Due diligence enquiries are a vitally important element in developing a new collaborative partnership (and when renewing an existing one). A due diligence exercise should be one of the first steps in the process, and the University should not enter into any legal agreements with a partner until it has undertaken a satisfactory due diligence exercise. There are various types of due diligence, and your enquiries should cover the legal, financial, and academic aspects of the proposed partnership. This guidance note deals with aspects of academic due diligence, to enable PDTs to complete section 1.8 of the CPPF so as to provide assurance to LPAG that the proposed partnership is sound.¹

1. **Sector expectations**

The UK Quality Code for HE² (Chapter B10: Managing higher education provision with others) states that an indicator of sound practice in developing and agreeing a collaborative arrangement would be that...

> Appropriate and proportionate due diligence procedures are determined for each proposed arrangement for delivering learning opportunities with an organisation other than the degree-awarding body. They are conducted periodically to check the capacity of the other organisation to continue to fulfil its designated role in the arrangement.

**B10/Indicator 6**

The Quality Code notes that, in order to safeguard the interests of students, degree-awarding bodies (i.e. the University) should undertake appropriate due diligence before proceeding in any substantive way with the development of an arrangement for delivering learning opportunities with others. Due diligence enquiries should be refreshed periodically and also where circumstances change (for example, if the activities are extended or if the ownership of a delivery organisation or support provider changes).

At Brookes, we carry out due diligence enquiries at an early stage of the approval process, and go through a similar process when we wish to renew or extend a partnership arrangement. The outcomes of due diligence enquiries carried out by PDTs are recorded in the CPPF and CPRF forms, signed off by Faculty Executive Teams, and considered by LPAG before the detailed proposals may be considered by a University academic approval panel. The purpose of this stage of the process for implementing collaborative arrangements is for the University to assure itself that a proposed partner:

- is in good financial health and has the appropriate legal standing to enter into the proposed partnership;
- has an educational ethos that is consistent with the University’s strategic priorities;
- has in place an appropriate framework for maintaining academic standards and quality, with clearly defined roles and responsibilities;
- has the facilities and resources to provide a high quality higher education learning environment;
- has the ability to market the programme appropriately.

[Quality & Standards Handbook, Chapter 5]

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¹ Contact your Faculty Head of Finance & Planning for advice on financial due diligence enquiries and business planning, and the Head of Legal Services for advice on the legal aspects of a proposed partnership.

2. **Why carry out due diligence?**

Guidance from the UK HE International Unit (2012)\(^3\), suggests that the two primary purposes of due diligence exercises are:

- **getting to know your partner,** and
- **providing contractual remedies if the partnership is unsuccessful.**

Due diligence may seem unnecessarily time consuming and expensive at the start of a promising partnership, but it will help us to avoid entering into binding legal commitments which can generate substantial ongoing costs if they are not properly conceived, structured and documented.

Due diligence is therefore in the best interest of both/all parties to the agreement, and – especially - the students who are recruited to the programmes we offer through our partnerships.

Due diligence is usually a mutual exercise: be prepared for a prospective partner to ask for similar information from us as part of their own due diligence process. The International Unit suggests putting together a due diligence bundle, which we can hand out to potential partners, subject to confidentiality agreements and consent regarding personal information, etc. You might initially refer potential partners to the ‘About Brookes’ web page: [http://www.brookes.ac.uk/about-brookes/structure-and-governance/](http://www.brookes.ac.uk/about-brookes/structure-and-governance/) which gives information about the structure and governance of the University, and provides links to key policies and strategies, and to the financial statements.

If overseas partners are unfamiliar with due diligence, and query the need for providing such information, we can reassure them that:

- it is a requirement of the UK HE sector’s quality assurance body (QAA – as per the UK Quality Code);
- it will allow the partners to fully understand each other, avoid misunderstandings and manage the collaboration in the best possible way, for the benefit of students;
- in return, we will fully participate in the potential partner’s own due diligence enquiries.

3. **Academic due diligence**

Academic due diligence allows us to examine the academic quality and reputation, degree awarding powers, teaching and research resources or capacity of the prospective partner to be involved in the collaboration. It is a crucial part of the due diligence exercise, as it is central to the potential collaborative arrangements (programme delivery), and therefore to any assessment of the feasibility or benefits of a potential partnership. However, academic DD should not be carried out in isolation from other DD enquiries (i.e. legal, financial, etc).

Academic due diligence needs to be tailored to the nature and scale of the prospective partnership, but at a minimum it should cover the following points:

- **accreditation requirements/permission for operation in the territory relevant to the potential partnership;**
- **number, qualifications, expertise and capacity of key academic, administrative and support staff for operating the partnership, and arrangements for recruiting additional staff where required;**
- **number, qualifications, expertise and capacity of academic staff for carrying out marketing/student recruitment/teaching/research, according to the envisaged partnership arrangements;**
- **availability and quality of facilities and materials (e.g. research resources, laboratories, teaching venues, library access, accommodation, IT facilities for students and employees, student welfare, careers advice);**
- **recruitment process and selection criteria of participating students (if any);**
- **academic standards and assessment and examination criteria and procedures (take a look at assessed student work);**
- **language qualifications of key members of faculty, employees and students;**
- **quality assurance and academic governance arrangements, including mechanisms for seeking feedback from students;**
- **previous experience of the proposed partner of partnerships with other UK universities, and availability of references (and/or external examiners’ reports).**

\(^3\) See useful information, available on the APQO website.
The UK Quality Code (see table in appendix 1) notes that the extent of due diligence enquiries depend on the nature of the risks associated with the proposed partnership arrangements (you are also required to complete a risk assessment for the proposed partnership, as an integral element of the proposal and business plan), suggesting that additional considerations in respect of due diligence might be required for:

- international partnerships;
- arrangements leading to joint awards;
- arrangements with private HE providers, non-educational or non-academic providers; and
- arrangements where the partner organisation is directly involved in teaching and/or assessment of learning.

4. **Key responsibilities**

The overall approval process for collaborative partnerships can be time-consuming for a large number of staff around the University (i.e. costly). We want to avoid situations where collaborative arrangements are approved and then never recruit, or are subject to severe delays because due diligence enquiries, or queries about market demand, remain open after LPAG consideration – the due diligence exercise must be complete before CPPF/CPRFs come to LPAG!

**PDTs**

Project Development Teams should be established at the point at which a partnership is first proposed. The required membership for PDTs is set out in the Quality & Standards Handbook, chapter 5. PDTs are responsible for:

- Carrying out risk assessment exercise (this should guide the DD enquiries and exit strategies);
- Carrying out DD enquiries – this should be a mixture of paper-based exercise and site visits, liaising with appropriate staff at the prospective partner organisation;
- Ensuring a visit is carried out to the prospective partner as part of DD - site visits provide an invaluable understanding of, and insight into, the partner’s operations and practices; (The potential partner should be asked to provide a written report on the points set out in section 3 above, with supporting documents, where appropriate);
- Carrying out market analysis, developing business case;
- Completion of CPPF/CPRF for Faculty Executive approval;
- Presentation at LPAG – not just advocacy for the proposal;
- Development of documentation for approval of the collaborative arrangements and preparation for approval event – these activities will vary according to the nature of the arrangements.

**Faculty Executive Groups**

FEGs are responsible for:

- Considering the CPPF/CPRF and testing the DD enquiries, risk assessment, and business case;
- Satisfying themselves that the PDT has fully explored the risks and benefits of the proposed partnership (including developing and costing realistic exit strategies), has a good understanding of the potential market for the provision, and has developed a realistic and robust business case.
- PVC/Dean signs off the CPPF/CPRF to signal to LPAG that the proposal has the full support of the Faculty – LPAG should not be doing the FEG’s job for them!

**APQO: August 2015**
## Appendix 1 - extracted from UK Quality Code (B10)

<table>
<thead>
<tr>
<th>Key areas for DD enquiries for most partnership arrangements:</th>
<th>+ for international partnerships:</th>
<th>+ for partner delivering and assessing:</th>
<th>+ for private/non-educational providers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• the ability of the prospective delivery organisation, support provider or partner to provide the human and material resources to operate the arrangement successfully</td>
<td>• the legal and regulatory frameworks of the country concerned</td>
<td>• the level of familiarity of the prospective delivery organisation with the standards and ethos of UK higher education</td>
<td>• the ownership and financing of the prospective delivery organisation or support provider</td>
</tr>
<tr>
<td>• the academic/professional capacity of the prospective partner organisation to deliver any learning and teaching or support at the appropriate levels</td>
<td>• the political, ethical and cultural context</td>
<td>• the ability of the prospective delivery organisation to manage processes for quality assurance in higher education and to meet the relevant Expectations of the Quality Code</td>
<td>• its governance structures (in particular ensuring that academic and business decision-making are separate)</td>
</tr>
<tr>
<td>• the ability of the prospective partner organisation to provide an appropriate and safe working environment for students</td>
<td>• the higher education structures in the country where the partner organisation is operating</td>
<td>• the accredited or recognised status of a prospective partner organisation accorded by the relevant authorising bodies in the country where the provision will be delivered and/or for individual programmes to have the approval of the relevant national authority (both factors may have implications for educational activity and/or the recognition of qualifications for progression to further study or employment in those countries)</td>
<td>• whether it is registered as a company or a charity and the nature of any accreditation</td>
</tr>
<tr>
<td>• the legal status of the prospective partner organisation in its own country and its capacity to enter into a legally binding agreement</td>
<td>• cultural assumptions about higher education learning methods</td>
<td>• the adequacy of operational structures (including record-keeping) in place to support learning delivery and/or assessment in an equitable, valid, reliable manner.</td>
<td>• the range of business and ethical interests and links that providers may have, either within the UK or overseas, and whether these could present potential risks to the proposed arrangement or to the reputation of those involved.</td>
</tr>
<tr>
<td>• the accredited or recognised status of a prospective partner organisation accorded by the relevant authorising bodies in the country where the provision will be delivered</td>
<td>• any requirements for the potential delivery, support or partner organisation to be accredited or recognised by the appropriate authorities in the jurisdiction where the provision will be delivered and/or for individual programmes to have the approval of the relevant national authority (both factors may have implications for educational activity and/or the recognition of qualifications for progression to further study or employment in those countries)</td>
<td></td>
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<tr>
<td>• the reputation and/or academic standing of the organisation (drawing on a range of performance indicators, as well as the experience of other providers who have collaborated with the organisation)</td>
<td>• the range of business and ethical interests and links that international partners may have, either within the UK or overseas, and whether these could present either potential risks to the proposed arrangement or to the reputation of those involved.</td>
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<td>• the financial stability of the prospective partner.</td>
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