Franchise governance framework

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Introduction

Universities are committed to offering high-quality higher education that delivers value to students and taxpayers. This means ensuring students can access higher education, whatever their background, circumstances or location. It also means delivering courses that develop the skills and knowledge our economy needs to drive local and national growth. Franchised provision is one way in which universities are doing this.

A franchised programme, as defined by the Student Loans Company (SLC), is one that is fully or partly designed, approved and owned by a provider with degree-awarding powers (the lead provider) but is delivered by another provider (delivery partner). There is a formal, contractual relationship between the two providers, but the lead provider retains overall responsibility for the quality of the provision.

Franchised provision is frequently found in locations that would otherwise be under-served by higher education. As a National Audit Office (NAO) report found, 59% of students from England studying with franchised providers are from areas of high deprivation, compared with 40% at all providers. It often delivers skills provision that is linked to specific local needs and that can help address public-sector skills gaps.

Franchised partners can be more agile, with a lower cost base, while also benefiting from the quality assurance and expertise of universities. This enables them to deliver courses flexibly, locally and responsively to student demand. In some cases, universities are even supporting franchise partners to work towards Office for Students (OfS) registration or to secure their own degree-awarding powers. This supports the kind of innovation and sector diversification envisaged by the Higher Education and Research Act (HERA) 2017.

We believe franchised provision plays an important role in supporting growth and opportunity. However it is critical that these partnerships are stable, of high quality and provide good value for money.

This framework, developed by Universities UK (UUK), GuildHE and the Committee of University Chairs (CUC), has been designed to support universities in achieving this.

Franchised arrangements are not the only types of partnership in higher education. For example, many universities will also have validation agreements, courses delivered in partnership with employers, and programmes delivered through

transnational education (TNE). A 2024 <u>report by Independent HE</u> provides definitions of some of these variations.

While this framework is tailored to addressing areas of risk in domestic franchised arrangements at English institutions, the principles and good practice it sets out will be applicable and adaptable to other partnership contexts and could provide useful lessons for institutions across the rest of the UK. We will continue to consider how this framework can be developed and applied to different kinds of partnership provision.

This framework aims to support universities to:

- strengthen governance arrangements in the management of franchised partnerships and demonstrate effective practice

- deliver high-quality, stable education by identifying and mitigating risk when entering into, maintaining and exiting franchised partnerships

- deliver good value for money by identifying and mitigating risks to public funds through monitoring partner and student activity throughout the partnership lifecycle with the same level of rigour as they apply to their core business

Universities must provide assurance to external stakeholders, including students, taxpayers and government, that franchise partnerships are well governed. Following this framework will help them to do so.

The framework will also support external stakeholders to develop an improved understanding of common approaches to the management of franchised partnerships in order for them to hold this kind of provision to account.

This framework is designed to work alongside the range of existing guidance that supports universities in managing their partnerships, including the advice and guidance issued by the Quality Assurance Agency for Higher Education (QAA) on partnerships in its UK Quality Code for Higher Education, the QAA Quality Compass on anticipating risk in partnerships and the <u>guidance of the Office of the Independent Adjudicator (OIA) on the delivery of learning opportunities with others</u>.

Overarching principles

Partnerships should be developed and overseen by a governance culture of leadership, communication and engagement, and proactive action.

Leadership

Governing bodies and executive teams should be proactively engaged with the development and maintenance of a franchise partnership policy, as appropriate for their distinct oversight roles. This includes maintaining strategic alignment between partners throughout the relationship. It is important that these arrangements are managed to be as stable as possible and that sudden change is avoided. This is in the best interests of both providers and students as sudden termination may have detrimental impacts on students and wider access to higher education in the local community.

Governing bodies should agree the policy framework within which franchised partnerships will be developed. Executive teams and academic boards should be free both to operate within the agreed framework and to seek approval for any possibilities outside it. Governing bodies should receive regular assurance that the agreed framework is operating effectively. Universities should consider their scheme of delegation and be clear about the decision making parameters of the Executive Board and Governing body.

Communication and engagement

There should be a culture of open communication and engagement between franchised partners. This means that there is consistent and clear communication of expectations and responsibilities. This will support the longevity of the partnership and open opportunities for stronger strategic alignment. A clear framework for ongoing communication and risk management will inform the appropriate level of engagement, and this in turn can enable a deeper understanding of potential problems or where there are examples of particularly good practice.

Where data or observations of the franchised partnership flag up inconsistencies or elements of risk, the university should be confident challenging this with the partner at an early stage. There should be space for an open dialogue between partners to either reach a resolution or escalate the issue further. This is important not only to maintain the quality of the student experience, but also to meet the regulatory

standards for student outcomes (OfS B3 conditions), as these relate to franchised provision. Communication and engagement plans should also be in place internally, ensuring that any issues are escalated to appropriate levels as soon as possible, even if this is outside normal monitoring cycles.

Proactive action

Leadership should take steps to actively design an approach that requires regular engagement and review of both data and the partnership relationship. Doing so can mitigate risk by being responsive to indications of issues arising before they become problematic. This means having ways of spotting problems, analysing the risk, including identifying the type of risk (eg, financial, commercial, student or regulatory), and having a clear escalation plan with well-defined assignment of roles and responsibilities. Recognising risk includes having robust data collection and verification methods that are used at multiple points over the year and an understanding of how to incorporate data with contextual information from communication and engagement in order to focus further action proportionately, while also adhering to the same quality assurance processes used for university-delivered provision.

A principles-based approach to identifying and responding to risk

Universities will have their own individual structures and processes to manage franchised partnerships. These could include wider developmental activities to support partners in providing accurate information that will contribute to the overall assurance of the quality of provision.

The principles in this framework are intended to support management and governing bodies to assess their existing approach specifically to manage risk and to ensure that there are the right checks and balances in place to assess, assure and respond to risk in these partnerships.

Governance

Good governance in franchise arrangements will clearly allocate responsibility for decisions and outcomes at appropriate levels. It sets a culture that embraces openness, enables challenge and rejects complacency and will provide external assurance of the good use of public funds. It will set clear roles and responsibilities in the organisation to identify and to report and act on risk through the oversight and implementation of good governance.

This can be demonstrated through:

- a common understanding and acceptance of each partner's objectives
- an established approach to risk that aligns with the strategic direction of the institution
- governance structures at both the lead and partner institutions that establish mutual understanding of roles and responsibilities from the start, supported by robust oversight
- opportunities for governing bodies to hold regular and substantive discussions about partnerships in order to assess and challenge the information presented

Questions to consider:

- Is there regular review that the partnership remains aligned with the strategic direction of both providers?
- Does your governing body have sufficient and appropriate information and data to be assured about the risk level of the partnership (both at the outset and on an ongoing basis)?
- Do members have the right skills and knowledge to make informed judgements about risk? If not, what support can be offered?
- Do reports to the governing body take account of the various boards and committees that are involved in franchised partnerships?
- Does your governing body challenge and ask questions? Are these followed up systematically until they are resolved? Is this process recorded?

Oversight

Effective oversight is underpinned by robust policies and procedures that are adhered to and that enable continuous monitoring of franchised partnerships. Oversight should include high-level engagement with senior leaders of both the university and partner institution. Those responsible for oversight should consider the level of risk involved in individual partnerships, based on systematic reviews of data and observation. Actions should be taken to mitigate risks or put action plans in place to address issues and ensure that these are resolved quickly.

This can be demonstrated through:

- an agreed quality assurance system that is regularly reviewed and discussed at high levels of decision-making
- multiple opportunities for reviews and reporting, outside the annual cycles, and as and when required
- maintaining and reviewing risk registers
- established processes to share learning from complaints, appeals and internal processes
- embedded, systematic approaches to self-assurance of data, including processes to confirm attendance and engagement and fulfil statutory reporting requirements
- independent and internal audits to check that controls continue to be effective and appropriate

Questions to consider:

- Do oversight bodies, such as executive boards and groups, review a range of dimensions of the partnerships, including (but not limited to) financial, academic and strategic elements?
- Is there a clearly identified senior executive responsible for regularly reporting on the state of partnerships?
- Does your risk register enable you to investigate and escalate risks?
- Are roles and responsibilities for managing and mitigating risks clear within the oversight structure?

Transparency

Franchised partnerships can work best when they are built and managed in the spirit of collaboration, cooperation and communication. This means that it should be clear what the mutual objectives are, how partnerships are managed and where responsibilities lie, both internally and within the partnership. There should be room for open conversations and honesty between partners. Evaluation and lessons learned should be captured and embedded in new processes.

Information about the partnership arrangements should also be clear to students. Students should know what to expect from who (including what is expected of them as students), clarity about who awards the degree, and where to go for support or to raise complaints. There should be mechanisms in place to respond where students or stakeholders raise concerns about the partner's provision or actions. If this changes as the partnership develops, contracts and student information should be amended.

This can be demonstrated through:

- published policies and procedures related to partnerships (eg, on attendance and engagement, admissions, complaints, monitoring etc)
- records of reviews and decisions regarding policies, and ongoing evaluation of the partnership's efficacy
- consulting with the OIA if partner providers are required to be a member of the OIA scheme or have clear timeframe for joining
- oversight and discharge of the lead provider's statutory responsibilities as these relate to franchised provision (eg, freedom of speech)
- observation of the learning, teaching and student experience environment
- including student voice in regular and ongoing engagement

Questions to consider:

- Is there a shared understanding of what each side of the partnership wants to achieve through the relationship?
- Is this established at the start?
- Do you regularly have open and honest conversations with your franchise partners?
- Are there sufficient opportunities for the partner to raise concerns or questions?
- Are there effective mechanisms to deal with complaints and whistleblowing?
- Are student complaints and appeals visible in committee reports?

Ongoing risk management throughout the franchised partnership lifecycle

This section will look at the establishment, maintenance and exit stages of a partnership and suggest ways in which universities can mitigate risk to ensure partnerships are delivering on both the institutional mission and value for money.

Establishing a partnership

Universities should ensure that **due diligence** is thoroughly undertaken before entering into a partnership. While this is not an exhaustive list, universities may wish to consider the following in carrying out due diligence:

- ownership and company structures of partners
- potential staff conflicts of interest and separation of the ownership from quality and admissions-related decisions
- staffing, including turnover, particularly of senior staff in partner institutions
- the experience of previous institutions in working with the potential franchisee
- track record of delivering higher education or expertise in specific subjects
- rapid growth or declining student numbers
- partner plans for oversight and management of academic quality
- extent of international student recruitment
- legal status and details of any previous or ongoing legal proceedings
- financial position and stability
- how the partner's objectives and mission align with those of the lead institution
- accreditation status

Universities should establish whether the partner intends to use **recruitment agents.** If the use of agents is proposed or in place:

- Due diligence should be undertaken to understand the relationship between recruitment agents and partner providers and in what capacity, in particular where there are any conflicts of interest, such as ownership or shared parent companies.

- There should be a clear and sound rationale that furthers the mission of the university or is aligned with the strategic aims of the partnership.

- There should be processes in place to ensure agents do not use high-pressure sales tactics or misuse funds.

- The use of agents and how these are managed should be clearly set out and agreed at the start of the partnership.

- The university should have mechanisms for the oversight of recruitment and information materials intended to be used for student recruitment.

Partnership agreements should be clear about the **roles and responsibilities** for both the university and partner institution. These should be established in relation to both the quality of provision and student protection. This includes ensuring providers are aware of consumer rights legislation and having contracts or agreements that are clear about:

- what students are entitled to and which partner is responsible for providing specific services (eg library access, student support, careers services etc)

- which institution is awarding the degree

- the processes and responsibilities for collecting student data, including the provision of training to ensure data quality and how data will be protected and verified

- obligations and responsibilities of each partner for the handling of student complaints, academic appeals and other internal processes and setting clear expectations about the information that can be shared about these processes

- the specific, named personnel attached to the roles and responsibilities, with prompt updating when required

- prospective teach-out arrangements should the partnership end, including how the university's Student Protection Plan will apply to students on franchised provision

Universities retain a proportion of the student tuition **fees** in franchised arrangements. While a standardised fee is not being proposed, given that each partnership will be distinct in what each partner brings to it and provides to the student, fees should be:

- proportionate, with contracts that are transparent about what is being provided for the fee
- reviewed periodically and remain in line with the original aims and objectives of the partnership

Questions to consider:

- What is the governing body's risk appetite for partnerships?
- How does the partnership align with the institution's strategy?
- Does the institution have a clear due diligence process covering financial, academic and quality systems, and staff and student support resources?
- Are the partners' plans for growing student numbers realistic and do they pose any questions for the institution?
- If partners are new entrants to the market, how will you assure yourself of due diligence without a track record of information?
- Has the partner delivered higher education before and in all the subject areas in which it is proposing to deliver courses?
- If your institution does not deliver provision in these subject areas, what additional assurance might you need?
- Is your institution able to teach out the students if required? How should your Student Protection Plan be amended?
- Does the partner use domestic agents? If yes, are appropriate management control processes in place?
- Does the partner have other franchise agreements and how do your academic regulations and student support arrangements align with these?
- Are you aware of any reputational risks connected to issues that are or have been in the public domain, and are you satisfied that these have been addressed and considered in the agreement?

Ongoing management

Both the leadership and governing body should ensure the university has mechanisms in place to **confirm student eligibility** before students are confirmed to the SLC and their funding is released. This will mean seeking assurances on the existence and robustness of processes that could include:

- entry criteria that are comparable to those for directly taught applicants on the same programmes (see UUK and GuildHE Fair admissions code of practice for guidance on ensuring fair and transparent admissions processes that are in the best interests of applicants)

- mechanisms to confirm each student's identity and validity, and processes to investigate where concerns are raised

- monitoring and recording attendance and engagement (see <u>Department for Education definition</u>)

- mechanisms to verify partner data, for example by periodic audits, data verification exercises and on-site visits

- data-sharing agreements to formalise the data required and in compliance with SLC and regulatory body deadlines (at a minimum, continuation and completion data and data for the Teaching Excellence Framework (TEF) and National Student Survey (NSS) results)

Academic quality should be monitored and reviewed regularly through university quality assurance processes. This should include:

- processes to recognise academic misconduct (eg, processes that review the consistency of submitted written work)

- periodic reviews of teaching on site as well as through annual/cyclical reports

- ensuring partner staff have relevant qualifications and expertise in any new or existing course offer

Questions to consider:

- Are franchise partnerships reflected on your institutional risk register?
- What information would the board want to see about the partner on an ongoing basis?
- How is information about multiple franchised partnerships considered together?
- What triggers do you consider when assessing risk and what is the threshold for bringing these issues to the board?
- How is your institution ensuring an ongoing relationship based on trust?

Exiting a franchised partnership

Partnerships may end for a number of reasons, and we would not expect that termination of a partnership necessarily means that there has been an issue related to quality or misconduct. However, it is important to have an **exit strategy** from the outset should the partnership end for any reason. Agreements should:

- stipulate the minimum amount of time required to formally end the partnership
- establish when SLC will be informed about a change in students' circumstances due to the ending of the partnership
- consider how ending the partnership will affect the overall stability of delivery
- ensure that mechanisms to operate complaints, appeals and other internal processes continue to exist for a period after the delivery of teaching, learning and research activities has ended for students
- include a plan to communicate with students and stakeholders once a decision has been taken

It is important that students are protected in the event of a partnership ending. Universities should:

- consider how the end of the partnership will affect students, including how students will be taught out or transferred and how complaints, disciplinary procedures or fitness to practice procedures will be expedited for students
- ensure that student protection plans cover arrangements for students in partnerships arrangements

Questions to consider:

- What is the notice period for ending a partnership, and is this appropriate for both partners to ensure stability and an opportunity to exit?
- When would you expect the partner to inform you if they are at risk of market exit?
- When would you tell your partner if you were at risk of market exit?
- How will students be taught out or transferred? Are there strong contingency plans in place?

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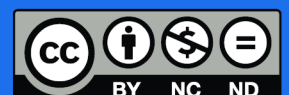universities in England, Scotland, Wales and
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