The external examining system**

147. The funding bodies in England, Wales and Northern Ireland believe that it would be beneficial to the sector and its stakeholders to consider further modernising, or professionalising, the external examining system. We believe that further strengthening some aspects of the current arrangements would enhance the role of the external examining system as part of the future quality assessment system, and would be highly desirable in its own right. It is important to note that the current quality assessment

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<sup>19</sup> See [www.qaa.ac.uk/publications/information-and-guidance/publication?PubID=2718](http://www.qaa.ac.uk/publications/information-and-guidance/publication?PubID=2718).

system does not provide direct assurance about the standard of awards made to students or their reasonable comparability, and so the proposals to strengthen the external examining system represent a significant improvement in the assurances available to students, employers and other stakeholders. We believe that our support for a UK-wide training programme for external examiners – separate from and additional to the practical induction arrangements made by individual host institutions – would even now be useful and increasingly important as the sector expands and diversifies further.

148. We will therefore support the sector representative bodies to explore different approaches to the training of external examiners. The focus of the training will be to ensure that external examiners are clear about their role and have the requisite technical assessment skills. They will then be better able to provide reliable judgements about the standards set by institutions and the measurement of student achievement against them, such that standards are maintained over time and are reasonably comparable.

### **Calibration of standards**

149. We believe that there is a student and public interest in providing better evidence of the reasonable comparability of academic output standards across the UK, particularly at the pass-fail borderline for all awards but also at the 2:1-2:2 borderline for classified undergraduate degrees, and the equivalent in a grade point average (GPA) system. We note the progress made by the Australian higher education sector in providing opportunities for markers and examiners to share and develop their views about academic output standards through calibration activities.

150. We sought views in the June 2015 consultation about whether it would be helpful to explore such approaches to the calibration of standards by different subject communities in the UK context. The majority of respondents supported this proposal, although emphasis was often on ‘exploring’ potential models and approaches. A range of challenges was also identified, particularly stemming from the diversity of curriculum, programme design and assessment. It is clear that specialist, niche areas of provision will need particular consideration. Again concerns were often framed in terms of perceived burden and assertions of confidence in the adequacy of the current arrangements.

151. We will therefore support the sector representative bodies to explore different approaches to the calibration of standards. The intention is not to seek to create common marking criteria for all providers, but rather to establish a simple mechanism to bring together examiners from a subject community (however best described) to compare their students’ work and to judge student achievement against the standards set in order to improve comparability and consistency. We would expect to see this activity result in increased capacity and capability to reach robust judgements about the comparability of standards.

152. The four UK funding bodies have agreed with the sector bodies a tender specification for an expert body to explore approaches to flexible (online) training for external examiners and to the calibration of marking practices. The contract will be held by the funding bodies but the work will be co-designed with, and overseen by, the sector representative bodies. The specification for this work will require the successful bidder to:

- a. Agree with the sector representative bodies and the funding bodies the composition, membership and terms of reference for a UK-wide steering group to oversee these activities, and convene and support this group through the lifetime of the contract.
  - b. Design and pilot different approaches to providing training for external examiners that addresses the training needs identified in the 2015 HEA research.
  - c. Evaluate the pilot activity and propose to the steering group recommendations for the ongoing support of external examiners, subject to consultation with the sector and other stakeholders.
  - d. Implement the agreed approach to training of external examiners across the UK.
  - e. Design, obtain approval from the steering group for, and pilot different approaches to the calibration of academic output standards that explore the issues identified in the HEA research and in the funding bodies' June 2015 consultation document.
  - f. Evaluate the calibration pilot activity and make recommendations to the steering group in relation to any future work in this area.
153. The successful bidder will take the following issues into account:
- a. The need to adopt approaches that carry the confidence of degree-awarding bodies, students and other stakeholders.
  - b. The diversity of the sector, including of the pool of external examiners and the provision that they examine.
  - c. The needs of different levels of provision and different subject areas.
  - d. The need to ensure that any training activity does not disincentivise those who act as external examiners.
  - e. The available research evidence, and evidence from activities undertaken in other countries.
  - f. The central role of disciplinary communities in developing shared views of standards.
  - g. The role of PSRBs.

### **Degree classification algorithms**

154. The June 2015 consultation did not retread the familiar territory of debates about the usefulness or otherwise of the undergraduate degree classification system. It did, however, note a student interest issue in the cliff-edge effect of the current classification system for undergraduate degrees. It suggested that the different progression opportunities available to those holding 2:1 and 2:2 degrees are significant for individual students' employment and further study. Strengthening the external examining system and exploring approaches to the calibration of marking practices will go some way towards providing further confidence about judgements in this area. However, we also suggested that it is necessary to acknowledge and address the impact of the wide variety

of classification algorithms used across the higher education system. The research on the external examining system conducted by the HEA revealed that 47 per cent of institutions surveyed had made changes to their degree classification algorithms over the past five years, to 'ensure that their students were not disadvantaged compared to those in other institutions'.

155. The majority of respondents to the June 2015 consultation agreed with the proposal to develop guidance for providers on a sensible range of degree classification algorithms. Support was particularly strong from further education colleges, PSRBs and student organisations. A number of those commenting said that guidance in this area would be welcomed but that it would need to be transparent, both in development and in its finished form. The emphasis of many responses was that the 'guidance' should not be mandatory or prescriptive, but guidelines for best practice, with 'example' algorithms for those providers considering changing their current approach.

156. The funding bodies in England, Wales and Northern Ireland believe that there is a clear student interest in this issue and that action also provides an opportunity to strengthen the reputation of the UK higher education sector. We will therefore support the sector representative bodies to undertake detailed research into the range of classification algorithms currently in use and to determine a sensible range of possible algorithms according to the desired pedagogic and other outcomes. We consider that the publication of guidelines for algorithms, particularly relating to the classification of degrees awarded at the pass-fail and 2:1-2.2 borderlines, would be helpful and would strengthen the international reputation of the UK sector.

### **Consideration of degree standards by providers**

157. As part of its approach to assuring the integrity of degree standards, we would expect each provider with degree awarding powers to engage at an institutional level with the academic standards against which the achievement of its students are assessed. The consideration of standards issues should include:

- a. How they set, monitor and review the academic standards used to assess their students wherever they study.
- b. The range of awards made to all students, including those studying through validation and franchise and other partnership arrangements, both in the UK and internationally.
- c. Analysis of trend data on student academic output standards, at the pass-fail borderline for all awards, and also for classified awards and GPA grades.
- d. Confirmation of the appointment of a suitable range of external examiners, increasingly to be appointed in future from those who have undertaken training.
- e. Consideration of the reports of external examiners and any necessary follow-up action.
- f. Evidence of the involvement of internal markers and external examiners in any future subject-based calibration activities.

g. Confirmation of the use of guidance on acceptable algorithms for calculating degree or grade classification boundaries where these are available, or else to confirm why they are not being followed.

h. The outcomes of external accreditation reviews by PSRBs.

158. The governing body of a provider with degree awarding powers will provide assurances that the provider's academic governance arrangements have been effective in meeting these obligations in line with section 4 of the HE Code of Governance (see paragraph 124).

## **International aspects of quality assessment**

159. The June 2015 consultation document sought views on whether a provider's international activities should be routinely considered in future approaches to quality assessment. There was very significant support for including such activities in the proposed approach, with respondents frequently confirming that UK requirements should apply wherever the provision is delivered and that preserving the UK's global reputation in higher education should be a central pillar of any new system. Others stressed the principle that UK institutions have a responsibility for students registered on their programmes regardless of where or how they study.

160. International activity was perceived by a relatively large number of respondents as representing higher risk and greater complexity than UK-based provision.

161. We agree with these views: in particular, that a UK provider should remain fully responsible for student outcomes, and the quality of the student academic experience, wherever its students are based. In practice, this means that the arrangements set out in this document – at the entry Gateway, through the development period, and for established providers – will apply on exactly the same basis to programmes delivered internationally, whether with a partner or not. The funding bodies have a legitimate interest in providers' transnational education (TNE) activities and would therefore expect to see:

- outcomes data for students studying overseas used to form the basis for a provider's own review and continuous improvement activity
- the nature of the academic and other risks associated with a particular international activity fully understood and monitored by the governing body
- the assurances provided by the governing body explicitly covering international programmes and students
- measures for investigating when things go wrong applying to international activity
- the arrangements for the academic standards that providers apply internally to apply also to awards gained through international programmes.

162. We note that the collection by the Higher Education Statistics Agency of data on students studying wholly outside the UK will provide a richer set of outcomes data to help governing bodies provide assurance for international activities. We will also ensure that



this data is integrated into the Annual Provider Review process operated by the relevant funding body.

163. Many respondents to the June 2015 consultation also specifically commented on the need for the new quality assessment system to account for the diversity of local regulation and processes abroad, and to recognise that UK institutions delivering provision outside of the UK already had to meet the requirements of a range of different systems and jurisdictions. Respondents holding these views were concerned to reduce the unnecessary duplication of quality assessment involved in establishing international partnerships and delivering TNE. There was therefore support for finding approaches better able to recognise the national quality arrangements in other countries.

164. In this context, we have concluded that it would be helpful to develop our understanding of the maturity of the quality assessment arrangements in other countries, and the extent of the local scrutiny that UK providers undergo when operating in these jurisdictions. We therefore intend to contract with a third-party organisation to develop further strategic engagement with governments and agencies in countries where UK providers are active. This activity will involve the successful bidder working, for example, with the British Council and embassies in the countries in question, and is designed to deliver:

- a. A good understanding of quality-related developments in specific countries, including establishing the nature and maturity of such arrangements and the way these are evolving.
- b. Mutual understanding and recognition of quality assessment arrangements, where appropriate.
- c. Soft intelligence about specific UK providers and their operations in a specific country.
- d. Reputational benefits to the UK higher education brand through regular engagement with higher education ministries and assurance agencies in those countries.

165. The specification for this work will include the following:

- a. Regular published reports on the operating environment in particular countries – including developments in their HE and quality assessment policy, and the nature and extent of activities of the UK and other countries in this market – designed to improve understanding and to assist UK providers in developing their own activities.
- b. Development of mutual recognition agreements.
- c. Improved understanding in key countries of the UK's approach to quality assessment and assurance.
- d. Protecting the interests of the UK in multilateral international fora, including in the quality-related aspects of the Bologna process.

e. The ability to pick up any concerns about the operation of UK providers that might trigger further investigation by the relevant funding body under paragraphs 128 to 138.

166. Where an established provider in England or Northern Ireland is operating in a country with mature quality assessment arrangements, the relevant funding body will seek evidence through existing accountability mechanisms that its governing body is effectively identifying and managing academic and corporate risk.

167. The funding bodies also wish to preserve a number of aspects of the current arrangements for the review of UK providers' TNE activity, as follows:

a. Where a provider seeking to enter the higher education sector has existing TNE activity, the Gateway process will include scrutiny of that activity.

b. Where a provider in its developmental period initiates significant new TNE activity the relevant funding body will initiate a review of that activity.

c. In countries with less well developed quality assessment arrangements, the funding bodies will commission periodic reviews of TNE activity through visits to a representative sample of UK providers operating there.

d. Each funding body's own Annual Provider Review process may also identify issues relating to a provider's TNE activity for specific further investigation.

168. Review activity required under paragraphs 167a to c will be delivered under contract by the third-party organisation undertaking the broader international engagement set out in paragraphs 164 to 165. Decisions about the extent of review activity required in a particular country will be shaped by the strategic analyses set out in paragraph 164a.

## **Cross-cutting issues**

169. A number of important cross-cutting issues were raised by respondents to the June 2015 consultation:

a. A need to preserve the sense of a UK-wide quality system, as far as is possible in a devolved environment with increasingly diverse policy positions.

b. A need to ensure continued alignment with international quality expectations, in particular in Europe.

c. The essential role of students as partners in the design and operation of quality assessment arrangements.

d. The design and implementation of a single coherent system which integrates the funding bodies' approach to quality assessment with the Government's plans for a Teaching Excellence Framework, which may include the devolved nations.

170. These issues are addressed in the following sections.

### **A UK-wide system**

171. There are currently differing quality assessment arrangements in the four countries of the UK. The increasingly different legislative, funding and policy agendas for each country are likely to continue to pull these arrangements in different directions.

Responses to the quality assessment consultation acknowledged these challenges but

also expressed a desire to maintain a sensible 'read-across' in quality arrangements across the UK.

172. The Quality Assessment Review has been conducted jointly by the funding bodies in England, Wales and Northern Ireland. This document sets out the operating model for implementation in England and Northern Ireland. There will be a separate consultation in the near future in Wales on the implementation of the same high-level principles and key features. Our intention is to implement new quality assessment arrangements that provide, at the level of principle and key features, a shared approach across our three nations. We will undertake shared procurement activity to give operational effect to this shared approach. The scale and nature of the higher education sector in Northern Ireland is such that HEFCE will undertake some quality assessment activity on behalf of DEL. The new approach has, however, been designed to ensure that the operation of these arrangements can be tailored to the particular circumstances and requirements in each country.

173. The Scottish Funding Council (SFC) has considered how it might best be involved in those aspects of the new arrangements that are of particular UK-wide importance. The Quality Assessment Review Steering Group included representation from Scotland. Such active representation from the SFC and from the sector in Scotland will continue in the activities that relate to setting baseline regulatory requirements, strengthening the external examining system, and arrangements for international activities. The SFC will join the other funding bodies in activity in these areas.

174. In summary, we expect the new quality assessment arrangements to achieve UK 'read-across' through the following shared mechanisms:

- shared degree standards, through the UK-wide Framework for Higher Education Qualifications
- the strengthened external examining system
- a shared approach to the quality-related elements of the baseline regulatory requirements
- potential cross-UK participation in the Teaching Excellence Framework
- the existing Register of Higher Education Providers, with discussions under way with Wales and Northern Ireland to move towards a more UK-wide approach.

### **European quality expectations**

175. A small number of responses to the June 2015 consultation requested further clarification on the extent to which the funding bodies' proposals would ensure that future quality assessment arrangements would meet European quality expectations.

176. During the autumn we commissioned an independent expert evaluation of the June 2015 proposals. We received advice that the proposals are consistent with the new 2015 European Standards and Guidelines, and that there is nothing in them that will not meet the requirements of the European Association for Quality Assurance in Higher Education and the Register Committee of EQAR once more detailed work has been completed.

177. Our expectation is that the funding body in England will seek recognition as the named quality body required by the ESG. We are advised that the statutory basis for the funding body's quality assessment duty requires it to operate this duty independently from both Government and the sector. It is expected that each funding body will continue to specify its requirements through one or more contracts with third-party organisations but, as now, will retain responsibility for the effective discharge of the statutory duty as a whole. For England, HEFCE's Quality, Accountability and Regulation Strategic Advisory Committee already confirms annually that it has indeed discharged these responsibilities independently.

178. During the consultation period, clarification was sought specifically in relation to the way the funding bodies' proposals would meet the ESG requirement for judgements about the quality of a provider to be informed by peer and student review. We have designed the arrangements for scrutinising a provider seeking entry to the higher education sector, and again at the end of its developmental period, to include a peer review visit to test it against the quality-related aspects of the baseline regulatory requirements. Students will be included as full members of such review teams. This fully meets the relevant ESG requirements.

179. Our revised approach to review for established providers does not necessitate cyclical peer review visits to re-test baseline requirements. We have considered carefully the most appropriate way to ensure that quality-related judgements about these providers are reached on the basis of peer, rather than officer, review. We will adopt the following approach:

- a. For England and Northern Ireland, a panel of appropriately qualified and trained peer and student reviewers will consider the quality-related evidence generated through the Annual Provider Review, and will confirm judgements about the extent to which an individual provider meets the relevant funding body's quality assessment requirements. In England, this activity will take place under the auspices of the existing independent Quality Committee, QARSAC (see paragraph 97).
- b. We will consider how best to develop the funding bodies' existing five-yearly assurance visits (the HAR in England) as we undertake pilot activity during 2016-17.

180. We continue to draw on independent expert advice as we undertake the more detailed design of governance and operational arrangements necessary to implement the new operating model.

### **The role of students**

181. A large number of respondents to the June 2015 consultation commented on the essential role of students as partners in designing and operating quality assessment arrangements. Many stakeholders argued for approaches that recognised the increasing diversity of the student population; student organisations were particularly keen to develop a system that could allow for some form of independent student assessment as part of future accountability arrangements.

182. The funding bodies will continue to work with students and their representative bodies to ensure that they are actively involved in designing and implementing quality assessment arrangements, and providing evidence about their own academic experiences in the context of a particular provider.

183. Student members of the Quality Assessment Review Working Group, and of the Boards of the funding bodies in England and Wales, contributed to the design of the revised approach to quality assessment. The following provides a summary of the role of students in the next stages:

- a. Through membership of the UK-wide standing committee, to oversee the development of the baseline regulatory requirements (see paragraph 56).
- b. As full members of review teams undertaking visits, to test against the quality-related aspects of the baseline requirements for providers seeking to enter the higher education sector or at the end of their developmental period (see paragraph 64).
- c. As partners in the internal review processes of an individual provider (see paragraph 87).
- d. As partners in designing and piloting a range of approaches to collect the views of students in each provider as a component of the Annual Provider Review (see paragraphs 99 to 101).
- e. As full members of the panel reaching quality-related judgements about the ability of individual providers to meet quality assessment requirements through the Annual Provider Review process (see paragraph 97).
- f. As members of governing bodies, with particular development and support needs (see paragraph 119).
- g. As full members of review teams undertaking visits to providers, to investigate concerns about the quality of the academic experience (see paragraph 133).
- h. As an important constituency able to report serious concerns about individual providers for investigation through this mechanism.

184. In addition to these important aspects of the design and operation of future quality assessment arrangements, there is an overriding need to ensure that the outcomes of these processes provide assurances about the things that matter to students, and that these are communicated in a clear, accessible, and readily understood way.

185. Where quality assessment activities are to be delivered by third-party organisations under contract to the funding bodies, bidders will be required to set out their approach to meeting these expectations.

### **The Government's Green Paper**

186. We continue to work closely with BIS to ensure that the quality assessment arrangements implemented by HEFCE in England fit with the Government's proposed reforms as set out in its Green Paper. The content of this document is, in part, a product of that process of close working, which we expect to continue.

187. The Government has asked HEFCE to take responsibility for delivering the TEF in Year 2 of its operation, working with the QAA, on the basis of the framework provided by the Government's Green Paper response and its response to the TEF technical consultation. HEFCE has also been asked to continue to assist with the design work needed to consider some of the challenges of subsequent years of the TEF. HEFCE will use its central role in these activities to ensure that quality assessment and the TEF are designed and can be delivered as one coherent system, which also facilitates the participation of Scotland, Wales and Northern Ireland in the TEF should the devolved administrations wish to take part.

188. The arrangements we have set out in paragraphs 61 to 69 for providers seeking to enter the higher education sector have been designed in partnership with BIS to ensure that they can in future be applied to all providers, however currently regulated, on the equal basis set out in the Green Paper. More broadly, the full range of quality assessment arrangements to be implemented in England has been designed for an increasingly diverse higher education system, and recognition of the specific nature and context of an individual provider – whether a traditional HEI, a college, a small specialist provider, or an alternative provider.

189. The Government's Green Paper also contains proposals for a changed higher education regulatory landscape in England. We have tested the arrangements for delivering the revised model for quality assessment against these proposals, and are confident that our approach to implementation can transition smoothly into any of the range of options set out in the Green Paper, particularly those that relate to potential roles for HEFCE, any successor body, and other sector bodies.

## **Contracting with other organisations**

190. As we have developed the revised operating model for quality assessment we have considered carefully the most appropriate way to deliver each component. Some activities will be undertaken by the relevant funding body as part of its broader regulatory approach. Other elements are more appropriately delivered under contract by one or more external organisations with relevant expertise and experience.

191. We have carefully considered our obligations under European Union procurement law. These include the overriding obligation to comply with the principles of transparency and the equal treatment of potential providers. This leads us to conclude that we should operate an open procurement process for these contracts through the Official Journal of the European Union. This will provide an important opportunity to consider different approaches to delivering these activities, and to test value for public money in a way that has not been possible in the past.

192. We recognise that this departs from the past approach taken by the funding bodies. A small number of respondents to the June 2015 consultation expressed a desire to preserve the status quo and, in particular, the role of existing bodies. We should be clear that an open procurement process does not allow us to make this commitment, and we must and will remain open to considering a wide range of bids on their own merits. We do, however, recognise the expertise and experience of those organisations that have been working in this area in the UK for many years, and can provide reassurance

that the quality thresholds that any successful bidder will be required to meet will at least be commensurate with the levels currently provided.

193. Table 1 summarises the delivery mechanism for each component of activity necessary to implement our revised operating model for quality assessment, and identifies those that will be delivered under contract to one or more of the funding bodies.

**Table 1: Delivery mechanisms for components of the quality assessment model**

<b>Component of quality assessment approach</b>	<b>Delivery mechanism</b>	<b>Relevant countries</b>
Confirmation of baseline regulatory requirements and oversight of the ongoing development of the Quality Code	UK-wide standing committee	England, Wales, Northern Ireland and Scotland
Gateway and developmental period <ul style="list-style-type: none"> <li>• independent peer review visit to test quality-related aspects of the baseline regulatory requirements</li> <li>• test of other aspects of baseline regulatory requirements</li> <li>• summative judgement about the readiness of a provider to enter the higher education sector, or to leave the developmental period</li> </ul>	under contract  the relevant funding body  the relevant funding body	England and Northern Ireland, with the option for Wales to join the activity from 2017-18
Review for established providers <ul style="list-style-type: none"> <li>• one-off verification of a provider's approach to its own review processes</li> <li>• Annual Provider Review</li> <li>• activities to collect student views in each provider</li> <li>• support for governing bodies</li> <li>• five-yearly assurance review visit</li> </ul>	under contract  the relevant funding body  the relevant funding body working with student representative bodies  under contract  the relevant funding body	England and Northern Ireland, with the option for Wales to join the activity from 2017-18

<p>When investigation and intervention are necessary</p> <ul style="list-style-type: none"> <li>• stage one</li> <li>• stage two</li> <li>• judgement about the issue under investigation</li> </ul>	<p>the relevant funding body</p> <p>under contract, as necessary</p> <p>the relevant funding body</p>	<p>England and Northern Ireland, with the option for Wales to join the activity from 2017-18</p>
<p>Degree standards</p> <ul style="list-style-type: none"> <li>• external examining and calibration</li> <li>• algorithms</li> </ul>	<p>under contract and led by sector</p> <p>led by sector</p>	<p>England, Wales, Northern Ireland and Scotland</p>
<p>International activities</p>	<p>under contract</p>	<p>England, Wales, Northern Ireland and Scotland</p>

### **Piloting and transition arrangements during 2016-17**

194. The operating model for quality assessment as set out in previous sections will be implemented in full in England and Northern Ireland from 2017-18. During 2016-17 it will be necessary to undertake a series of pilot activities to test and develop some aspects of the new arrangements with one or more groups of providers. It is also necessary to establish transition arrangements to ensure the continued good standing of providers that had been scheduled for QAA HER during 2016-17.

#### **Piloting arrangements**

195. Several of the components of activity have been designed with an initial pilot or 'testing' phase, followed by review and evaluation, before confirming the longer-term arrangements. This applies particularly to the work to be carried out under contract on the external examining system, calibration of standards, the support needed by governing bodies, and the verification of a provider's own review processes. In addition, we plan to work with the NUS and local students' unions to test different approaches to gathering student views.

196. We also plan to transition to a strengthened annual review process during 2016-17. This will build on HEFCE's established mechanisms and practices and will deliver the proportionate and risk-based approach to quality assessment that was endorsed by the responses to our consultation. It will bring together the long-standing work of HEFCE's Institutions Directorate, extended to include systematic collection of student views, the established annual accountability and risk process operated by the Assurance Team, and the more recent data analysis work in response to the removal of student number controls. Pulling these strands of activity more closely together, and developing HEFCE's governance arrangements to deliver peer and student judgements about individual providers, will feature in the more detailed design work during 2016-17.



197. Table 2 sets out the various pilot activities.

**Table 2: Pilot activities**

<b>Component of quality assessment approach</b>	<b>Pilot activities</b>
Annual Provider Review	Work with a small group of governing bodies during 2016-17 to: <ul style="list-style-type: none"> <li>a. Explore approaches to delivering reliable assurances.</li> <li>b. Report findings to providers through an adapted 'risk letter' process.</li> </ul> Exploring different approaches to capturing student views in a provider during 2016-17
Five-yearly Assurance Review visit	Work with a small number of governing bodies scheduled for a HAR in 2016-17, to explore necessary adjustments to the process for testing evidence used to support quality-related assurances
Training of external examiners Calibration of degree standards	Small-scale pilots to run during 2016-17 Evaluation and recommendations for further activity at the end of 2016-17
Support for governing bodies	Small-scale pilots to run during 2016-17 Evaluation and recommendations for further activity at the end of 2016-17
One-off verification of a provider's approach to its own review processes	Small-scale pilots to run in 2016-17 Evaluation and adjustment as necessary before completion of programme of verification for established providers

### **Good standing of 2016-17 providers**

198. We announced in autumn 2014 that there would be no further scheduled QAA HER review activity beyond July 2016. In our judgement, a provider's most recent HER outcome provides evidence of continued 'good standing' unless further evidence and investigation suggests otherwise.

199. However, it is important to ensure that other agencies that rely on assurances from the quality assessment system as part of their regulatory arrangements are confident about the continued good standing of individual providers as we transition to a less familiar set of arrangements. This is of particular importance for those providers that had been scheduled for QAA HER in 2016-17. In England and Northern Ireland, we intend to adopt the following approach for these providers during 2016-17:

a. All providers will undergo the existing funding body annual monitoring and review process during 2016-17, as described in paragraphs 103 to 108, with further engagement, and intervention as necessary.

b. During this annual review process we will pay particular attention to those providers that had been scheduled for QAA HER in 2016-17, with rapid follow-up action if needed. This could include a quality-focused peer review visit as set out in paragraphs 132 to 136, where there is any evidence that this is necessary. This replicates the approach that has been adopted in England in response to the removal of student number controls, where data monitoring has triggered in some cases an investigation under the QAA Concerns Scheme.

c. In addition, there is a group of providers that had been scheduled for a QAA HER in 2016-17 because they had not yet had two or more successful reviews. Such providers are reviewed under the current arrangements four years after their last engagement with QAA. These providers may be relatively recent entrants to the higher education sector, or those that began to receive direct HEFCE funding through the 'core and margin' policy. In Northern Ireland, they may be providers that have become subject to the higher education quality regime relatively recently. We therefore intend to operate the peer review visits set out in paragraph 74 for these providers in the year in which the HER was scheduled to take place. Successful outcomes from this review visit will see these providers leaving the developmental period and becoming 'established'.

200. We will invite the groups of providers in England and Northern Ireland that had been scheduled for QAA HER in 2016-17 to a series of events in April 2016, to discuss these transition arrangements in more detail and ensure that they are aware of any action they will need to take.

## List of abbreviations and terms

<b>The 1992 Act</b>	The Further and Higher Education Act 1992
<b>The 2015 Act</b>	The Higher Education (Wales) Act 2015
<b>BIS</b>	Department for Business, Innovation and Skills
<b>CMA</b>	Competition and Markets Authority
<b>CUC</b>	Committee of University Chairs
<b>DEL</b>	Department for Employment and Learning (Northern Ireland)
<b>EQAR</b>	European Quality Assurance Register
<b>ESG</b>	European Standards and Guidelines
<b>Funding body or bodies</b>	In this context we are referring to one of the three higher education funding bodies in England, Wales and Northern Ireland: HEFCE, HEFCW and DEL
<b>FSMG</b>	Financial sustainability, management and governance
<b>GPA</b>	Grade point average
<b>HAR</b>	HEFCE assurance review
<b>HE</b>	Higher education
<b>HEA</b>	Higher Education Academy
<b>HEFCE</b>	Higher Education Funding Council for England
<b>HEFCW</b>	Higher Education Funding Council for Wales
<b>HEI</b>	Higher education institution
<b>HER</b>	Higher Education Review
<b>NIPSO</b>	Northern Ireland Public Service Ombudsman
<b>NUS</b>	National Union of Students
<b>OIA</b>	Office of the Independent Adjudicator
<b>PSRB</b>	Professional, statutory or regulatory body
<b>SFC</b>	Scottish Funding Council
<b>QAA</b>	Quality Assurance Agency for Higher Education
<b>TEF</b>	Teaching Excellence Framework
<b>TNE</b>	Transnational education