

July 2005/35

Policy development
Report of the review group

This report is for information

This report details the findings of phase one of the Quality Assurance Framework Review and includes the recommendations of the review group; these have been endorsed by HEFCE, Universities UK and SCOP, the sponsoring bodies of the review.

July 2005/35

Review of the Quality Assurance Framework

Phase one outcomes



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Review of the Quality Assurance Framework

Phase one outcomes

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Quality assurance, Information management
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Executive summary

Purpose

1. This document sets out the outcomes of the first phase of the review of the quality assurance framework (QAF) for higher education institutions. It includes proposals for changes to institutional audit by the Quality Assurance Agency for Higher Education (QAA), to take effect for the next cycle of audits starting in 2006-07.

Key points

2. During 2004-05, the QAF review group completed phase one of the review, concerning the impacts, benefits and costs of institutional audit by the QAA. The review group found the process to be cost-effective and working well, and recommended a number of improvements for the next cycle of institutional audits. The main proposed change is to replace Discipline Audit Trails (DATs) with a more flexible audit trail method.

3. HEFCE, Universities UK and SCOP, as joint sponsors of the QAF review, have all endorsed the review group's recommendations in full.

4. The QAA will develop detailed proposals regarding changes to the institutional audit method, and consult with the sector on these during autumn 2005.

5. The second phase of the QAF review, concerning the public information aspects of the framework, will begin in autumn 2005.

Action required

6. No action is required by institutions; this report is for information.

Introduction

7. In 2001, the arrangements for assuring the quality of teaching and the standards of awards in HEIs were revised. Continuation audits and subject review by the QAA were replaced with the quality assurance framework (QAF); this comprises:

- institutional audits by the QAA
- collaborative provision audits, to supplement institutional audits, for those HEIs with large or complex collaborative provision
- the publication of information about quality and standards through the Teaching Quality Information (TQI) web-site. This includes the results of the National Student Survey (NSS).

8. These arrangements are underpinned by the Academic Infrastructure (AI), developed by the QAA on behalf of the sector. The AI establishes national reference points regarding the standards of qualifications.

9. The revised quality assurance processes were implemented through a transitional cycle between 2002 and 2005, in which each HEI received one or more developmental engagements, and an institutional audit. During this period TQI and the NSS were consulted on, piloted and developed.

10. In 2004, HEFCE, Universities UK and SCOP, as joint sponsors of the QAF, agreed to review the transitional cycle of the QAF. This was partly in response to the Better Regulation Task Force, and to identify improvements that could be made beyond the transitional cycle. The sponsoring bodies established the QAF Review Group, with terms of reference and membership as described at Annex A.

11. Since the revised QAF is being implemented in stages, the review is taking place in phases. In phase one, the review group focused on the impacts, benefits and costs of QAA institutional audit during the transitional cycle, in order to recommend improvements for the next cycle of audits. The outcomes are presented in this document. The review group will consider the public information aspects, and collaborative provision audits, in the next phase from autumn 2005.

Outcomes of phase one of the review

12. Phase one of the QAF review has concluded, and the review group submitted its final report and recommendations to the sponsoring bodies in spring 2005. The full report of the group follows this introduction from the sponsoring bodies. A summary of the review group's recommendations is at Annex B.

13. In reaching its conclusions, the review group drew on evidence provided through the study by JM Consulting, 'The costs and benefits of external review of quality assurance in higher education'. The executive summary of this report is at Annex C, and the full text is available on the HEFCE web-site www.hefce.ac.uk under Publications/R&D reports.

14. The sponsoring bodies welcome the report and the recommendations made by the review group, and thank the group for its work. The sponsoring bodies welcome the conclusions that institutional audit by the QAA is cost-effective, broadly fit for purpose, and has succeeded in reducing the burdens of the previous subject review process.

15. They have also considered and endorse the review group's recommendations to improve the audit process, for the next cycle (recommendations 1 – 13). In the light of the evolution of quality assurance (QA) arrangements for HEIs which have matured over a period of time, the sponsoring bodies welcome this opportunity to further improve the process.

16. The most significant change to the QAF will be the replacement of DATs with a more flexible audit trail methodology. This should introduce greater opportunities for enhancement into the institutional audit process, while still providing an effective means of testing the operation of the institution's systems and procedures. In this way, greater opportunities for enhancement should be incorporated, while maintaining the overall purpose of institutional audits, to provide assurance that institutions are fulfilling their responsibilities regarding the management of quality and standards, and doing so with reference to the Academic Infrastructure.

17. Having endorsed the recommendations of the review group, the sponsoring bodies have invited QAA to develop detailed proposals for operational changes to the audit method. The QAA is expected to consult on these proposals in autumn 2005.

18. While the review group focused primarily on institutional audit, it also identified further efforts that could be made to bring together different quality assurance activities, for the benefit of stakeholders and institutions. The review group has made suggestions in this area (recommendations 14 to 17), and has established a helpful working relationship with the Higher Education Regulation Review Group (HERRG).

Further development and review of the QA arrangements

19. In focusing on institutional audit, the review to date has considered one major element of the QAF. The other essential element – the publication of information about quality and standards – will be reviewed from autumn 2005. This will focus on the costs, benefits and impact of TQI and the NSS. Research and consultancy studies with all key stakeholder groups – including prospective students, employers and institutions – will be commissioned to support this. The second phase of the review is expected to report initially by summer 2006.

20. In addition, the following developments to the QA arrangements are expected over the next few years:

- a. The QAA will review elements of the Academic Infrastructure. This will help ensure the robustness of the infrastructure which underpins institutional audit.
- b. The QAA and relevant partners will continue their efforts to ensure alignment with quality assurance aspects of the emerging European Higher Education Area.
- c. The QA arrangements for higher education in further education (HE in FE) will be reviewed, with a view to replacing Academic Review of directly-funded HE in FE with revised arrangements.

21. Towards the end of the next cycle of audit (due to complete in 2010-11), in line with recommendation 18 of the QAF review group, the sponsoring bodies intend to review the QA arrangements again, to ensure that they continue to mature and improve over time. We anticipate that at that stage it will be timely to consider further the possible implications of variable fees.

Report of the Quality Assurance Framework Review Group

Summary

1. This report concludes phase one of the review of the Quality Assurance Framework (QAF) overseen by a group convened by HEFCE, the Standing Conference of Principals (SCOP) and Universities UK. Part of the group's remit was to advise JM Consulting, the consultants commissioned to assess the impact of external review of quality assurance in higher education (HE). The consultants' report 'The costs and benefits of external review of quality assurance in higher education' (hereafter referred to as the Costs and benefits report) is cross-referred to extensively in this report. It is available on the HEFCE web-site www.hefce.ac.uk under Publications/R&D reports. The group has drawn on the work of the consultants to reach its conclusions presented in this report.

2. In this first phase of the review the group concentrated on considering the QAA's institutional audit process, and makes recommendations on its future operation. The group concluded that the evidence strongly confirmed that the sector was performing well, and that quality and standards were seen internationally to be very high. The group would now wish to see a move towards a more enhancement-focused process. It believes the recommendations it has formulated will increase effectiveness and the benefits to institutions and other stakeholders, without loss of rigour.

3. The consultants considered other external quality assurance processes to which higher education institutions (HEIs) are subject, in order to report to a separate group led by the Department for Education and Skills (DfES) that is considering the overall impact of review and inspection for HEIs. The QAF group has drawn on this work and considered the QAF within the context of the overall landscape of review and inspection for HEIs. It is concerned that there is a lack of coherence for HEIs within the current arrangements, and suggests to stakeholders ways to encourage greater co-ordination.

4. From autumn 2005, the group will undertake phase two of the QAF review. This will focus on

public information aspects and collaborative provision audits. Phase two will also consider the articulation of the various elements of the QAF to review how the framework as a whole meets its objectives.

Introduction

5. The current Quality Assurance Framework which replaced the previous continuation audit and subject review system, was agreed by the sponsoring bodies (HEFCE, SCOP and Universities UK) in 2001. It started with a three-year transitional cycle, commencing September 2002. One of the main reasons for the new framework was to avoid the unnecessary burden of a further cycle of subject review, especially given that the first complete cycle of subject review had demonstrated high quality and standards across almost all the HE sector.

6. To ensure that the QAF did indeed reduce the burden of quality assurance on the sector, the Better Regulation Task Force recommended that the impact of the revised QAF should be evaluated two years after implementation. To fulfil this recommendation, the QAF Review Group was convened by HEFCE, SCOP and Universities UK in August 2004. The group's terms of reference and membership are at Annex A. Although the review was prompted by considerations of cost and burden, the group has been equally concerned to identify the benefits and effectiveness of the QAF.

7. The phased introduction of the different elements of the QAF means that the review is also taking place in phases. This report completes the first phase of the review, which concentrated on reviewing the costs and effectiveness of those elements of the transitional phase which have been fully implemented to date. It focuses on institutional audit, and makes recommendations on how institutional audit can be developed for the next full cycle, following the completion of the transitional phase in 2004-05. For institutional audit and developmental engagements, this report therefore fulfils sections 2a to 2d of the group's terms of reference (see Annex A).

8. The elements of the QAF and hence the scope of the review are:

- a. Institutional audit, incorporating Discipline Audit Trails (DATs) and thematic enquiries (undertaken from September 2002).
- b. Developmental engagements (undertaken from September 2002 to July 2004 and an element only in the transitional phase).
- c. Collaborative provision audit (to be undertaken from summer 2005).
- d. Teaching Quality Information (TQI) including the National Student Survey (NSS) (currently being implemented and to be fully launched in September 2005).

9. In this context the group also had an interest in the use made by institutions of the Academic Infrastructure¹ (the set of nationally agreed reference points for quality and standards developed by the Quality Assurance Agency for Higher Education (QAA) on behalf of the higher education sector), in particular the 'Code of practice for the assurance of academic quality and standards in higher education'.

10. JM Consulting was commissioned to provide evidence for the group on the effectiveness, impact and costs of the revised QAF. Its work was steered by the group, jointly with the DfES group. The consultants undertook substantive fieldwork with a sample of 12 HEIs, selected as being representative across the sector, and conducted interviews with agencies involved in external quality assurance in HE. JM Consulting's report, 'The costs and benefits of external review of quality assurance in higher education', provides the bulk of the evidence for the group's recommendations, and is available on HEFCE's web-site at www.hefce.ac.uk under Publications/R&D reports. In relying heavily on the consultants' report, the group acknowledges some limitations in its evidence base, in that the consultants depended on a sample of institutions, and the institutional experience itself is still quite

recent. However, it believes it has been able to draw valid conclusions from the evidence available to it.

11. The consultants' work has also provided evidence for a DfES-led group on the overall impact of external quality assurance activity on HEIs. The QAF review group has also been able to use this evidence, when considering the relative impact of the QAF in relation to other external quality assurance activity and the relationships between the various processes.

12. The second phase of the review, due to start in autumn 2005, will consider the public information aspects of the QAF and the new arrangements for collaborative provision audits. The first of these collaborative provision audits are due to take place in summer 2005, and the TQI and results of the NSS are due to be launched in early autumn. The consultants' report projects some estimated costs for these elements. Such costs will need to be considered further in the second phase, which will also address the benefits and effectiveness of these elements of the QAF.

Discussion

Purpose of the Quality Assurance Framework

13. The purpose of the Quality Assurance Framework² is:

- a. To provide one means of securing accountability for the use of public funds received by HEIs.
- b. To contribute, in conjunction with other mechanisms, to the promotion of high quality and standards in teaching and learning.
- c. To provide students, employers and others with reliable and consistent information about quality and standards at each HEI.
- d. To ensure that HE programmes are identified where quality or standards are unsatisfactory, as a basis for ensuring rapid action to improve them.

¹ Programme specifications, subject benchmark statements, the Framework for Higher Education Qualifications in England, Wales and Northern Ireland and the 'Code of practice for the assurance of academic quality and standards in higher education'.

² As defined in 'Quality assurance in higher education: Proposals for consultation' (HEFCE 01/45).

14. The group supports the consultants' suggestion that a fifth commonly understood and underlying purpose involves maintaining public confidence in, and protecting the international reputation of, higher education (paragraph 2.54 of the Costs and benefits report). The group also recognised that the QAF is intended to fulfil a number of purposes and in seeking to achieve all of them, and as the wider context changes, there is a risk of tension between the different purposes and elements of the QAF which could potentially weaken it over time. The group intends to revisit this issue in the second phase of the review.

The transitional phase

15. The transitional phase of the QAF has been implemented as intended between 2002 and 2005. The elements of the QAF within the transitional phase are:

- a. A full programme of institutional audit, incorporating Discipline Audit Trails (DATs) and thematic enquiries (2002-05).
- b. Developmental Engagements (2002-04).
- c. Collaborative Provision Audit (2005 onwards).
- d. Teaching Quality Information (currently being implemented with a full launch planned for September 2005) and the National Student Survey (the first one has been conducted, with results due for publication in September 2005).

16. Collaborative provision audit is intended to focus on how an awarding institution discharges its responsibilities for what is done in its name, and under its authority, through collaborative arrangements with a partner organisation, where the provision is too large or complex to be included in institutional audit. TQI (including the results of the NSS) is intended to provide public information which will inform potential students, employers and other interested parties about the quality and standards of programmes offered by institutions.

17. On the evidence available to it, the group concluded that those aspects of the transitional phase which have been completed have generally been effective and have fulfilled the overall objectives of the QAF. The costs involved (Tables 1

and 1a of the Costs and benefits report) have been acceptable and an improvement on past approaches, but it is possible to reduce both the burden and the costs, while improving the effectiveness, in the next cycle. The consultants' report indicates that all main stakeholders interviewed were satisfied that the transitional phase has provided an appropriate level of assurance (Chapter 6, in particular conclusion 5 of the Costs and benefits report), but the group takes the view that there are opportunities for greater enhancement value in future.

18. In considering the various elements of the QAF during the transitional phase, the group has concluded that:

- a. Developmental engagements (DEs) provided an opportunity for institutions to interact with QAA in a rather different way than previously. DEs did not result in published reports or outcomes, and were intended in part to provide institutions with the opportunity to explore their internal quality assurance (QA) procedures with QAA as preparation for the forthcoming first-round audit. The inclusion of an institutional nominee on the team was indicative of the spirit of co-operation that was intended to mark this activity. The consultants' report shows that generally DEs were well received among the sample institutions (paragraphs 3.58 to 3.87 of the Costs and benefits report). In light of the positive responses to DEs, the group has considered the possibility of incorporating some of these features into the next cycle of institutional audits.
- b. Institutional audit was generally well received by the institutions in the sample, which identified both a number of benefits and also less positive impacts. Overall, the group has concluded that institutional audits in the transitional phase have broadly achieved their purpose, and that further improvements can be made to the process. In relation to the group's evaluation of audits in the transitional phase, the key findings are:
 - i. Audit is seen as a rigorous and mature peer review process that has developed through

consultation with the sector, and appropriately recognises that responsibility for managing quality and standards lies with institutions.

- ii. Institutions report a significantly reduced burden on staff in schools/departments compared to subject review (although there may be an increased workload on staff working centrally within the institution). However, a high proportion of the costs of audit have been related to DATs which, in the view of the institutions, delivered few recognisable benefits.
 - iii. Some institutions appeared to be spending an excessive amount of time preparing for the institutional audit. The consultants suggested a number of possible reasons for this. Related to this there was evidence of a lack of confidence in engaging openly and self-critically with the process at some institutions (paragraphs 4.45 to 4.53 of the Costs and benefits report).
 - iv. The involvement of students in the process, particularly the opportunity to produce a student written submission, has been positive for all concerned.
 - v. Institutions reported some areas where greater clarity would have been desirable, for example regarding the extent to which collaborative provision is covered within institutional audit, and the amount and purpose of additional information requested by audit teams.
- c. There are a number of concerns among institutions regarding TQI and NSS (paragraphs 3.99 to 3.101 of the Costs and benefits report). The group will examine these elements of the QAF in greater detail in the second phase.

Wider context

19. Following evaluation of the transitional phase, the group's main task in phase one has been to consider improvements that might be made to the QAF, especially in the next cycle of institutional audits. In doing so, as part of its remit, the group

was asked to consider the wider context within which the QAF is likely to operate in future. Four main issues for discussion were identified:

- the European dimension
- the possible effect of the introduction of variable fees for full-time undergraduate provision
- the relationship to other external QA processes
- the scope for enhancement within quality assurance.

Each of these areas is discussed below.

The European dimension

20. The group has given initial consideration to relevant developments emerging from the Bologna Process (aimed at establishing the European Higher Education Area by 2010) and from the European Commission. The group recognises that the UK system of quality assurance needs to articulate with the current European Higher Education Area and EU proposals. The group noted that a number of other European HE systems operate an accreditation system at programme level, and are becoming aware of its costly nature. At the same time, the importance of commonly-recognised professional qualifications and the role of professional bodies in some sectors may contribute to pressures in Europe to move towards a form of accreditation at programme level and/or institutional level which would not be welcomed by the group.

21. The group was also aware of the work of the European Association for Quality Assurance in Higher Education (ENQA) in response to the European higher education Ministers' request to bring to the ministerial meeting on the Bologna Process in Bergen in May 2005 a proposal for a peer review system for QA agencies and common standards and guidelines for quality assurance agencies. The proposal, accepted by the Bologna Follow-Up Group, is broadly compatible with current arrangements in the UK. Work on an overarching qualifications framework for the European HE Area has also been undertaken. This has relevance for the Academic Infrastructure, particularly the Framework for Higher Education

Qualifications for England, Wales and Northern Ireland, which again is broadly compatible with the proposals.

22. The group's judgement is that its recommendations regarding the QAF are compatible with present developments in Europe on quality assurance for higher education. In forming its recommendations the group has taken the European context into account as far as is possible. Nevertheless, there is a fast moving agenda in this area, and there are strong political imperatives within the European Higher Education Area and the EU. There is a need to ensure both that the UK position continues to be well informed of such developments and that the UK's now considerable experience is widely shared.

The possible effect of variable fees

23. The group agreed that the introduction of variable fees for full-time undergraduate provision from 2006 in England could change the context within which the QAF operates. The additional income for institutions should help maintain and improve the student learning opportunities and support, although it was acknowledged that this would depend on the level of additional income achieved, and what it is used for in individual institutions.

24. It was acknowledged that current levels of resource already vary between institutions but this has not been found evidentially to lead directly to corresponding variations in quality or standards. However, there was general agreement in the group that greater variability in levels of funding for teaching may lead to greater variability in quality, although the impact is difficult to predict. Greater variability may lead to pressure to make changes to quality assurance arrangements, particularly if perceived threats of a decline in quality or standards emerge.

25. The group recognises that the Academic Infrastructure provides a set of common reference points for quality and for the standards of awards. The evidence of QAA institutional audits to date and the consultants' findings shows that the expectations of the Academic Infrastructure are being addressed by institutions, and the group was

satisfied that on present evidence the Academic Infrastructure provides a sound basis for protecting quality and standards. In addition, professional, statutory and regulatory bodies (PSRBs) and relevant public bodies play an important role in protecting standards of professional qualifications in their areas, and they often place significant additional requirements on HEIs.

26. In the group's opinion, the prospect of greater variability arising from the introduction of limited variable fees for undergraduate courses up to a maximum of £3,000 per year, does not currently warrant changes to the QAF. Nevertheless, if greater differentiation in the market is introduced in future (for example by the removal of the cap on fees) the QAF may need to be further revisited following the next cycle.

27. It was also recognised that in a variable fees environment there may be increasing pressure for students to have access to good information about the quality and standards in institutions. In phase two the group will consider the impact of TQI in this context.

Relationship with other external QA processes

28. Chapter 5 of the consultants' report includes information on external QA activity in HEIs beyond that undertaken by QAA as part of the QAF. The group has considered the relationship between QAA institutional audit and the other forms of external quality assurance to which HEIs are subject. In particular it explored whether there is scope to avoid duplication and reduce the burden of review for institutions. The separate DfES-led group is considering the total impact of inspection and review. The review group noted that the external quality assurance undertaken by, or for, PSRBs seems to form the greater proportion of burden within the sample institutions (paragraphs 5.102 to 5.105 of the Costs and benefits report). The group also noted the different types of interactions with PSRBs, including both the fact that institutions may choose to undergo external quality assurance processes in order to enhance or maintain their market position, and the difference between the generality of professional bodies and those with statutory or formal regulatory responsibilities.

29. Other types of external quality assurance mainly reflect the requirements of the different funders of teaching activity in HEIs, for example in teacher education (Ofsted inspection of initial teacher training carried out for the Teacher Training Agency) and health (for example, the Major Review of healthcare provision contracted out by Skills for Health to QAA). The group felt strongly that there was considerable scope for some harmonisation of these activities, without the risk of loss of rigour.

30. The group noted the active interest of the Higher Education Regulation Review Group (HERRG) in these matters. It fully supports HERRG's efforts to encourage all bodies concerned with quality assurance and inspection in HE to work together to remove duplication and unnecessary burdens on HEIs. In particular, it supports HERRG's intention to develop a concordat covering both quality review processes and data collection.

Scope for enhancement within quality assurance

31. The current QAF is intended primarily to deliver public assurance about quality and standards. It also incorporates some limited formal enhancement and development aspects through a number of elements, for example:

- developmental engagements (in the transitional phase only)
- the requirement for institutions to produce self-evaluation documents at institutional level for institutional audit and discipline level for DATs
- the opportunity for students to engage with the institutional audit process through the production of a student written submission
- recommendations in audit reports that the audit team believes have the potential to enhance quality.

32. The transitional cycle of institutional audits has generally confirmed grounds for a high degree of confidence about institutions' management of quality and standards. The group takes the view that a continued strong focus on assurance, with little attention to enhancement, would not be the most effective use of resources. It wishes to see a shift in the balance towards enhancement, as

expressed through the active promotion of high quality and sharing good practice. The group believes that this is fully compatible with continued rigour in assuring quality, but that a stronger enhancement aspect to institutional audit will deliver increased benefits to students and to institutions. It would promote further confidence between institutions and QAA, and encourage institutions to be more self-critical and more open to identifying improvements.

33. The group recognises the role of the Higher Education Academy in working with the UK higher education community to enhance the student experience. It also recognised that by its nature QAA institutional audit focuses on quality management processes rather than directly on the student experience. In the first instance, institutional audit may contribute more towards enhancement of quality management processes but the group would welcome an approach that could contribute more directly to enhancement of the student experience itself. To this end the group would wish to encourage close working between QAA and the Higher Education Academy, recognising the importance of maintaining distinct roles for the two organisations.

34. The wish to develop quality enhancement aspects features in a number of the group's recommendations. To inform discussion of these issues the group looked at the Quality Enhancement Framework operating in Scotland, including the role of students within the process, and considered the extent to which such approaches might be appropriate to the QAF. The group also considered Developmental Engagements, undertaken as part of the transitional phase, and whether their enhancement aspects could be taken forward within the QAF in future.

Other discussions

35. Other discussions were conducted around:

- a. The wider international context of quality and standards.
- b. The proposed introduction of a framework for professional standards for learning and teaching.

- c. Current work on strengthening and supporting the external examiner system.
- d. The recommendations of the scoping group on ‘Measuring and recording student achievement’³.
- e. The introduction of revised standards for postgraduate research degrees by the UK Funding Councils/QAA.
- f. Quality assurance and private providers of higher education/institutions not in receipt of funding through the Funding Councils.

Recommendations for QAA institutional audit

36. The QAA’s ‘Handbook for Institutional Audit: England’ describes institutional audit as a

‘process that pays due attention to the quality of programmes and the standards of awards at the point of delivery, as well as to institutions’ ultimate responsibility for what is done in their names and through the exercise of their formal powers. It is an evidence-based process carried out through peer review, and balances the need for publicly credible, independent and rigorous scrutiny of institutions with the recognition that the institutions themselves are best placed to provide stakeholders with valid, reliable and up-to-date information about the quality of their programmes and the standards of their awards’.

37. Institutional audit examines the effectiveness of an institution’s internal quality assurance structures and mechanisms. The process leads to a judgement on the confidence that can be placed in the soundness of the institution’s present and likely future management of the quality of its programmes and the academic standards of its awards. Consideration is also given to the accuracy, completeness and reliability of the information that an institution publishes about the quality of its programmes and the standards of its awards, and a judgement is made on this.

38. The transitional cycle of institutional audits began in September 2002 and is due to be

completed in summer 2005. By that time all institutions in England and Northern Ireland will have been audited (with the exception of a small number undergoing scrutiny for the award of degree awarding powers).

39. Overall, the group considers institutional audit to be an appropriate and effective external quality assurance process, and wishes to see it proceed into the next six-year cycle. However, there are opportunities for further development, and this report recommends some significant changes to the process. If these recommendations are accepted, QAA will need time to develop, consult on and prepare for implementation of the changes. At the outset of the review, relevant committees of Universities UK, SCOP and HEFCE accepted that if any substantive changes to the audit method resulted from the process, there would need to be time to develop them before the next cycle of audits, and accepted the possibility of a ‘gap year’ for institutional audit during 2005-06.

Recommendation 1

The next cycle of QAA institutional audit should commence in 2005-06 and conclude in 2010-11 as planned, and thereafter operate on a six-yearly cycle. The first year of the cycle should concentrate on Collaborative Provision Audits. The full programme of institutional audits should be undertaken over the latter five years of the cycle, to enable appropriate consultation and implementation of the proposed changes to the audit process to take place.

40. The group noted that once the methodology for the next cycle of institutional audit is finalised, it will be counter-productive to make any further major changes to the process until the end of the cycle.

41. The group would wish to make a number of recommendations about specific aspects of institutional audit that it believes would improve effectiveness and value, and lead to further reductions in cost and burden.

³ Available at <http://bookshop.universitiesuk.ac.uk/downloads/measuringachievement.pdf>

Audit teams

42. The group noted the care taken by QAA to recruit and train members of audit teams, and would wish to see this activity enhanced if possible. The consultants reported a range of views from institutions about their interactions with audit teams (paragraphs 3.66 to 3.75 of the Costs and benefits report). Although broadly positive, there were suggestions that such interactions could be improved by, for example, identifying an audit chair role, including institutional representatives in some elements. In refining the audit process for the next cycle, QAA should be encouraged to consider such options, or other ways of making interaction between audit teams and the institution more effective, to respond to the issues reported by the consultants.

Recommendation 2

QAA should be asked to consider whether the structure or management of the audit team can be enhanced, and to seek to develop more effective interaction between the audit team and the institution during the institutional audit.

43. Paragraphs 44-47 recommend significant changes to Discipline Audit Trails. These changes, as well as the move to a six-yearly cycle, would have implications for the recruitment of auditors, because the pressure on QAA to recruit and maintain a large pool of auditors with subject-specific expertise should reduce. Nevertheless, QAA will continue to depend on individuals of the highest calibre and the willingness of institutions to allow them to offer their services.

Recommendation 3

QAA should be asked to build on the opportunity provided by streamlining the institutional audit process to continue to enhance its cohort of auditors, including through continuing development of training and evaluation. Institutions should also be encouraged to nominate members of their staff of the highest calibre to serve as audit team members.

Discipline Audit Trails

44. Currently, the institutional audit process incorporates DATs, which were intended to allow audit teams to test the operation of institutional policies and procedures at the discipline level. DATs are expected to cover at least 10 per cent of the institution's full-time equivalent higher education student population. Most institutions (with the exception of small or specialist institutions) have received between four and six DATs.

45. The group recognised that DATs had been included in the audit process in 2001 as something of a compromise arrangement in moving away from subject review. There has been ambiguity across the sector about their purpose, which has affected how institutions have responded to them. Although the primary stated purpose was to test procedures in practice and so inform the overall judgement on confidence in an institution's management of quality and standards, DATs also led to judgements on quality and standards at the discipline level. There is a lack of clarity about whether this was to ensure that information continued to be provided at the subject level from some external scrutiny (following the decision to move away from the previous subject review process), and if so, how this relates to TQI.

46. The consultants reported that institutions have experienced DATs as 'mini subject reviews', involving substantial burden and other impacts that were associated with subject review, and that they have been of very limited enhancement value (paragraphs 3.54 to 3.65 and conclusion 5 of the Costs and benefits report). Given the negative impact, the group considers that DATs' primary purpose of testing institutional procedures in practice could be achieved much more cost-effectively, by replacing DATs with more flexible and enhancement-focused audit trails. The group believes that thematic trails could in some cases be more suitable, but that subject-based trails could also continue to be appropriate in other cases.

47. The enhancement value of such audit trails is likely to be greater where there is negotiation between QAA and the institution about what areas would be most useful to explore. Nevertheless,

audit trails must still provide assurance about the institution's management of quality and standards, and robustly inform overall audit judgements. The audit team would therefore need to have the final say on any areas it deemed necessary to trail (based on the available evidence).

Recommendation 4

QAA should be asked to develop a flexible audit trail methodology to replace DATs. The methodology should be capable of being both theme- and subject-based, and be less of a burden for HEIs than DATs are currently. The purpose of the trails within institutional audit would be to test quality assurance processes operating within the institution to inform overall judgements about the institution's management of quality and standards, and to provide an opportunity for more enhancement-focused discussion and development. Aspects to be covered in the trails should be discussed between QAA and the institution.

Thematic enquiries

48. QAA's 'Handbook for Institutional Audit: England' describes thematic enquiries as 'explorations of the way in which aspects of the institution's quality assurance procedures work across the institution as a whole. They may be undertaken if an audit team considers that an aspect of an institution's management of quality and standards is particularly interesting or requires checking across several disciplines. They may be linked to consideration of specific sections of the Code of Practice'.

49. In practice, thematic enquiries have rarely been used by audit teams (only at six institutions to date) because DATs have taken up the available time within the audit process, and the audit activity and report routinely covers a range of themes of interest to the teams. The group was interested in the possibility of a thematic approach being used more extensively in institutional audits.

50. The group considered options for identifying themes, perhaps on a national basis (as featured in the Scottish Quality Enhancement Framework). It concluded that the larger HE sector in England and Northern Ireland made this approach problematic,

and any attempt to do this would militate against the benefits of agreeing themes in discussion with the institution; for these reasons it does not recommend this approach.

51. Some initial discussion took place about agreeing the scope of audit trails. The group agreed that themes could be identified through dialogue with institutions both through the QAA institutional audit process and the work the Higher Education Academy is undertaking with institutions. The group would welcome collaboration between QAA and the Higher Education Academy in sharing intelligence and, through clearly defined roles, supporting each other's work in investigating, reporting on and promoting enhancement on the kind of themes that may be trailed in audits.

Recommendation 5

QAA should be asked to develop proposals to establish criteria for agreeing the scope of audit trails, and in so doing is encouraged to consider how far these criteria could usefully be related to the perceived level of risk.

Mid-cycle interaction

52. When the QAF was established, the intention was that in its 'steady state' six-yearly cycle, institutions would have a mid-term engagement with QAA, between audits, so that each institution has some engagement with QAA approximately every three years. The group agrees that within the six-year cycle a mid-cycle interaction is appropriate, to provide an opportunity for the institution to report on action undertaken since the last institutional audit and its future plans. The group urged that the mid-cycle interaction should be predominantly desk-based and that any additional preparation by the institution should be kept to a minimum.

53. In addition, the group considers that, given the mid-cycle interaction, it would be unnecessary for institutions to continue to provide an update report to QAA a year after the institutional audit, except for those institutions that had received essential recommendations.

Recommendation 6

QAA should be asked to develop more detailed plans for mid-cycle interaction with institutions, using existing material and involving minimal additional preparation by institutions. Institutions should no longer be asked to report to QAA a year after the institutional audit has taken place except in cases where essential recommendations have been made.

Occasions for further interactions during the cycle

54. The group noted the current provision within the institutional audit process for an audit report to recommend that an academic review be undertaken, where serious concerns about particular provision had arisen. Although this option had not been exercised during the transitional cycle the group believes it is important for this to be retained, both to provide a means of identifying programmes where quality or standards were weak and to reinforce public confidence in the process. The group agreed that it was important to recognise that the timetable for institutional audit and mid-cycle interaction should not preclude QAA from responding to specific concerns at other times if appropriate. Such concerns could be raised from other information sources, for example TQI or reports from PSRBs, but QAA should respond outside a scheduled engagement only if such concerns are serious and substantiated by sound evidence, and should respond in a way which recognises the primary responsibility of the institution for resolving such issues. The group wishes to consider this issue further, and in particular the use of TQI in identifying such concerns, in phase two of the review.

Recommendation 7

The possibility of an academic review being triggered through an institutional audit or other agreed good cause should be retained. Where QAA has serious and substantiated concerns about an institution's management of quality and standards, an appropriate review should be triggered.

Student participation

55. The group believes that increased student input into the institutional audit process has been valuable (paragraphs 3.81 to 3.84 of the Costs and benefits report). Continued involvement of students in the process should help promote the focus on assuring and enhancing the quality of the student experience.

Recommendation 8

Student participation in institutional audit has been successful and valuable, and should continue to be promoted and supported by all.

Use of the Academic Infrastructure

56. At an early stage, the group debated the extent to which the Academic Infrastructure should be considered as part of the QAF review. The Academic Infrastructure is owned by the sector and maintained on its behalf by QAA. The components of the Academic Infrastructure are:

- the Framework for Higher Education Qualifications in England, Wales and Northern Ireland
- the 'Code of practice for the assurance of academic quality and standards in higher education'
- subject benchmark statements
- programme specifications.

57. Although it is recognised that the Academic Infrastructure itself is not limited to being a quality assurance tool, the use made of it by institutions was acknowledged to be important and deemed to be within the group's remit. The consultants' research included questions about the Academic Infrastructure in its enquiries with institutions, and found that generally it was becoming embedded in institutions' quality assurance processes (paragraphs 3.91 to 3.98 of the Costs and benefits report).

58. Developments in Europe regarding an overarching qualifications frameworks aimed at articulating national systems have not yet been adopted and have consequently not yet impacted on institutions, but the group has noted the extent to

which the Framework for Higher Education Qualifications in particular fits with this emerging European approach.

Judgements, reporting and feedback

59. Paragraphs 3.33 and 3.77-3.78 of the Costs and benefits report raise issues about the reporting and judgements in institutional audit. Currently, a single judgement on the confidence in the present and likely future management of quality and standards is made. The group considered if consolidating these two different aspects into one may reduce its usefulness, and made reference to the outcome judgements in Developmental Engagements. It was suggested that QAA may wish to consider whether two separate judgements could be made instead: one on quality and the other on academic standards of awards, with each judgement reflecting the confidence that can be placed in the soundness of the institution's present and likely future management.

60. The group notes the feedback from the consultants about the wording of the 'broad confidence' judgement (paragraph 3.33 of the Costs and benefits report) and recommends that the judgements could reflect 'confidence', 'limited confidence' and 'no confidence'.

Recommendation 9

QAA should be asked to consider the judgement of 'broad confidence' becoming 'confidence'.

61. In terms of the feedback and reports institutions receive from QAA following an audit, the consultants' report suggests that there is scope for improving the depth of analysis and enhancement value. More widely, through the range of its audit and review activities, QAA has been developing a unique resource of information about practices across the higher education sector. The group would like to encourage QAA to do more than at present to analyse and disseminate information to the sector that could contribute to quality enhancement. This is another area where information sharing and collaboration with the Higher Education Academy would be useful.

Recommendation 10

QAA should be asked to develop more useful feedback and dissemination mechanisms, both for individual institutions and for the sector as a whole.

Recommendation 11

The Higher Education Academy should draw on QAA's review reports and 'Learning From...' series to inform its work on quality enhancement with the sector.

Institutions' preparation for audit

62. The consultants report that institutions invest in preparation for institutional audit to differing extents; some of these differences arise from a deliberate choice to add value to the audit for the institution's own purposes (paragraphs 4.45 to 4.53 of the Costs and benefits report). This use of audit could be viewed and reported by the audit team as an approach to enhancement. However, institutions should be discouraged from unnecessary over-preparation, which the consultants suggest can have significant cost implications without discernible additional benefits. To some extent over-preparation may arise from an institution's lack of confidence in the process, or an excessive aversion to risk. This should be eased by this report's recommendations for a more open, enhancement-focused approach to audit. The group hopes that this will lead to a more effective process.

63. The group believes there is also scope for clearer guidance and feedback to institutions from QAA to address this issue. The consultants found there had sometimes been uncertainty about the scope of the institutional audit process, especially at the start of the cycle (paragraphs 4.43 and 3.38 to 3.51 of the Costs and benefits report). It seems likely that this undermined institutional self-confidence and added to the pressures for over-preparation identified by the consultants within some institutions. The group feels it would be helpful for QAA to revisit its guidance in order to minimise these pressures.

64. The group also felt that where the audit team believes an institution has made more effort than necessary preparing for the institutional audit, and that this has not been consciously undertaken in order to add value to the process for the institution, this might helpfully be reflected in the report, and advice and guidance given to the HEI.

Recommendation 12

Institutions should examine their strategies for preparing for institutional audit and be encouraged to share good practice in appropriate preparation.

Recommendation 13

QAA should be asked to ensure the guidance on requirements for preparation for institutional audit is unambiguous and supports the development of institutions' knowledge and confidence. It may be helpful to institutions for QAA to indicate where it believes preparations have clearly gone beyond the requirements.

Relationship with other external quality assurance processes

65. The group's discussion of the wider context included consideration of the relationship of the institutional audit process with other external quality assurance processes (see paragraphs 29-31, paragraph 6.35 and Chapter 5 of the Costs and benefits report). Given the relative costs of the various processes reported by the consultants and the additional burden caused to HEIs – for example, by agencies requesting similar information in different formats – the group felt that this was an important aspect of the review and one that it wished to highlight.

66. The group recognised the differing and specific needs of the various professionally-related assurance, inspection or accreditation processes, and that these were different in kind from institutional audit. Nevertheless, the consultants reported that the range of processes can lead to a lack of coherence for institutions (paragraph 6.35 and Chapter 6 of the Costs and benefits report). The group therefore encourages all relevant bodies to

recognise that institutional audit and the Academic Infrastructure provide an over-arching framework articulating and assuring quality and standards, and that professionally-related assurance processes should seek to build on, and be coherent with, this framework.

67. There appear to be areas where QAA could provide a leading role in seeking greater coherence, by supporting other bodies in developing their processes to align better with the over-arching institutional audit, and by making greater use of the information generated by other (typically subject-level) processes in informing its own assurance processes. However, there are a large number of stakeholders with an interest in this area, and the group would like to see current and new initiatives for closer working supported. In particular, it supports the efforts of HERRG in this area.

Recommendation 14

QAA should be asked to continue to work closely with PSRBs and other agencies inspecting and reviewing quality assurance in higher education, to encourage and support them in developing their processes to achieve greater coherence with institutional audit and the Academic Infrastructure.

Recommendation 15

The DfES should strongly encourage public bodies that are responsible for reviews and inspections in higher education to work more closely together and seek greater coherence with institutional audit and the Academic Infrastructure.

Recommendation 16

HERRG should be supported in its endeavours to encourage closer co-operation between agencies for quality assurance in HE, including its intention to develop a concordat to minimise the burden on HEIs of quality review processes and data collection.

Recommendation 17

The evaluation by Skills for Health of Major Review of healthcare provision and the ongoing development and evaluation of Ongoing Quality Monitoring and Enhancement (OQME) should take into account the potential for articulation with the other quality assurance processes operated by QAA and institutions.

Projected costs of the QAF

68. In the group's judgement, the consultants' cost projections for the next cycle of institutional audits are realistic and represent good value for money, especially if the enhancement value of institutional audits can be strengthened. The projections show a substantial reduction in costs per annum for institutions across the sector for institutional audit from over £17.5 million in the transitional phase to around £5 million in the next cycle (paragraph 6.40 of the Costs and benefits report). This is delivered in large part by the lower frequency of audits, and by the proposed change to DATs. The projections also assume greater institutional familiarity with the process, leading to efficiency (Chapter 6 and Table 6 of the Costs and benefits report).

69. In considering future costs and burden, the group was mindful of the principles of good regulation and the extent to which audit could be made more proportionate, targeted or risk-based. The group was content that the current arrangements for additional intervention where risk is identified were appropriate. The group believes that its recommendations should improve the proportionality of audit. An appropriately risk-based and targeted approach is intended as each institution will receive a periodic general level of scrutiny by QAA, which can lead to more detailed intervention (such as academic review) only where there is a specific and serious concern. In recommending a more flexible approach to audit trails, the group recognises that the scale of such trails needs to be considered as the operational proposals are developed.

70. The projected costs for collaborative provision audits and TQI/NSS are somewhat tentative and

will be investigated further in phase two of the review (Table 6 and paragraphs 4.45 to 4.57 of the Costs and benefits report).

71. Overall, the group concludes that the recommendations for the next cycle of audits will lead to an increase in the benefits achieved as well as a reduction in costs, without any loss of rigour to the QAF. The group would like to see plans made for further review of the QAF towards the end of the next cycle.

Recommendation 18

The purpose of the QAF, its impact and effectiveness should be reviewed before the final year of the first cycle in order that any changes can be consulted on and agreed.

Further work

72. Phase two of the review will focus on the public information aspect of the QAF and QAA collaborative provision audits. Appropriate research will be undertaken to provide evidence for the group, including fieldwork with institutions and a survey of the primary users of TQI. Evidence will also be available from the existing groups that are overseeing the implementation, monitoring and development of TQI. Consideration will also be given to the articulation of the various elements of the QAF to review how the framework as a whole meets its objectives.

73. Research on TQI will begin in autumn 2005 and the research on collaborative provision audit will take place in 2006-07. The group envisages publishing a report on the next phase of the review at mid-2006 at the earliest.

74. The group is conscious of the need for its recommendations on work with PSRBs and other bodies with an external review or inspection role in HE to be followed through and may consider these issues further.

Annex A

Terms of reference and membership of group

Below are the Terms of reference and membership of the Quality Assurance Framework Review Group.

Terms of reference

1. To consider the impacts, benefits and costs of the QAF to date, and to make recommendations about any changes that could further improve the QAF in England and Northern Ireland for the ‘steady state’ beyond 2006. The QAF is defined as QAA institutional audit and Collaborative Audit, Developmental Engagements (in the transitional phase), TQI and the NSS, and the use made by institutions of the Academic Infrastructure (a set of nationally agreed reference points developed by QAA on behalf of the HE sector), in particular the ‘Code of practice for the assurance of academic quality and standards in higher education’.

2. To oversee the following strands of the QAF review:

- a. Assessing the emerging impact of the transitional phase of audits and Developmental Engagements, and their effectiveness in securing the public interest in quality and standards.
- b. Assessing the indirect and direct costs of the transitional phase, and projecting costs of the QAF for the ‘steady state’ beyond 2006.
- c. Reviewing the wider and changing context within which the QAF operates, to identify any significant implications for the QAF.
- d. Assessing how far the revised QAF is providing institutions and the sector as a whole with useful information about institutional quality assurance processes and quality enhancement.
- e. Assessing how far the revised QAF is providing students, employers and others with reliable and useful information about quality and standards.

3. To advise the commissioned consultants in meeting their brief to assess the impacts, effectiveness and costs of the revised QAF to produce evidence for the review.

4. To report to the sponsoring bodies (HEFCE, Universities UK and SCOP) against each of the main strands and make any recommendations for

the development of the QAF, with due regard for the principles of good regulation. Phase one of the review on the audit methodology to be completed by March 2005.

5. Phase two of the review, on the utility of public information, is to be completed after summer 2005 (exact timescale to be determined).

Membership

Dame Sandra Burslem, Vice-Chancellor, Manchester Metropolitan University (Chair)

Liz Beaty, Director of Learning and Teaching, HEFCE

Professor Roger Brown, Principal, Southampton Institute

Professor Bob Burgess, Vice-Chancellor, University of Leicester

Helen Higson, Director of Undergraduate Studies, Aston Business School

Professor Philip Jones, Pro-Vice-Chancellor and Sub-Warden, University of Durham

Sofija Opacic, NUS HE Policy & Research Analyst, National Union of Students

David Skinner, Head of Regulation Policy, General Medical Council (replaced by Cara Talbot, Senior Policy Advisor, due to change of roles)

Professor David VandeLinde, Vice-Chancellor, University of Warwick

Professor David Vaughan, Principal, Cumbria Institute of the Arts

Observers

Celia Chambers, DELNI

Linda Dale, DfES (replaced by Jane Tory)

Peter Williams, QAA

Secretariat

Helen Bowles, Standing Conference of Principals

Elinor Davies, HEFCE

Sarah Gutteridge, HEFCE

David Young, Universities UK

Annex B

Summary of recommendations

The group makes the following recommendations about institutional audit to HEFCE, SCOP and Universities UK (this is a summary of the recommendations listed throughout the main text):

1. The next cycle of QAA institutional audit should commence in 2005-06 and conclude in 2010-11 as planned, and thereafter operate on a six-yearly cycle. The first year of the cycle should concentrate on Collaborative Provision Audits. The full programme of institutional audits should be undertaken over the latter five years of the cycle, to enable appropriate consultation and implementation of the proposed changes to the audit process to take place.
2. QAA should be asked to consider whether the structure or management of the audit team can be enhanced, and to seek to develop more effective interaction between the audit team and the institution during the institutional audit.
3. QAA should be asked to build on the opportunity provided by streamlining the institutional audit process to continue to enhance its cohort of auditors, including through continuing development of training and evaluation. Institutions should also be encouraged to nominate members of their staff of the highest calibre to serve as audit team members.
4. QAA should be asked to develop a flexible audit trail methodology to replace DATs. The methodology should be capable of being both theme- and subject-based, and be less of a burden for HEIs than DATs are currently. The purpose of the trails within institutional audit would be to test quality assurance processes operating within the institution to inform overall judgements about the institution's management of quality and standards, and to provide an opportunity for more enhancement-focused discussion and development. Aspects to be covered in the trails should be discussed between QAA and the institution.
5. QAA should be asked to develop proposals to establish criteria for agreeing the scope of audit trails, and in so doing is encouraged to consider

how far these criteria could usefully be related to the perceived level of risk.

6. QAA should be asked to develop more detailed plans for mid-cycle interaction with institutions, using existing material and involving minimal additional preparation by institutions. Institutions should no longer be asked to report to QAA a year after the institutional audit has taken place except in cases where essential recommendations have been made.
7. The possibility of an academic review being triggered through an institutional audit or other agreed good cause should be retained. Where QAA has serious and substantiated concerns about an institution's management of quality and standards, an appropriate review should be triggered.
8. Student participation in institutional audit has been successful and valuable, and should continue to be promoted and supported by all.
9. QAA should be asked to consider the judgement of 'broad confidence' becoming 'confidence'.
10. QAA should be asked to develop more useful feedback and dissemination mechanisms both for individual institutions and for the sector as a whole.
11. The Higher Education Academy should draw on QAA's review reports and 'Learning From...' series to inform its work on quality enhancement with the sector.
12. Institutions should examine their strategies for preparing for institutional audit and be encouraged to share good practice in appropriate preparation.
13. QAA should be asked to ensure the guidance on requirements for preparation for institutional audit is unambiguous and supports the development of institutions' knowledge and confidence. It may be helpful to institutions for QAA to indicate where it believes preparations have clearly gone beyond the requirements.
14. QAA should be asked to continue to work closely with PSRBs and other agencies inspecting and reviewing quality assurance in higher education, to encourage and support them in

developing their processes to achieve greater coherence with institutional audit and the Academic Infrastructure.

The group makes the following suggestions to other stakeholders:

15. The DfES should strongly encourage public bodies that are responsible for reviews and inspections in higher education to work more closely together and seek greater coherence with institutional audit and the Academic Infrastructure.

16. HERRG should be supported in its endeavours to encourage closer co-operation between agencies for quality assurance in HE, including its intention to develop a concordat to minimise the burden on HEIs of quality review processes and data collection.

17. The evaluation by Skills for Health of Major Review of healthcare provision and the ongoing development and evaluation of Ongoing Quality Monitoring and Enhancement (OQME) should take into account the potential for articulation with the other quality assurance processes operated by QAA and institutions.

The group also recommends to the sponsoring bodies that:

18. The purpose of the QAF, its impact and effectiveness should be reviewed before the final year of the first cycle in order that any changes can be consulted on and agreed.

Annex C

Executive summary of the Costs and benefits report

This annex is the executive summary of the JM Consulting report 'The costs and benefits of external review of quality assurance in higher education', which is cross-referred to extensively in this report. The full report is available on the HEFCE web-site www.hefce.ac.uk under Publications/R&D reports.

Introduction

1. This report reviews the costs and benefits of external quality assurance (QA) of teaching and learning in higher education institutions (HEIs) in England. The report focuses particularly on the new Institutional Audit process, run by the Quality Assurance Agency (QAA) and the other QA processes in health, teacher training, medical education, and in other disciplines subject to professional body review, such as engineering, business and law.

2. While everyone accepts the value of an external check on standards and quality in higher education, there has been concern about the combined costs of all these external reviews on the sector, and the potentially negative consequences of diversion of academic effort into compliance activity.

3. Overall, we find that the specific measurable costs for HEIs of dealing with all external QA reviews are now approximately £40m a year. This represents a significant reduction from the position three-to-four years ago, and it is not a large sum in relation to the importance of UK higher education, and the numbers of students gaining qualifications each year. However, it is equivalent to four full-time senior staff (professors or senior administrators) at each of the 130 English universities and colleges. There are also unknown costs of lost opportunity and suppression of innovation in higher education.

4. Planned changes will reduce this cost as the sector moves into the next six-year phase of academic quality assurance. Based on our review of costs and benefits, we propose a further streamlining of the new process of Institutional Audit. Taken together, these changes will lead to an annual cost to HEIs of approximately £30m from

2006/07. We have also identified areas where collaboration between the QA agencies could reduce costs further without loss of important accountability or other benefits.

Scope and methodology of study

5. More than 50 bodies are involved in reviewing quality and standards in universities and colleges, and each institution interacts with a different combination of these depending on the range of programmes it offers. We have investigated the impact of this external QA activity (benefits and costs) at a sample of 12 HEIs chosen to cover the range of types of institution and of experience with QA in the sector. We spent approximately two days in each institution meeting staff involved in QA, and students, and building up a picture of the effort institutions have to make preparing for and managing external QA visits and reviews.

6. The purpose of the study was to provide evidence to support future policy. It is convenient to categorise our findings into two broad areas of academic and professional QA.

7. Academic QA review processes fall under the Quality Assurance Framework (QAF), which consists of QAA Institutional Audit plus the new public information requirements known as Teaching Quality Information (TQI)/National Student Survey (NSS). The arrangements are in a transitional phase, but are essentially the same for all HEIs in England and Northern Ireland. We have provided detailed evidence on the way the arrangements work in practice, plus costs and benefits of each part of the QAF, now, and in a forecast 'future steady state'. These findings support the work of the QAF Review Group, chaired by Dame Sandra Burslem.

8. In the area we have called professional QA, there are a number of different processes and greater variation in experience across the 12 institutions. For example, we were able to review six institutions' experience with Ofsted (Office for Standards in Education) inspection of Initial Teacher Training; two of our sample institutions had medical schools reviewed by the General

Medical Council; six had experienced the new Major Review in health, and a further two had other health reviews; three had further education (FE) provision reviewed by Ofsted and the Adult Learning Inspectorate; 10 had reviews by statutory or professional bodies – ranging in number from two at one institution to 62 at the ‘most-reviewed’. Given this much more diversified picture, we are able to provide a less comprehensive view of the way these arrangements work, but we have reviewed costs and benefits of each main QA programme, now, and in a forecast future steady state.

Purpose and benefits of external QA review

9. The main purpose of the academic QA arrangements under the QAF is to assure the quality and standards of UK higher education awards so that students, employers and society can be confident about the value of a UK degree. There is an important dimension of providing public information for prospective students and others, and also of protecting the international reputation and attractiveness of UK higher education.

10. The main purpose of the professional QA arrangements in the more vocational subjects (medicine, health, teacher training, engineering etc) is to ensure that graduates who enter those professions are able to practise safely and competently, and there is therefore a strong element of public protection in professional QA.

11. These are important benefits for the nation, and having this external review and accountability also helps to protect the autonomy of HEIs. More directly, HEIs gain benefits from external review which helps them to test and benchmark their own processes; it helps quality enhancement; it helps to disseminate good practice; it supports and encourages staff development; and it provides a focus for academic dialogue around the improvement of the student experience.

12. We discuss and review all these benefits in the report, but we cannot put a value on them in the same way that we measure the costs of achieving them.

Costs of external QA review

13. The specific cost of this external review for the English higher education sector is approximately £40m a year. This is the full economic cost of work done by HEIs directly to prepare for external reviews through such activity as drafting self-evaluation documents; briefing staff and students; preparing background documents; and holding meetings with review teams.

14. The costs incurred by HEIs in responding to the main review processes are shown in table A.

15. The central costs, that is the costs of inspection incurred by the publicly funded agencies which specify or carry out these external reviews (such as Ofsted, Skills for Health, Adult Learning Inspectorate and QAA), are in the region of £10m per annum.

Academic QA in the transitional phase of the QAF

16. Institutions welcome the new Institutional Audit which is a less intrusive, and much less costly, process than the former combination of institutional and Subject Review. Institutional Audit is a peer review process, focused on an institution’s central management and QA systems, which has the aim of ensuring that institutions are managing their own quality effectively, rather than of making direct observations on teaching and learning. There is strong student involvement in Institutional Audit, which can be very productive.

17. We provide a detailed commentary in chapter 3 of the full report on the way Institutional Audit is working in practice. In general, this is satisfactory, but there are a few areas where there is scope to improve the process. The largest of these is in respect of Discipline Audit Trails (DATs) within the audit. These were introduced as a compromise in audits to retain a subject element, as well as an opportunity for QAA review teams to test processes are working at the subject level.

18. We find that DATs are the least satisfactory part of audit. They are very costly for institutions, and their focus on subject specialities can change the

Table A **Current HEI costs of external review on an annualised basis**

	Average per HEI £000s	England £m
Academic QA (transition phase)		
Institutional Audit	69	9.0
DATs as part of audit	52	6.7
Developmental Engagements	14	1.8
Foundation degree reviews	2	0.25
Provision of auditors for QAA	10	1.3
Total academic QA (QAF)	147	19.1
Professional QA		
Ofsted inspection of ITT	-	3.8
GMC review of medicine	-	1.5
Review of health provision	-	4.4
Inspection of FE	-	1.6
Inspection by PSRBs (excl. health)	-	9.9
Total professional QA	163	21.2
Total cost of external QA	310	40.3

Note: where HEIs do not all have the same processes, the £000s figure per HEI is not meaningful, and is not included. Full details are in tables 2 and 4 [of the full report].

focus of the audit in a way which runs counter to its main purpose. They also provide the greatest opportunities and incentives for focus on detail and the associated costly over-preparation by institutions. For these reasons we believe that DATs should cease in their present form, and that QAA should use other forms of audit trails. This should significantly reduce the costs of audit for individual HEIs and save over £1m centrally.

19. TQI/NSS are still in a developmental phase and no direct benefits have yet been delivered. It seems probable that they will add approximately £3m per annum to the sector's costs of academic QA (that is the costs incurred by HEIs). There is widespread scepticism amongst institutions as to whether the benefits will justify these extra costs.

Assessment

20. Overall, it is clear that there has been a very significant reduction in the costs of QA for the sector since this issue was first raised in 2000. All the main government-funded QA processes we have reviewed have a specific purpose and deliver benefits. Several of them have recently been streamlined or are currently in a process of transition which will lead to a further reduction in costs.

21. There is therefore no longer evidence of major problems associated with unreasonable costs of QA for HEIs across the sector. However, the impact can still be high for some departments and institutions, notably small departments and institutions, and for those which have a wide spread of vocational programmes. In line with the principles for regulation of quality we propose in chapter 6 [of

the full report], it is still important to seek ways to reduce the costs of external QA where this can be done with no loss of benefits or necessary accountability.

22. In this context, we note that there are still a number of uncoordinated review regimes, and that new review processes can still be added without a clear business case in place. The perceived data requirements of inspecting agencies are often onerous, especially when HEIs perceive that a large amount of web-based material has to be printed out and assembled in one room for review teams, or when new material has to be created by reformatting existing documentation.

23. We have identified that this is not all the fault of the inspecting agencies. HEIs do not always respond as strategically as they could to external review. Many do more than is required (sometimes this is justified by additional benefits, but sometimes it is unplanned – so called ‘gold-plating’). This can be encouraged by poorly designed review processes, or ambiguous guidance, and by occasional members of review teams who over-step what is required or try to ‘test HEIs out’.

24. The result of all these factors is that there is still a significant unnecessary cost for higher education institutions (albeit much reduced in recent years). This must weaken HEIs’ effectiveness in teaching and research, and in other policy objectives such as widening participation and knowledge transfer. There are also unquantifiable costs related to the diversion of academic staff time, and the danger of the creation of a culture which is cautious about innovation, or sees quality as about satisfying external agencies, rather than as an intrinsic academic objective.

25. The policy aim must therefore be to achieve a better balance of costs and benefits, and to move (as basic standards are assured) to more intelligent and developmental review regimes. We believe the agencies can help this by fine-tuning their own processes and by harmonising and sharing requirements with each other, thus avoiding multiple publicly-funded inspections of the same departments or disciplines. HEIs can also do more

to respond strategically, rather than on an ad-hoc basis to external review. Some of them need to become more confident and self-critical, and to design their own internal processes such that they do not need to make costly special preparations when reviewing agencies visit. Some examples of this good practice already exist, and they could be better disseminated in the sector. We identify some areas where we would like to see more work to facilitate and encourage this further collaboration and maturing of the processes, and of institutions’ responses to them.

Future steady state costs of review

26. The costs of academic QA are already due to reduce at the end of the transition period, as a result of the move to a six-year cycle. If our recommendations on Institutional Audit are accepted, and our assumptions about the evolution of the other processes are right, there will be a further significant reduction in the total annual costs for institutions which will come down to an average of £77,000 per institution (£10.0m for the whole sector) for academic QA and to £151,000 (£19.7m for the whole sector) for professional QA. This is shown in table B.

27. There should also be some reduction in the central costs of the agencies as their effort in terms of inspection days is reduced.

Table B **Forecast future steady state costs of external review on an annualised basis**

	Average per HEI £000s	England £m
Academic QA QAF (6-year cycle)		
Institutional Audit	32	4.2
Developmental work	6	0.76
Provision of auditors for QAA	5	0.67
Collaborative audit	10	1.3
TQI/NSS	24	3.1
Total academic QA (QAF)	77	10.0
Professional QA		
Ofsted inspection of ITT	-	3.0
GMC review of medicine	-	1.3
Review of health provision	-	4.2
Inspection of FE in HE	-	1.3
Inspection by PSRBs (excl. health)	-	9.9
Total professional QA	151	19.7
Total cost of external QA	228	29.7

Note: the 'average' figure for costs of collaborative audit is actually a composite of zero for most HEIs, and £37,000 for the 37 HEIs which will have a collaborative audit. The total academic QA costs per HEI therefore vary between £61,000 (without collaborative audit) and £98,000 (with collaborative audit). In other cases where HEIs have (even wider) variations in processes, we have not included an average cost per HEI. Full details are in Tables 6 and 7 [of the full report].

List of abbreviations

AI	Academic Infrastructure
DAT	Discipline Audit Trail
DE	Developmental Engagement
DfES	Department for Education and Skills
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HERRG	Higher Education Regulation Review Group
NSS	National Student Survey
PSRBs	Professional, statutory and regulatory bodies
QA	Quality assurance
QAA	Quality Assurance Agency for Higher Education
QAF	Quality Assurance Framework
SCOP	Standing Conference of Principals
TQI	Teaching Quality Information

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