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Uwch Cymru

hefcw

Higher Education Funding
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Guidance on partnership arrangements between higher and further education institutions

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GUIDANCE

This document provides guidance on partnership arrangements for higher education provision delivered in further education colleges in Wales. The guidance covers arrangements where provision is franchised from a higher education institution (HEI) to a further education college (FEC). There may be instances where an HEI franchises provision to another HEI in Wales and the guidance applies equally to such arrangements. Several aspects are also relevant to the partnership agreements which may be made between further and higher education institutions in relation to provision for which HEFCW allocates funding directly to the further education college.

The paragraphs below give a set of guidance principles which we would recommend that further and higher education institutions take into account in developing, managing and reviewing their partnerships. At Annex A is a commentary on these principles, together with some background on the preparation of the guidance.

INSTITUTIONAL MISSIONS AND FRANCHISE PARTNERSHIPS

The decision to enter into franchise partnerships should contribute to fulfilling the institutional missions of both the HEI and the FEC and be an integral part of their institutional strategies.

MULTIPLE PARTNERSHIPS

All franchise agreements between HEIs and FECs should explicitly prohibit sub-contracting of course delivery by the FEC. Where the “buying-in” of specific services by the FEC occurs, this should be agreed between the partners.

NEGOTIATING PARTNERSHIPS AND AGREEMENTS

Negotiations and preparation for franchise agreements, or for amendments and review, should be drawn up by means of an agreed and explicit procedure, involving all those in both the HEI and the FEC who will have a significant part to play in implementing it, including at institutional and subject level.

There should be a clear understanding of, and agreement on, the basis of the clauses in the agreement.

Agreements should ensure that the interests and reputation of both partners are respected and adequately protected.

HEIs, in discussion with their FE partners, should seek to define and operate their agreements in ways which help FECs manage agreements with more than one partner.

THE FORMAL AGREEMENT BETWEEN THE HEI AND THE FEC

HEIs, in discussion with their FE partners, should ensure that franchise agreements are sufficiently secure, comprehensive and transparent for FECs to be able to assess the services and support they receive from the HEI, both in terms of the funding from the HEI for delivering the course and the obligations on the FEC.

STABILITY FOR STUDENTS AND INSTITUTIONS

HEIs should normally set agreements within a time period of at least four to five years, with an expectation of continuation thereafter, if both parties so wish, so that the FEC may feel reasonably confident about building up its capacity to deliver the HE provision concerned. Within the agreement, partners can then make provision for aspects of the arrangement which need to be agreed annually, or to take account of curriculum, recruitment or demand changes during the period.

The notice period for voluntary termination of the agreement by one or other party should normally be at least two academic years.

HEI SERVICES AND SUPPORT TO THE FEC AND ITS STUDENTS

Student progression arrangements should be an integral part of franchise agreements.

FINANCIAL AND FUNDING ARRANGEMENTS

In setting out financial arrangements for franchise agreements, both parties should be clear about how the total funding available for the franchised provision is being distributed and used.

Where possible, HEIs should set the annual confirmation of franchise numbers to their FE partners within an overall framework of how numbers will be determined from year-to-year.

MONITORING AND REVIEW

Partners should have in place procedures for regular monitoring and review of agreements.

ANNEX A: FURTHER INFORMATION AND COMMENTARY

INTRODUCTION

1 HIGHER EDUCATION PROVISION IN FURTHER EDUCATION COLLEGES IN WALES

- 1.2 The provision of higher education courses at further education colleges (FECs) in Wales is an important element in extending participation in higher education. It makes full and part-time courses locally available to many students who, for a variety of reasons, may not wish or be able to attend a university. Part-time opportunities in particular can enable people to study whilst in employment or meeting other commitments. It provides local progression opportunities from post-16 education to higher education, both for young people and mature students. Many of the HE courses provided by FECs, for example, HNDs, HNCs or Foundation Degrees, can offer the potential for further progression to honours degree level courses, sometimes at the FEC but more usually at a higher education institution (HEI). FECs can have good links with their local employers and be attuned to the training and education needs of the local economy, meeting these through appropriate FE and HE courses. In some instances, FECs are able to offer postgraduate level professional training through partnerships with HEIs.
- 1.3 Higher education provision in further education colleges in Wales is primarily delivered through franchise arrangements. Franchise provision is where HEFCW provides funded credits and associated funding to an HEI which then makes an agreement with a FEC to deliver a particular course or courses at the college. The students concerned are registered as students of the HEI and the HEI is ultimately responsible for the academic standards and quality assurance of the course at the FEC. Funding and enrolment data on franchise students is returned to HEFCW by the HEI and the students are also included in the HEI's HESA returns.
- 1.4 Many of the franchise partnerships between HEIs and FECs in Wales are long-established. The provision offered may be reviewed from time to time, courses changed or added in the light of curriculum development, student and employer demand. HEFCW does not limit the number of institutions with which HEIs and FECs enter into partnership. An HEI may have a network of FE franchise providers offering a range of subjects or a particular specialist or niche subject area. Some HEIs may have just a few agreements with an FEC(s) or even an agreement with just one FEC for a particular subject/course. Similarly FECs may have agreements with several HE partners. For some they may deliver a wide range of courses, for others just one or two particular courses.
- 1.5 HEFCW also funds some provision directly at FECs. Most of this is at Coleg Sir Gâr and Coleg Llandrillo, which had been funded directly prior to HEFCW's establishment in 1992, and the Council continued these direct funding arrangements. The Council ran two phases of an initiative in 1997 and 1999 for a small expansion of directly-funded provision in FECs. At present seven colleges receive direct funding from the Council. Under direct funding, the students concerned are enrolled as students of the FEC. The FEC receives funded credits and associated funding directly from HEFCW and returns funding and enrolment data directly to HEFCW. For the colleges concerned, however, franchise provision will form the greater part of their higher education delivery and, with the exception of Coleg Sir Gâr and Coleg Llandrillo, directly-funded provision forms a very small part of their overall portfolios.

- 1.6 As part of the HE in FE initiative referred to above, the FECs receiving funding were expected to establish a compact arrangement with an HEI for each course to cover at least quality assurance arrangements and also any other support services which the HEI was able to offer/the FEC wished to receive. Furthermore, within the Quality Assurance Agency's (QAA's) Institutional Review process, which is part of the Quality Assurance and Standards Framework for Wales, the Council's expectation is that academic standards and quality assurance for all directly-funded provision will be covered by a partnership with an HEI.
- 1.7 During 2003/04 the Council commissioned an evaluation of partnerships for higher education provision in further education colleges in Wales from KPMG. A main conclusion of the KPMG report was that any future expansion of HE in FE should be undertaken through franchising from HEIs. The basis for this conclusion broadly derived from the level of support which the HEI could provide to the FEC under franchise arrangements and the benefits to the student in terms of access to the facilities of the HEI and potential progression arrangements. In the light of the findings of the evaluation, the Council decided that any future development of HE in FE provision would take place through the franchise route, rather than any expansion of directly-funded provision (Circular W04/61HE).

2 DEVELOPMENT OF GUIDANCE FOR PARTNERSHIPS BETWEEN HEIS AND FECs IN WALES

- 2.1 The KPMG report also identified a number of issues relating to the relationship between HEIs and FECs and the terms under which HE provision was delivered in FECs. These included arrangements between institutions providing an acceptable degree of security to the HEI and the FEC; greater transparency so that FECs could compare the services they received from an HEI with the costs involved; and a concept of a fair level of funding to be retained by the HEI.
- 2.2 The Council decided, therefore, that it would consider producing guidance on agreements and arrangements between HEIs and FECs for HE in FE provision. As part of our preparation for producing this guidance, we asked HEIs and FECs if they would be willing to send us copies of existing agreements. We appreciated the readiness of many institutions to submit examples of their agreements and these have informed our guidance.
- 2.3 Our guidance is intended to complement the QAA's *Code of Practice for the assurance of academic quality and standards in higher education: section 2, collaborative provision and flexible and distributed learning (including e-learning) – September 2004*. It is not our intention to duplicate, and certainly not to modify, the QAA Code. Rather, we would wish to offer guidance on certain aspects of the arrangements and agreements between HEIs and FECs, particularly where these have a bearing on the findings and recommendations of the KPMG report. We also offer perspectives on some of the areas which may be covered in the QAA Code, arising from our consideration of the example agreements presented to us by institutions or broader issues relating to the role of higher education provision in FECs in Wales.
- 2.4 The QAA Code is primarily concerned with guidance to HEIs on meeting their responsibilities for ensuring the academic standards of, and the quality of learning opportunities in, their awards; and on putting in place procedures and processes to ensure that their collaborative arrangements are effectively and properly managed to that end. The influence of the QAA Code can be seen in the example agreements which were submitted to us by institutions.

- 2.5 Embodied within the QAA Code is guidance which can lead to positive and productive partnerships and collaborations between HEIs and FECs. Some of our guidance builds on these aspects and on achieving an appropriate balance between the responsibilities of, and benefits to, the respective HE and FE partners. There are also examples of good practice within the agreements submitted to us.
- 2.6 We recognise that the circumstances of individual partnerships vary and that it is for partners to determine the precise arrangements that best suit them. Whatever their exact terms, agreements should be well understood, transparent and able to command the confidence of all the partners involved. Our concern is firstly that arrangements and formal agreements reflect best practice within the QAA code, so that HEIs fulfil their responsibility to ensure the academic standards and quality of their awards. Secondly, in achieving this, we would wish the partnerships to meet as far as possible the needs, aims and aspirations of all partners, within an overall context of providing participation and progression opportunities and high-quality and cost-effective teaching and learning for the students concerned.
- 2.7 HEIs will wish keep the content and operation of their agreements for the delivery of HE provision in FECs under review with their partners to ensure that existing and new partnerships continue to reflect the guidance provided by the QAA. In addition, both HEIs and FECs can be expected periodically to review strategically their partnerships. They will want to consider opportunities for agreements with new partners or possibly changing existing partners. Sometimes HEIs or FECs may want to undertake a radical realignment of their franchise relationships, which can have major implications for their partners. We hope that our guidance will be helpful to partners in developing and reviewing their relationships and in managing changes.
- 2.8 We would not anticipate undertaking a further separate survey of agreements in the future to assess how far agreements reflect our guidance. However, we would expect to discuss with the QAA how the principles in our guidance might be considered in any reviews which they undertake in Wales of collaborative provision.

COMMENTARY ON THE GUIDANCE

The paragraphs below provide a fuller exposition of the guidance principles. We have commented on good practice drawn from our survey of the agreements submitted to us and some specific examples are shown in boxes in the text.

The guidance has been framed within the context of franchise partnerships. However, as noted already, certain aspects will also be relevant to the partnership agreements which FECs make with HEIs for quality assurance and other support for provision for which the FEC receives direct funding from HEFCW. An overview of how the guidance may inform these partnership agreements is given below in Section 13.

3 INSTITUTIONAL MISSIONS AND FRANCHISE PARTNERSHIPS

- 3.1 There should be compatibility between the objectives that each partner wishes to achieve, although there may be a difference of emphasis for the HEI or FEC partner. For the HEI, for example, franchising may be a significant element in its widening access strategy, a recognition that it can help meet a need for HE in particular location, a means of providing progression to other courses which it delivers directly, or part of how it positions itself as an HE provider within a particular geographical area. For the FEC, it may be about providing progression opportunities from FE to HE, and

becoming a provider which is able to meet the needs of local students and employers across a range of levels from basic skills through to further and higher education.

- 3.2 Partners should determine whether entering into a particular franchise arrangement is consistent with their institutional strategies and whether it will contribute to meeting particular institutional objectives.
- 3.3 The partners may wish to consider including a brief statement of the strategic purposes of the partnership within their formal agreement or other documentation associated with the partnership.

The decision to enter into franchise partnerships should contribute to fulfilling the institutional missions of both the HEI and the FEC and be an integral part of their institutional strategies.

4 MULTIPLE PARTNERSHIPS

- 4.1 As noted above (1.4), HEFCW does not limit the number of franchise partnerships into which HEIs or FECs in Wales may enter using HEFCW funds.
- 4.2 When the Council was established in 1992 it inherited a situation where there was limited franchising by HEIs in Wales to institutions outside Wales. Whilst it permitted these arrangements to be continued, no expansion or new agreements with institutions outside Wales using HEFCW funds could be made without agreement from the Council. This position has not changed.
- 4.3 No FEC should use any HEFCW funding received through franchise arrangements from an HEI to engage in 'serial indirect funding', where the college subsequently sub-contracts the work to a second college. Section 2 of the QAA Code under the guidance for precept A11 highlights the risks to academic standards of "serial arrangements". From the copies of the agreements which we have received, HEIs are alert to this. In some agreements, sub-contracting by the HEI is explicitly forbidden, in others it is implicit in the obligations placed on the FEC for delivering the course. There may be instances where the FEC "buys in" specialist services or tuition for a particular course, however, responsibility for the delivery of the provision overall remains with the FEC. Partners should consider whether details should be included in the formal agreement or supporting documentation as appropriate.

Franchise agreements between HEIs and FECs should explicitly prohibit sub-contracting of course delivery by the FEC. Where the "buying-in" of specific services by the FEC occurs, this should be agreed between the partners.

5 NEGOTIATING PARTNERSHIPS AND AGREEMENTS

- 5.1 From the agreements which were submitted to us, it is evident that most HEIs, particularly those which have a network of franchise partners, have by now adopted a standard or template agreement for all their franchise arrangements, which can then be completed or adapted to meet the requirements of the particular course(s) concerned. This enables them to ensure that their agreements are managed in a consistent manner in terms of the services which they provide to their partners and the obligations and responsibilities which are placed on both parties. We would endorse this approach as representing good practice in the management of franchise relationships.

- 5.2 An implication of the use of standard agreements by HEIs is that the FE partner may be expected to accept the terms set out in them, with little or no scope to vary them, except possibly for the financial/student number arrangements. However, the signing of agreements should be preceded by negotiations and discussions between the partners. This should include instances where HEIs are contracting with new partners, revising the terms of agreements with, or expanding the portfolios of, existing partners.
- 5.3 In submitting copies of agreements to us, some HEIs indicated that they have clear and detailed procedures for negotiating with FECs, including responsibilities at institutional and departmental or subject level, prior to a formal partnership agreement being signed.

One institution has developed a “Framework for Partnerships” which provides a flowchart of the actions and responsibilities at various stages in developing a partnership from initiation to the partnership activity commencing.

Negotiations and preparation for franchise agreements, or for amendment and review, should be drawn up by means of an agreed and explicit procedure, involving all those in both the HEI and the FEC who will have a significant part to play in implementing it, including at institutional and subject level.

- 5.4 There will be clauses in a franchise agreement that an HEI deems essential in terms of its responsibility for academic standards and quality, its financial accountability to HEFCW, requirements to submit data to HEFCW, HESA and other bodies, and to protect its reputation and interests generally.
- 5.5 HEIs will draw substantially on the QAA Code of Practice for the assurance of academic quality and standards in higher education and, in particular, section 2 of the Code - *Collaborative provision and flexible and distributed learning (including e-learning)*, September 2004. They will determine how elements of the QAA Code are interpreted in their own procedures and reflected in the agreements for franchise provision which they draw up with FECs. They may decide that clauses based on guidance given in the Code should be directly incorporated in the agreement with their franchise partners, or cross-references made to more detailed institutional procedures, including those for the maintenance of academic quality and standards.
- 5.6 Achieving an equivalence of student experience whether the student is studying on an FE or an HE campus can be expected to be a key principle which would provide a basis for determining many of the responsibilities of the partners.
- 5.7 It is vital that both partners clearly understand, and agree on, the basis of the various clauses in the agreement, particularly in respect of obligations on each partner which, if not met, might jeopardise the agreement. The interests and reputation of both partners should be respected and adequately protected.

There should be a clear understanding of, and agreement on, the basis of the clauses in the agreement.

Agreements should ensure that the interests and reputation of both partners are respected and adequately protected.

- 5.8 There will be broadly similar clauses in the agreements which different HEIs have with their FE partners – this was evident from the agreements which we received. Where FECs have agreements with more than one HEI, they will need to manage these carefully so that they can meet any differing requirements placed upon them, for example, in terms of data collection, monitoring returns, invoicing and payment arrangements. While appreciating that HEIs may, in some circumstances, see themselves in competition for franchise partners, we would recommend that they are willing to be flexible and modify their arrangements, if possible, if the FECs indicate that this would help them manage the range of their partnership agreements more effectively.

HEIs, in discussion with their FE partners, should seek to define and operate their agreements in ways which help FECs manage agreements with more than one partner.

6 THE FORMAL AGREEMENT BETWEEN THE HEI AND THE FEC

- 6.1 The formal written agreement should be confirmed through appropriate approval procedures by both partners, for example, the Senate or equivalent academic body of the HEI, and the Academic Board of the FEC, and signed by senior managers from both the HEI and the FEC.
- 6.2 It should be:
- comprehensive
 - cross-referenced to other related documents
 - available to staff, students and anyone else with an interest.

There may be elements which both parties agree should be kept confidential (for example, to safeguard commercial interests); these should be very much the exception.

- 6.3 The reasons for ensuring that agreements are both comprehensive and clear are fairly self-evident. The QAA Code under Precept A10 (*Written agreement with a partner organisation or agent*) lists a number of topics, which are broader than just academic standards and quality, which should be considered in agreements. It is important that no relevant issues are omitted which could damage the successful implementation of the agreement and that both parties understand the full extent of their rights and obligations.
- 6.4 However, the need for greater transparency in agreements was also identified by the KPMG report, so that FECs would be able to compare the services they received from an HEI with the costs involved. This is important in contributing to the concept of a fair level of funding being retained by the HEI. From the point of view of the FEC, the main benefit they derive from franchise agreements is the capacity to deliver HE provision whose academic quality is assured by an HEI to the same standards that it sets for provision which it delivers directly. It is recognised that an HEI may not cost all the specific elements of the services and support which it provides as part of the agreement. It is also appreciated that where a stable partnership exists, the FEC may acknowledge benefits to the agreement which cannot be quantified on paper. Nonetheless the FEC needs to be able to see from the written agreement, or related cross-referenced documents, what it receives from the HEI and how this benefits the college and its students and to set this against the funding it receives and its own

obligations under the agreement. The FEC should therefore have an input into what information is included in the agreement.

- 6.5 To some extent, the legal nature of the agreement determines some of the wording required, but this may adversely affect the transparency of the document. These are aspects which partners need to balance in drawing up agreements. The way in which the document is structured can also help.

One agreement achieved clarity through listing separately the responsibilities of the HEI and FEC and the action which each would take to fulfil these.

HEIs, in discussion with their FE partners, should ensure that franchise agreements are sufficiently secure, comprehensive and transparent for FECs to be able to assess the services and support they receive from the HEI, both in terms of the funding from the HEI for delivering the course and the obligations on the FEC.

7 MANAGEMENT OF THE AGREEMENTS AND DESIGNATED RESPONSIBILITIES

- 7.1 The agreement should set out how, within both the HEI and the FEC, the operation of the agreement will be managed. Particularly where the HEI enters into agreements with a number of FECs, HEIs have recognised the benefits of a central unit or central procedures to ensure effective and consistent management. Where responsibilities are delegated to departments of the HEI, it should be stated what those responsibilities are, and how the HEI will monitor its effectiveness in discharging the agreement and ensure consistency of practice. Similarly, where FECs have agreements with several HEIs and/or across a number of subjects, they will wish to have procedures to ensure that these are properly managed and monitored at an institutional as well as a subject level.
- 7.2 The examples of agreements sent to us set out liaison arrangements between the partners, including the appointment of programme co-ordinators, joint committees, visits by the HEI etc.

One agreement included a helpful checklist in an annex, which could be updated as needed, giving named contacts in both the HEI and the FEC for all the various aspects of the agreement.

Designated responsibilities

- 7.3 We are aware that the HEI's responsibility to ensure the quality and standard of their awards will determine many of the responsibilities set out in agreements and influence others. As noted above, we wish to avoid overlap with QAA Code as far as possible. Nonetheless, a checklist of the main areas where partners' responsibilities need to be defined, drawn from our overview of the agreements submitted to us, may be helpful to institutions. We have provided this checklist at Appendix A.

8 STABILITY FOR STUDENTS AND INSTITUTIONS

Duration of franchise agreements

- 8.1 The examples of agreements which we received from institutions showed different approaches to setting the duration of the agreement. Some were seen as long-term, continuing arrangements, which would be reviewed periodically, for example at five-year intervals. Others set a specific time-period for the agreement which again might be for periods ranging from three to five years, at which point the partners would consider formally whether they wished to renew the agreement. Within these types of agreements, provision was made for agreeing funded credits and associated funding annually.
- 8.2 Other agreements were renewed on an annual basis, although it was evident, for example, in the voluntary termination clauses included in the agreements (see below), that they were intended as part of a longer-term relationship. Provided there is a reasonable trust between partners and, in practice, agreements are renewed from year to year without difficulty, then FECs may feel reasonably assured that the HE provision at their colleges will continue. However, it could leave the FEC vulnerable to changes of policy at the HEI and may limit confidence to build up a steady intake or establish the college's profile in terms of the range of HE provision the college is able to offer. Such a lack of security may affect the reputation of the college in its locality. It may also affect its capacity to recruit and retain suitably qualified and experienced staff to deliver the courses, as well as to make longer-term investment in facilities, learning resources, and creating an appropriate HE environment for students. Overall, adopting a longer-term planning framework may be expected to be beneficial for both parties.

HEIs should normally set agreements within a time period of at least four to five years, with an expectation of continuation thereafter, if both parties so wish, so that the FEC may feel reasonably confident about building up its capacity to deliver the HE provision concerned. Within the agreement, partners can then make provision for aspects of the arrangement which need to be agreed annually, or to take account of curriculum, recruitment or demand changes during the period.

Voluntary termination clauses

- 8.3 The agreements submitted to us make provision, as might be expected, for termination as a result of a breach of the agreement and for ensuring that students already enrolled are able to finish their courses.
- 8.4 Agreements also provide for voluntary termination by either party. The latter is an important right for both parties. However, voluntary unilateral withdrawal, which has not been prompted by breaches of the agreement which would be covered in 8.3 above, can have significant implications for the other partner. For an HEI, it can be faced with the need to reassign the funded credits which were previously allocated to the arrangement. The impact of this will depend on the volume of funded credits released. The withdrawal of a major FE partner could also damage the HEI's competitive position as against other HE franchise providers in the market. For an FEC, if provision is withdrawn by an HE partner, then it may not be able to find another franchise partner for the courses concerned.
- 8.5 Most of the agreements set a one-year notice period for voluntary withdrawal from a franchise agreement, some specifying that this must be an academic year. (One, however, does state that the termination period should be for the full duration of the

course.) We consider that a longer notice period than a year would give both HEIs and FECs more time to plan what action they need to take in the light in the ending of the agreement. We are aware that some HEIs in particular have concerns about making a formal commitment to a notice period of more than a year, because of possible changes to the funding and funded places which they may receive from HEFCW year on year. We would nonetheless recommend that they consider how far they can manage such potential changes within their overall allocations of funded numbers to give greater security to their FE partners if the latter so wish.

- 8.6 Agreements demonstrate good practice in making provision for existing students to complete their courses, although this commitment appears firmer in some agreements than others. Providing an absolute guarantee to the students concerned should be a priority for the partners in the event of an agreement being terminated.

Some examples are:

“The agreement is to remain in force until such time as all students on the course have completed their studies, or withdrawn, or other arrangements made to safeguard the best interest of the students for the remainder of their programmes.”

“Such termination will include honouring commitments to students already enrolled on the schemes at the college.”

The notice period for voluntary termination of the agreement by one or other party should normally be at least two academic years.

9 HEI SERVICES AND SUPPORT TO THE FEC AND ITS STUDENTS

- 9.1 The services and support which the FEC and its students receive from the HEI are important elements in improving the quality of the student experience overall and FEC staff satisfaction. Agreements which represent a genuine collaboration between the partners, with benefits to the HEI as well as the FEC as a result, will contribute to a strong and effective franchise partnership.

Student access to HEI facilities

- 9.2 The areas which may be considered in terms of student access to HEI facilities include:
- access to libraries and general resource centres
 - access to equipment, facilities and resources specific to the subject area
 - access to student union, welfare and social facilities and services.
- 9.3 How this is achieved will depend on circumstances, for example, on whether the partners are located close together geographically, or on the resources and information which the HEI has available for students to access electronically. However, the arrangements should be published for the students and staff concerned.
- 9.4 Several of the agreements which we received do set out the HEI facilities to which the franchise students had access, with agreements often stressing that the franchise students had exactly the same status as HEI campus-based students. These mostly covered library and learning support resources and membership of the HEI student

union. Generally, day-to-day support and welfare of the students rested with the FEC though one or two agreements stated that students could also have access to the HEI student support services if they needed these. Agreements also noted students' rights in terms of academic appeals or the HEI's general complaints and appeals procedures.

Some examples are:

"Students enrolled on the course shall be entitled to the same use of the [HEI] library and learning support services as any other [HEI] student."

"Students may avail themselves of the welfare, academic support services and the Students' Union facilities of [the HEI]."

"Students will have access to all learning support resources that are normally available to the HEI-based students."

Student progression

9.5 Opportunities for the student to progress to higher level provision, either at the FEC or directly provided by the HEI, are a valuable feature of franchise arrangements.

9.6 The attention which this aspect received in the agreements submitted to us varied. Some included very positive statements.

Some examples are:

"The Franchisor and the Franchisee will ensure that students are well informed about opportunities for progression and to provide information on progression requirements and any arrangements for credit transfer."

"The HEI will endeavour to put in place a course, or courses, which allow students who successfully complete the franchise course to progress to more advanced study at the HEI. It will develop and distribute a "compact document", which under appropriate circumstances, guarantees such progression."

"Liaison officers of both institutions will provide information and support to students on accessing HE routes at the HEI."

9.7 Partners should agree, and students should be informed of, and given guidance on, the opportunities available, including:

- what range of courses they may be able to progress to at the HEI
- whether such progression is automatic for FEC students who reach a specified level of attainment on the course provided at the college, or whether the HEI will apply a selection procedure
- the basis for calculating the 'credit' the student will get for successful completion of the FEC-provided course in terms of the point of entry to the HEI-provided course.

9.8 Geographical distance between the FEC and the HEI partner may make direct progression less practical for some students. Nonetheless, the HEI should consider making such opportunities available if students wish to take advantage of them.

Collaboration between the FEC, the HEI franchiser and other HEI provider(s) closer to the FEC, may also extend the progression opportunities for franchise students.

- 9.9 The agreement should indicate how students will be informed of, and given appropriate guidance, on progression opportunities.

Student progression arrangements should be an integral part of franchise agreements.

10 COLLABORATIVE WORKING BETWEEN STAFF

- 10.1 Opportunities for collaboration between staff are also a valuable feature of franchising, and may include:

- HEI staff contributing to the teaching of FEC provision
- joint staff training and development
- collaborative curriculum development
- involvement of FEC staff in research and development activity undertaken by HEI staff.

- 10.2 Although there is a greater likelihood of this sort of collaboration where the HEI and FEC are in close proximity, distance should not rule it out.

- 10.3 Where an HEI has partnership arrangements with two or more FECs, there may be major benefits if the FECs can work together collaboratively, as well as with the HEI.

- 10.4 Partners should consider how, either through the agreement itself, or through other appropriate mechanisms, they will identify rights and responsibilities with respect to staff development, curriculum development and joint scholarly activity.

Some examples of collaboration are:

“Teaching teams at the two institutions will be encouraged to communicate freely with each other, to share the development of the course and its associated learning and teaching strategies, and overall to generate an effective partnership and spirit of co-operation.”

“College associate tutors will be eligible to apply for [the HEI] staff development funding and have access to [the HEI] corporate and specific staff development training events.”

11 FINANCIAL AND FUNDING ARRANGEMENTS

- 11.1 HEIs receive funding from HEFCW for franchise provision according to an allocated number of funded credits on the basis of the funding per credit value for the Academic Subject Category concerned as determined by the Council. Franchise students may also attract premium payments for widening access, disabled students and Welsh medium provision, and be eligible for Financial Contingency funding or part-time fee waiver. HEIs then transfer a proportion of the funding to the FEC to deliver the course. HEFCW does not prescribe a set proportion which HEIs must transfer and the

sum which the HEI retains to cover its contribution to the arrangements may differ in each partnership.

- 11.2 In the copies of agreements which we received, as far as we could ascertain, the proportion of funding transferred by HEIs varied between 40% and 80%. Some agreements are fuller than others in setting out what services and support the FEC receives from the HEI. However, these are not specifically related to the percentage of funding that the HEI retains, and there was no obvious correlation between the services provided by the HEI, the obligations on the FEC and the percentage of funding transferred. In a few instances, joint teaching between the HEI and the FEC may have been involved but again it was not clear how this influenced the percentage of funding transferred. Agreements did not refer to the transfer of premium payments to FECs.
- 11.3 In some agreements it is stated, or seems evident, that the FEC collects and keeps the tuition fees. There were examples where the agreement indicated that the fee income received by the FEC influenced the proportion of HEFCW funding transferred to the FEC, or where the HEI expected to receive some of the fee. These aspects will be increasingly important in the context of the Supplementary Income Stream being introduced in 2006/07 and new tuition fee arrangements from 2007/08.
- 11.4 Franchise students will be included within the HEI's total HEFCW-funded student numbers when calculating any grant allocations for special funding initiatives or strategy funding which are based on a student-number related formula, for example, widening access and learning and teaching strategies. If the HEI returns data which includes Welsh-medium franchise students, then these will be taken into account in determining the allocations for those institutions which receive development funding directly from HEFCW from the Welsh Medium Provision Fund to implement their Welsh medium strategies.
- 11.5 In setting out the financial arrangements for franchise agreements, both parties should be clear on:
 - a) What is the total HEFCW funding, including premiums and other additional funding streams, allocated to the HEI in respect of the students concerned (see Appendix B for additional notes on funding elements).
 - b) What part of that funding the HEI will retain
 - c) What that retained funding is intended to pay for, in terms of the HEI's overheads and services contributed to the partnership arrangements, with an indication of how that retention has been calculated.
 - d) What are the arrangements for the collection and distribution of tuition fee income between partners.
- 11.6 It is not feasible to cost every aspect of a partnership agreement. Particularly in a long-term and wide-ranging association between an HEI and a FEC, there will be intangible and unquantifiable benefits. One of the advantages of franchise partnerships is that an HEI can undertake activities at marginal cost which would cost the FEC a great deal more to do on its own (for example, the various administrative requirements associated with HEFCW funding). There will be wider activities and facilities provided by the HEI whose contribution to the franchised provision cannot sensibly be costed. Nonetheless, both parties should be clear about how the total funding available for the

franchised provision is being used, so that a concept of a fair distribution of funding between partners can be established.

In setting out financial arrangements for franchise agreements, both parties should be clear about how the total funding available for the franchised provision is being distributed and used.

Assignment of student numbers/funded credits to the FEC.

- 11.7 In most of the agreements we have seen HEIs agree or confirm the funded credits/number of students for which the HEI will fund the FEC annually, following discussion with the FEC. They generally set maximum numbers of students/credit values, stating whether or not the FEC may recruit beyond the maximum number which the HEI agrees to fund, and any conditions or penalties which may apply. They also specify arrangements if the FEC recruits below the maximum number set by the HEI or when a student withdraws or fails to complete a course. Sometimes a minimum number of students to be recruited is set, below which the course is not considered viable.
- 11.8 In some instances, HEIs franchise a wide range of courses/substantial student numbers to a particular FEC and may give the FEC greater flexibility to manage its own portfolio and the distribution of numbers between courses, rather than agreeing numbers on a course by course basis. In such cases, the agreements set out the parameters within which the FEC may operate.
- 11.9 We appreciate that HEIs may need to make decisions on the exact numbers to be allocated to the FEC on an annual basis. However, within the context of the recommendations on longer-term agreements in section 8 above, it would be helpful to FECs if HEIs could set a broad framework for how numbers will be determined from year to year.

Where possible, HEIs should set the annual confirmation of franchise numbers to their FE partners within an overall framework of how numbers will be determined from year-to-year.

12 MONITORING AND REVIEW

- 12.1 Partners should monitor the operation of the agreement and its effectiveness on a regular basis. They should agree how often the review will take place, and the procedure for undertaking it, including reporting results to the governing bodies of both partners.
- 12.2 Partners should have in place procedures which will allow them to assess, for example, whether and how far:
- the conditions of the agreement are being met
 - the needs of the students are being met
 - where relevant, students are gaining access to HEI facilities
 - where relevant, students are progressing on to the HEI's directly provided courses.
- 12.3 Furthermore, as part of monitoring progress against its overall institutional strategy, each partner should decide how it will assess, over time, whether in practice a

particular arrangement is meeting its purpose. This implies that each party should have considered what success criteria or performance indicators it would use.

Partners should have in place procedures for regular monitoring and review of agreements.

13 DIRECTLY-FUNDED HE IN FE PROVISION

13.1 The main focus of partnership or compact agreements between an FEC and HEI for directly-funded HE in FE provision will normally be the awarding function provided by the HEI and associated quality assurance arrangements. However, in drawing up such agreements, many of the same considerations as for franchise agreements will be important:

- Compatibility of the partner institutions' objectives and strategic direction and mission
- Appropriate procedures for negotiating agreements with full involvement of both partners
- Agreements which respect and adequately protect the interests and reputation of both partners
- Clear understanding of, and agreement on, the basis of the clauses in the agreement
- Approval of the agreement at the appropriate level within the partner institutions
- Clarity and transparency of the agreement. While in the case of directly-funded provision, the FEC will be paying a fee for the services which it receives from the HEI, it is equally important that both parties can see both the benefits and the obligations involved
- Setting a mutually acceptable duration for the agreement, and voluntary termination clauses, which give reasonable security to both partners and time for them to plan for changes
- Monitoring and review of agreements to ensure continued effectiveness and meeting of objectives.

13.2 Given that in such arrangements the HEI is responsible for the quality assurance and standards of the award which is being offered by the HEI, and the implications of this for the responsibilities of the HEI towards the students concerned, there are likely to be similar considerations as for franchise agreements about the areas where there needs to be clarity on the designated responsibilities of each partner. Partners should therefore consider the checklist at Appendix A to determine whether and how it applies to agreements for directly-funded provision.

13.3 Partners should also consider whether aspects noted under sections 9 and 10 above should be included within the agreement – staff development, student access to HEI facilities, resources and support, progression arrangements for students. As the FECs concerned will also be operating franchise agreements, it is to be expected they will wish to minimise any perceived differences between franchise and directly-funded cohorts in terms of the nature of the student experience and the status of the students.

13.4 Paragraph 5.7 above noted potential issues for FECs in managing franchise arrangements with several partners. In similar vein, HEIs who have agreements with FECs for both directly-funded and franchise provision should consider how far it is possible to operate both types of agreements in a consistent manner. This was the case with one of the agreements submitted to us, where apart from the different direction of the transfer of funding (and that the allocation of student numbers was not involved), essentially the same agreement was operated.

APPENDIX A

DESIGNATED RESPONSIBILITIES: CHECKLIST

The checklist below notes areas where each partner should be clear about their respective responsibilities. It is not exhaustive and there may other areas relevant to their own agreements which partners will wish to include. Whilst it notes quality assurance arrangements/assessment and examination arrangements, content here will be determined by the QAA Code and institutions' own detailed procedures and therefore we have not elaborated on these.

Publicity	What procedures have to be followed in terms of publicity about the course provided by either partner or the partners jointly.
Student recruitment, selection and admission	For example, whether these activities are undertaken by the FEC, the HEI or jointly. Where these activities are undertaken by the FEC, the parameters within which they may operate in, for example, offering or confirming places to students, or where they must refer to the HEI beforehand. The responsibilities of the FEI for reporting to the HEI.
Delivery of the course	Whether this is undertaken solely by the FEC or whether any joint teaching takes place, including financial implications
Provision of facilities and learning resources to support the course	Whether this is the sole responsibility of the FEC or whether the HEI makes any contribution. Specifying the range and standard of facilities and resources which the FEC is expected to provide.
Intellectual property and copyright	Any requirements relating to course materials/other materials provided by one party or the other as part of delivering the provision concerned.
Quality assurance arrangements	
Assessment and examination arrangements	
Student support, academic and pastoral	Whether this is provided solely by the FEC or whether the student may have access to additional support from the HEI, and the circumstances in which this will apply/procedures to be followed, etc.
Hardship funding/other financial support for students	What support students may be entitled to and the procedures for the FEC to draw this down from the HEI as appropriate.
Student discipline, complaints and appeals	In respect of student discipline, and any complaints or appeals which might arise from this, partners need to be clear about where their policies might differ and whose policies prevail in any particular situation. They need to ensure, as far as possible, that the FE partner is not undermined in maintaining the standards of conduct which it expects of all students, FE and HE, on its site(s), while also making sure that the students concerned have rights of appeal which reflect their position as registered students of the partner HEI.

Health and safety	Responsibilities for ensuring compliance with health and safety legislation.
Staff recruitment and development	Procedures for the appointment of staff, for the HEI to satisfy itself that existing or new staff are suitably experienced and qualified, expectations in terms of staff development and responsibility for providing this. Any implications which this may have on financial arrangements.
Data collection and return.	Requirements for collection and return of data by the FEC to the HEI on student recruitment, retention, performance, examination fees and entry, etc and other data relating to the operation of the agreement, including dates for return. Details of data which the HEI will provide to the FEC.
Financial arrangements	Arrangements for the payment of funding by the HEI to the FEC, including invoicing, payment deadlines, recovery of overpayment, etc. Details of any payments which the FEC may be expected to make to the HEI.
Allocation of student numbers	Procedures and timings for allocating student numbers/credits to the HEI, adjustments for under/over-recruitment, etc.
Resolution of disputes	For example, seeking to resolve disputes without resorting to formal procedures initially, followed by more formal resolution partners, with ultimate recourse to independent arbitration or legal redress if necessary.
Termination of agreements	Including voluntary termination, and termination for breach of the agreement by either or both parties – the circumstances under which this may occur and the steps, including timescales which will be taken either to remedy the breach to the satisfaction of both parties so that the agreement may continue, or if this is not possible, to bring about termination. Arrangements to protect the interests of current students.
Confidentiality and freedom of information	Responsibilities in terms of confidentiality but also taking account of compliance with the Freedom of Information and Data Protection Acts

APPENDIX B

HEFCW FUNDING STREAMS IN ADDITION TO THE UNIT OF RESOURCE/FUNDING PER FUNDED CREDIT

The following should be taken into account in considering the total HEFCW funding, allocated to the HEI in respect of the franchise students concerned:

Premia funding

The proportion of the premia funding (widening access, disabled students, Welsh medium provision) to be transferred to the FEC. This should take account of the extent to which the responsibility for providing additional support for students attracting premium funding can be expected to fall on the FEC. (The funding which the HEI receives in any one year will be based on retrospective data returned to HESA, therefore the HEI may need to calculate the premia funding for the FEC on the same retrospective basis.)

Additional funding support for students

The terms under which franchise students may be eligible for Financial Contingency Funding or part-time fee waiver support and the arrangements for the FEC to access this funding from the HEI.

Initiative and strategy funding

The partners should consider whether and how the FEC should be encompassed within the activities supported by initiative and or strategy funding, or benefit from the outcomes of work undertaken by the HEI, taking into account any element of the funding which is attributable to the programmes delivered in the FEC.

Tuition fees

There should be agreement on who collects and retains the tuition fees and how the level of the fee is set. If the FEC does not collect and retain, or receive the whole tuition fee if it is collected by the HEI, then the proportion which it does receive should be specified in the agreement. The agreement should give an indication of what any fee income retained by the HEI is intended to pay for, and how that retention has been calculated.

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