EXECUTIVE SUMMARY

This briefing summarises the revised operating model for quality assessment that was published by the funding councils of England, Wales and Northern Ireland on Friday 18 March 2016. The document follows the direction set out in the consultation exercise conducted during 2015.

The new system will take effect in 2016–17 in England and Northern Ireland, while the Higher Education Funding Council for Wales (HEFCW) will undertake a further consultation on the implementation of the same high-level principles and key features.

Universities UK (UUK) broadly supports the new risk-based approach to external oversight. It should enable resources in the system to be focused more effectively where they are needed. UUK will be working with the councils to ensure that the new approach works, continues to be based on the principle of co-regulation of an autonomous sector, and remains both robust and light-touch.
INTRODUCTION

The funding councils of England, Wales and Northern Ireland have published the revised operating model for quality assessment. The document follows the direction set out in the consultation exercise conducted during 2015. The new system will take effect in 2016–17 in England and Northern Ireland, while HEFCW will undertake a further consultation on the implementation of the same high-level principles and key features.

The funding councils have developed this new approach in order to enable the system to deal with growing diversity in the sector without increasing the burden on all providers. The new system formally covers entry into the publicly funded sector but has been designed so that it is also adaptable for the purposes of designation for student support of non-publicly funded institutions.

The UUK task and finish group on quality assessment has broadly supported the approach proposed by the funding councils, as set out in the consultation document. At the core of the approach is the replacement of a system based on cyclical inspections with a risk-based approach to external oversight, that enables resources in the system to be focused more effectively where they are needed.

The main areas to note in relation to the next steps are:

• the introduction of a new metrics-based annual review method in place of a cyclical external higher education review
• formation of a new regulatory baseline for entry into the funded sector in time for reviews for entry in 2017–18
• a request for sector representative bodies to undertake work exploring the development of the external examiner system and degree algorithms

UUK will be working with the funding councils to ensure that the new approach is implemented based on the principle of co-regulation of an autonomous sector and remains both robust and light-touch. For example, it will be important that the reporting mechanisms for established providers do not become burdensome. UUK will also be working with the funding councils to form a UK-wide standing committee to establish the regulatory baseline for entry into the sector.

The funding councils have also asked UUK to lead work on external examiners and degree algorithms. We are committed to ensuring ongoing confidence in the robustness of degree standards in the UK whilst supporting the independence and diversity of our members. We will be consulting members and colleagues in GuildHE about how we should best approach these important issues.

The new system will begin implementation on a transitional basis from 2016–17 with full implementation from the following year. The new system will be delivered through a combination of direct monitoring by the funding councils and through contracts with third parties, including one-off transitional activity and business-as-normal activities. This briefing provides a summary of the key elements of the new system.

ANNUAL PROVIDER REVIEW

In England and Northern Ireland established providers will enter a process of ‘annual provider review’ from 2016–17. Judgements will be overseen by the Higher Education Funding Council for England’s (HEFCE) independent quality committee, the Quality, Accountability and Regulation
Strategic Advisory Committee. Providers originally scheduled for Higher Education Review during 2016–17 will be contacted about transitional process of testing elements of the new method.

<table>
<thead>
<tr>
<th>Annual provider review metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. over/under-recruitment patterns</td>
</tr>
<tr>
<td>b. non-progression rates</td>
</tr>
<tr>
<td>c. non-completion rates</td>
</tr>
<tr>
<td>d. National Student Survey (NSS) outcomes</td>
</tr>
<tr>
<td>e. degree outcomes, including differential outcomes for students with different characteristics</td>
</tr>
<tr>
<td>f. employment outcomes</td>
</tr>
<tr>
<td>g. Teaching Excellence Framework (TEF) outcomes when available</td>
</tr>
</tbody>
</table>

Annual judgements, based on assessment of institutional trends and other feedback, including from students, will determine whether further external oversight is required. Follow up actions will include: no further action required; agreed action plans; targeted inspection; or return to developmental status. HEFCE will also support this process for Northern Ireland.

Many of the metrics being used to inform annual judgements are already used by HEFCE to assess institutional trends and risks following the removal of student number controls. There is also welcome alignment with relevant quantitative metrics being proposed for the TEF. As HEFCE has been asked to take on responsibility for the TEF there is ongoing opportunity for alignment between the two processes. There are a set of considerations that will need to be kept under review as the process develops:

- We have asked for further clarification of the governance and oversight of arrangements, including further consideration of how the principles of co-regulation and peer review are incorporated into the process.
- It will be important to ensure that the process remains light-touch and does not expand into a more burdensome approach, including expanding the range of quantitative metrics and the calibration of judgement thresholds.

**ROLE OF GOVERNING BODIES**

The funding councils have also sought to clarify the role of governing bodies in the process. Governing councils will provide confirmation of the integrity of institutional quality arrangements, in line with the expectations of the Committee of University Chairs (CUC) code of governance, and as part of existing accountability mechanisms. The funding councils will work with providers to incorporate quality dimensions into the existing annual accountability return and, in England, the existing HEFCE assurance review which takes place every five years.

The funding councils expect an individual governing body to be clear about the delineation of the relevant roles and responsibilities within an institution quality assurance process. This includes
recognising the role of the academic board or senate, accountable officers and executive teams. The role of the governing body would be to receive reports and challenge assurances from within the institution and should not be drawn into quality management activities itself.

**BASELINE REQUIREMENTS FOR ENTRY INTO THE SECTOR**

The funding councils are proposing a UK-wide standing committee to consider and confirm baseline regulatory requirements for entry into the publicly funded sector. The committee will include the sector representative bodies, the funding bodies, the Quality Assurance Agency (QAA), CUC and the Office of the Independent Adjudicator (OIA), as well as employer and student representatives. A new baseline would be established for 2016–17 to inform entry into the sector for 2017–18.

Details of the proposed baseline are set out in the box below. New providers will be subject to a developmental period of cyclical inspection against these requirements. Established providers will not be repeatedly tested against the baseline but may be reviewed if potential issues are reported through the annual reporting mechanism.

Given that the proposed standing committee is sector-led we are reassured that this approach enables the formation of a regulatory baseline whilst also maintaining principles of co-ownership. We also support the UK-wide nature of the standing committee. However, in the short term the standing committee would primarily be overseeing reforms to the entry baseline for England and Northern Ireland.

For the purposes of the baseline in England HEFCE does not expect to use the quality code in full. HEFCE expects to use the framework for higher education qualifications and the ‘expectations’ of the rest of the quality code but not the ‘indicators’. Consideration will also need to be given to the practicalities of assessing compliance with Competition and Markets Authority (CMA) guidance as part of the baseline.

---

**Proposed baseline for entry into the publicly funded sector**

- a. the framework for higher education qualifications in England, Wales and Northern Ireland
- b. other 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 designated governance code
- e. the expectations of consumer law as expressed through CMA guidance
- f. student protection measures as expressed through the OIA good practice framework and/or 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 strategy for its higher education provision
Revised operating model for quality assessment

The funding councils have also raised the issue of the longer term oversight and development of the quality code to ensure that it continues to remains responsive to the needs of the revised quality assessment system. In light of this the funding councils have asked the sector representative groups to consider what role the standing committee could play in this process. In the new system consideration will need to be given to:

- maintenance of robust quality threshold for entry into the sector
- consistency between the sector owned code and the regulatory baseline
- areas of duplication and potentially conflict between the different elements

We have reiterated to HEFCE that the code is a UK-wide sector owned framework and is an important element of the academic autonomy of the sector. We also recognise the interest HEFCE has in ensuring that the ownership and governance of the code is responsive to the requirements of the regulatory baseline. Given this we have proposed that ownership and oversight of the code is considered as part of the UUK sector agencies review, chaired by Sir David Bell, in consultation with QAA and the funding councils.

ONE-OFF VERIFICATION OF INSTITUTIONAL REVIEW METHODS

As part of the transition to the new system a one-off verification of established providers’ own quality review methodology will be undertaken. This is intended to ensure that they are appropriate for delivering continuous improvement in the student academic experience and outcomes. The review process will be piloted during 2016–17 before completion with the remaining established providers participating in the annual review methodology.

TENDERING OF WORK

The majority of the work to support the delivery of the new system will be contracted out. The main exception is the operation of the annual provider review process that will be administered directly by the funding councils. The contracted packages include a mix of business as usual activities as well as one off exercises as part of the transition to the new system. The packages of work to be contracted out are:

- management of gateway into the system – primarily inspections of new providers in developmental period
- verification of a providers approach to its own review process – a one off review of established providers going into the new annual review method
- support for governing bodies – development of support for governing bodies to perform their role in the new system
- unsatisfactory quality investigations – follow-up for negative annual review judgements
- degree standards – work exploring development of external examiners system through training and calibration forums
- international activities – combination of overseas engagement with agencies and inspection of transnational education activities
In our engagement with HEFCE we have stressed the need for the new system to be delivered on the basis of co-regulation. We support a continued role for the QAA, with appropriate reforms so that it is responsive to the requirements of the new system. The QAA are undergoing a process of organisational review as well as engaging actively with the UUK sector agencies review. We believe that the QAA will be well placed to secure a number of these contracts and to play an active role in the delivery of the new system.

COMPARABILITY OF DEGREE STANDARDS

The funding councils wish to proceed with two packages of work in relation to external examiners and degree algorithms. This work follows the review of the external examiner system undertaken by the Higher Education Academy (HEA) in 2015 and responses to the consultation. Both would be delivered during 2016–17 with reports expected in spring 2017.

In order to ensure that this work is credible to the academic community and respects the autonomy of providers, HEFCE have asked the sector representative bodies to play a role in leading this work. We will be consulting with members to assess how best to respond to these requests.

External examiners

This work builds on the review of external examining arrangements across the UK that was undertaken by the HEA for the funding councils. The work would aim to make improvements in the arrangements used by the sector to protect degree standards and provide better evidence of their reasonable comparability.

HEFCE will contract a third party through a competitive process to work under the direction of a steering group set up by the sector representative bodies to deliver two strands of activity:

- An exploration of 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.
- An exploration of different approaches to the calibration of standards by providing a forum for examiners from within a subject community (however best described) to compare work, and judgements to improve comparability and consistency.

Degree algorithms

HEFCE would also like to support UUK, in collaboration with GuildHE, to explore practice around degree algorithms. The work would look at the range of models employed by the sector and to determine a sensible range of possible algorithms according to desired pedagogic and other outcomes. In particular the work would consider whether concern about threshold affects at degree boundaries are influencing the types of algorithms that are being employed. This work responds to the finding in the HEA review of external examiners that 47% of institutions surveyed had made changes to their degree classification algorithms.

DEVOLVED NATIONS

The funding councils’ intention is to implement new quality assessment arrangements that provide, at the level of principle and key features, a shared approach across three nations. The majority of
the proposals set out in the document focus on England and Northern Ireland in the short term. There will be a separate consultation in the near future in Wales on the implementation of the same high-level principles and key features. The Scottish funding council have also agreed to participate in the UK wide elements of the proposal, including the standing committee and work on degree standards.

The UK system is moving to a situation where there are UK-wide regulatory components being combined in different ways to form national regulatory frameworks that meet the priorities of the different funding councils. As the system develops we will work to ensure there is consistency of approach across the UK whilst also being responsive to the priorities of the respective funding councils. Considerations include ensuring that:

- the underlying components owned by the sector remain robust but sufficiently adaptable to meet the priorities of each jurisdiction
- that external assessments of the different components are applied consistently between the different jurisdictions

CONCLUSIONS

In discussion with HEFCE we have been reassured that the proposed approach to the new system represents a viable package of measures that form the basis of a system that is both robust and focused. The proposals for annual provider review, if handled appropriately, represent a viable approach to delivering risk-based external oversight. As a significant reform to the quality assurance system we will also continue to monitor potential risks in the system, these include:

- ensuring effective transition to and delivery of various components of the reformed system
- ensuring that annual provider review incorporates sufficient peer review and oversight and that the burden of the method does not increase over time
- ensuring the baseline for entry into the sector remains robust, retaining sector ownership of the quality code whilst maintaining coherence with funding council priorities
- managing the delivery of packages of work in relation to the comparability of degree standards in a way that addresses the sectors desire to protect autonomy with funding councils’ request for more assurance
- ensuring a consistency of system and approach across the whole of the UK where appropriate whilst also enabling sufficient flexibility to reflect the priorities of the devolved jurisdictions

UUK will continue to work with the funding councils to ensure that these risks are managed and that the system is implemented effectively. We will continue to update members as this work develops, including where UUK have been asked to lead on pieces of work.