

Review of HEFCE special funding initiatives

**An internal report produced by HEFCE
with staff seconded from KPMG**

November 2004

Table of Contents

	Page
1 Executive Summary	4
2 Introduction	7
2.1 Background to review	
2.2 Method and scope	
3 Overall findings	9
3.1 Strength of business case	
3.2 Accountability arrangements – allocation of funds	
3.3 Accountability arrangements – monitoring arrangements	
3.4 Use of risk assessments	
3.5 Consistency and collaboration	
3.6 Reviewing the initiatives	
3.7 Potential to roll into core grant	
3.8 Link to strategic plan	
4 Assessment of individual initiatives	15
4.1 Widening Participation	
Students with learning difficulties and disabilities	15
Aimhigher	16
4.2 Learning and Teaching	
TQEF: institutional learning and teaching strategies	17
TQEF: National Teaching Fellowship Scheme	18
TQEF: Fund for Development of Teaching and Learning	20
National Student Survey	21
Higher Education Academy	22
Foundation degrees and Foundation Degree Forward	23
Minority subjects	24
Quality Assurance Agency	25
National Flying Laboratory, Cranfield University	26
Dance and Drama	27
Centres for Excellence in Teaching and Learning (CETLs)	28
Supporting professional standards	29
Research into teaching and learning (TLRP)	30
4.3 Research	
Research Libraries Network	31
Research Libraries Access Fund	32
Overseas Research Students Awards Scheme (ORSAS)	33
Copyright Libraries	34
Science Research Investment Fund round 2	35
4.4 Business and Community	
Higher Education Innovation Fund round 2 (including Knowledge Exchanges)	37
Higher Education Active Community Fund	38
4.5 Building on institutions' strengths	
Strategic Development Fund	39

4.6	Leadership, Governance and Management	
	Procurement Initiatives	40
	Equal Opportunities	41
	Leadership, Governance and Management Fund	42
	Leadership Foundation for Higher Education	43
	Rewarding and Developing Staff round 2	44
4.7	Other special funding	
	London Whole Institution	45
	College Fees	48
	Inherited Liabilities	49
	Joint Information Systems Committee (JISC)	50
	Joint Academic Network (JANET)	51
	Higher Education Policy Institute (HEPI)	52
	Higher Education and Research Opportunities (HERO)	54
	Poor Estates Initiative	55
	Tomlinson Capital	56
	Medical schools expansion capital	57
	Strategic International Initiatives Fund	58
	Appendix 1 – questionnaires	59
	Appendix 2 – summary of issues to consider	65

1. Executive Summary

1.1 Introduction

HEFCE has been committed to reducing bureaucracy within the HE sector through developing a new accountability relationship with institutions. In line with this overriding objective, we have carried out a review of existing special funding initiatives scheduled to run beyond the end of the academic year 2004-05. The main purpose of this review was to identify whether these initiatives are being run in line with the principles of good regulation as set out by the Better Regulation Task Force.

We carried out a review of suggested background information and held meetings with key members of staff. These meetings were used to complete a standard questionnaire aimed at gathering information about the initiative such as:

- The purpose of the funding;
- Arrangements for allocating funds and monitoring the use of funds;
- Reporting, monitoring and review arrangements within the Council;
- Whether there are any other similar initiatives run by HEFCE or other bodies; and
- Whether it may be possible to roll the initiative into core funding.

The questionnaires used are included in appendix 1.

We have provided a summary of our findings below and more detail is in section 3 of this report. These sections bring together the findings arising from each initiative and attempt to draw some overall conclusions. An assessment of each initiative reviewed is included in section 4. Section 2 gives some more detail of the background, scope and method used for this work.

1.2 Good Practice

During our work, we identified the following areas of good practice:

- ✓ A reasonable business case was in place for the majority of the initiatives reviewed;
- ✓ Funding was generally allocated using a method that was appropriate to the initiative and that did not create unnecessary burden;
- ✓ We found that monitoring arrangements were also generally appropriate to the nature and amount of funding;
- ✓ Project managers were generally aware of the risks of overlap with other funding;
- ✓ We found that most initiatives were reviewed regularly, to coincide with the decision on whether to renew the funding; and
- ✓ The majority of initiatives could be linked to one of the Council's strategic aims.

1.3 Key Findings

1.3.1 Strength of business case

Generally there appeared to be a reasonable business case for the existence of the initiatives. There were some instances of older funds being rolled forwards where the business case is now out of date. We also identified a small number of instances where staff changes meant that current project managers were not always aware of the initial purpose of the funds or the reasons that they were initially designated as special funding.

1.3.2 Accountability arrangements – allocation of funds

We identified two main ways in which HEFCE allocates special funding initiatives. The first is that funding is allocated to each HEI based on a formula and is then released on receipt of an acceptable action plan. The second is that HEIs are required to bid for funds as part of a competition.

Some of the funding in place is not paid to HEIs but to related bodies and other separate entities. In these cases, funding is usually allocated on the basis of an agreed business plan and budget.

We found that the methods in place for allocating funding are generally reasonable and well suited to the funding in question. However, there are a small number of instances, especially in relation to the older initiatives, where the basis of the allocation is a report or piece of analysis that is now some years old.

1.3.3 Accountability arrangements – monitoring arrangements

The majority of initiatives require an annual return showing how funds have been used. A small number of returns are amalgamated into the Annual Monitoring Statement that HEIs are already required to submit to HEFCE, thereby minimising the additional reporting burden. There are some initiatives that do not have any monitoring arrangements in place due to the low levels of funds involved; and there are a small number where we consider that monitoring arrangements could be improved.

1.3.4 Use of risk assessments

We found that less than half the initiatives had been subject to a recent risk assessment. Those that had been assessed were generally the new initiatives that had been set up in the last year. There were a significant number of cases where it was not known whether a risk assessment had been carried out. This was usually because the initiative was set up before risk assessment procedures were formally introduced.

1.3.5 Consistency and collaboration

Project managers were often aware of the risks of overlap with other funds and could usually identify the other initiatives where there may be some similarities. However, they were generally satisfied that there was no duplication of funding.

We identified a limited number of instances where we feel that there may be some risk of overlap or opportunity for collaboration.

1.3.6 Reviewing the initiatives

Special funding initiatives should be regularly reviewed to ensure that the case for maintaining them separately to core grant remains justified. We found that in most cases, the initiatives were reviewed regularly and that these reviews were often carried out to coincide with the decision on whether to renew the funding.

We have identified a small number of initiatives where a review is not currently scheduled or that have not been reviewed for some years.

1.3.7 Potential to roll into core grant

As part of our work we considered, and discussed with the project managers, whether there was any possibility to roll the initiatives into core grant. We did not identify any cases where there was an obvious opportunity for this. However, the Council may wish to consider whether it is possible, or desirable, to administer some funds which are integral to the good management of the institutions with core grant.

1.3.8 Link to strategic plan

Our review of the initiatives included an assessment of how far they related to the Council's current strategic plan. Given that the main strategic aims of the Council are fairly broad, it is relatively simple to relate most of the initiatives to one of these aims. Some also quite clearly link in to the more specific objectives and key performance targets.

1.4 Conclusion

On the basis of the work undertaken, we are satisfied that the administration of special funding initiatives is generally in line with the principles of good regulation, subject to appropriate consideration of the issues raised in this report.

2. Introduction

2.1 Background to the review

HEFCE is committed in its strategic plan to developing a new accountability relationship with the HE sector aimed in large part at reducing bureaucracy. New measures, including an updated Accountability Scorecard and the generation of regulatory impact assessments, will help ensure that future initiatives are consistent with this new relationship. It is also important to look at existing live initiatives – those which were developed prior to the current planning phase and are planned to run beyond the next academic year (2004-05) – to see if these are consistent with the new relationship too.

HEFCE has set out in its financial strategy principles for determining funding allocations. These principles, which were approved by the Board last December, are:

- As much funding as possible for core activities should be provided through core/block grant;
- Funding through non-core routes for core activities will be provided to promote change within the sector that cannot be achieved through other routes. In such cases the Council will set out the benefits that outweigh the impact of earmarking. Non-core funding for core activities will be time limited;
- Funding for building on institutional strengths will include funds to support strategic change and development within HEIs;
- Funding for national facilities will be provided only where there is a clear and continuing case for such funding;
- Funding for inherited activities should be managed down wherever possible to free up funding to be re-directed to core activities. This includes the active reduction of inherited liabilities through buyouts and capitalisations, when funding permits; and
- Capital funding should normally be from specific earmarked additional funding provided by the DfES and should not be diverted from the recurrent baseline.

Against this backdrop, HEFCE agreed to commission a review of all the Council's special funding initiatives (SFIs). The main objective of the review was to compare the Council's SFIs against the five principles of good regulation, defined by the Better Regulation Task Force (BRTF). These are:

- Transparency;
- Accountability;
- Proportionality;
- Consistency; and
- Targeting.

2.2 Method and scope

The reviewers were provided with a list of special funding initiatives, background information for each initiative and further suggested reading. Following a review of this information, meetings were held with budget holders and/or project managers to obtain further information. A standard questionnaire was used during this process, tailored according to the type of initiative. Copies of the questionnaires are included at appendix 1.

The types of initiative covered were:

- Special initiatives;
- Earmarked capital; and
- National facilities.

Only those initiatives scheduled to run beyond the end of academic year 2004/05 were included in the review. A summary of our assessment of each individual initiative is included in section 4.

3. Overall findings

3.1 Strength of business case

We found that in most cases there was a reasonable business case for the existence of the initiatives. There was rarely a specific ‘business plan’ document in place. However, the justification for the initiative was often the latest internal review or a consultation that had been carried out. Most initiatives are still operating in line with their initial objectives. Where an initiative had changed or grown, this had been considered and justified through the review process; for example, in the case of the Equal Opportunities funding and HERO.

While project managers were able to justify why the initiatives still existed, some were not clear about why they were set up in the first place. This is not seen as a significant problem, but suggests that relevant knowledge may not always be passed on when staff leave the Council. This occurred for example with the National Flying Laboratory, Tomlinson Capital, Research into Teaching and Learning and some of the London Whole Institute (LWI) funding.

There were a few occasions where some older initiatives have been rolled forward without formal consideration of whether a sound business case still exists for their continuation. In some of these cases, the business case or research behind the initiative is a little out of date although they are not necessarily unjustified. This has occurred in relation to the following initiatives:

- LWI funding – funding rolled forward annually and increased by inflation;
- Copyright Libraries – funding based on a review carried out in 1998; and
- Research Libraries Access Fund – funding based on research from 1998-99.

3.1.2 Issues for consideration

The Council should ensure that justification is in place for all special funding. This does not necessarily need to be a formal ‘business plan’ document, but up to date information should be in place to support those initiatives identified above. As outlined in section 3.6, regular reviews should be carried out of all funding to ensure that a clear case remains for maintaining it as a separate initiative. These reviews should be documented to enable appropriate approval to be obtained.

The Council should also ensure that when staff leave, they pass on details of special funding that they have been involved in to their successor.

3.2 Accountability arrangements – allocating funds

The initiatives reviewed had two main accountability arrangements in place, both for allocating the funds and for reviewing the use of funds. The first is that funding is allocated to each HEI based on a formula and is then released on receipt of an acceptable action plan showing how the funds will be used. This is usually the case where funds are available to all HEIs but the Council wishes to ensure that they are spent on a specific area: for example, Rewarding and Developing Staff, TQEF Institutional strand and Supporting Professional Standards.

The second arrangement is where HEIs are required to bid for the funds. Funds are then allocated on the basis of the decisions of an independent panel. This is usually the case where the funds are not available to all HEIs and the Council therefore needs to ensure that they are

allocated in a transparent way. In most instances where a bidding process is in place, the system is designed so that an outline bid is produced in the first instance. Detailed bids are then only requested from a short-list of HEIs. This aims to reduce the burden on HEIs whose bid is unlikely to be accepted. However, there is a possibility that this may increase the amount of resource used within the Council as two separate reviews are undertaken.

There are some instances, especially in relation to the older initiatives, where the basis of the allocation is a report or piece of analysis that is now some years old. We have outlined these instances in section 3.1 above.

Where funds are allocated to a separate entity, this is usually done on the basis of an agreed business plan and budget. Funds are then paid over according to an agreed profile. This causes minimal burden for both the Council and the entity and does not impact on the HEIs. This is the case for the Higher Education Academy, the Equality Challenge Unit and the Leadership Foundation.

3.2.1 Issues for consideration

For the few older initiatives where the amount of funds allocated is based on out of date information, the Council should ensure that the allocation is updated to reflect current circumstances. Details of the initiatives affected are provided in section 3.1.

3.3 Accountability arrangements – monitoring use of funds

The majority of initiatives require an annual return showing how funds have been used. A minority of returns are amalgamated into the Annual Monitoring Statement that HEIs are required to submit to HEFCE. This reduces the burden on institutions as a separate return is not required. One initiative is planning to monitor the success of the project using HESSES data.

Funds that are paid over to a separate entity are usually monitored indirectly by having a nominated HEFCE representative on the board and more formally through an annual report. The monitoring arrangements for most of these entities do not go over and above the information that a company or entity would be producing to enable effective financial management during the normal course of business.

Some of the initiatives do not have any monitoring arrangements in place. In some cases this may be justified by the low levels of funds involved or alternative arrangements in place. However, in others there is a case for introducing some monitoring to ensure that the Council is able to effectively monitor the use of funds. These include, for example, some of the LWI funding, TQEF Individual strand, Research Libraries Access Fund and Copyright Libraries.

We have included details of the allocation and monitoring of funds for each of the initiatives in section 4. We have graded the amount of burden created by these processes as high, medium or low and have added further comments where necessary to add some context to this grade. As a guide, 'high' refers to those initiatives that require a two-stage bidding process and regular monitoring returns. Low generally refers to those initiatives that are allocated on the basis of a formula and that require no, or minimal monitoring.

It should be noted however, that there are cases where a 'high' burden may be justified by the need to be able to show transparency in the allocation and monitoring of funds. Similarly, a 'low' burden may sometimes indicate that insufficient accountability arrangements are in place.

3.3.1 Issues for consideration

The Council should review the comments made in section 4 of this report relating to accountability burden. Where we have identified areas where the accountability arrangements could be improved, the Council should consider introducing changes.

3.4 Use of risk assessments

During our meetings with project managers, we asked whether a risk assessment had been carried out on the initiative. Ideally, this risk assessment would provide the basis for the accountability arrangements in use.

We found that less than half the initiatives had been subject to a recent risk assessment. Those that had been assessed were generally the new initiatives that had been set up in the last year. There were a significant number of cases where it was not known whether a risk assessment had been carried out, which would indicate that even if one had been done when the initiative was set up, it was not ongoing.

3.4.1 Issues for consideration

The Council should ensure that risk assessments are carried out when new initiatives are set up and that these assessments are used as the basis for determining accountability arrangements. Assessments should be kept in mind and updated where significant changes occur. They should be formally updated when an initiative is reviewed in order to ensure that the arrangements in place remain suitable and to inform the decision whether to continue with special funding.

3.5 Consistency and collaboration

In reviewing the list of initiatives we have tried to identify any instances where two funds appear to exist for similar purposes or may overlap in any way. We also asked the project manager whether they were aware of any such instances both within HEFCE or elsewhere in the sector.

Project managers were often aware of the risks of overlap with other funds and could usually identify the other initiatives where there may be some similarities. However, they were generally satisfied that there was no duplication of funding. Staff were also often aware of other initiatives outside the Council which may serve a similar purpose, although there may remain some risk of this. It would appear that this knowledge often arose from staff's general knowledge of the Council and the sector. There is not usually a check as part of the review process to ensure that there are no other similar initiatives in place except where a formal consultation process is undertaken.

We identified that some of the newer initiatives were already working to reduce the risk of duplication by combining several older funds. For example, the Aimhigher programme merged the existing Partnerships for Progression and Excellence Challenge initiatives. In addition, the Higher Education Academy merges several existing funding pots on the recommendation of a Teaching Quality Enhancement Committee report; and the SRIF funding combines the former Joint Infrastructure Fund (JIF) and the Joint Research Equipment Initiative (JREI).

We also noted that a lot of the newer initiatives are working in the area of learning and teaching, widening access and identifying good practice. However, we did not identify any particular instances where two initiatives overlapped.

Finally, we identified a limited number of instances where we feel that there may be some risk of overlap or some opportunity for collaboration:

- HEFCE is aware of potential similarities between the Overseas Research Awards Scheme and a new OST scheme which was recently introduced without consultation with HEFCE. It is intended to keep this scheme under review; and
- There is a *possibility* of administering the Copyright Libraries scheme with the Research Libraries Access scheme, although given the low burden of both schemes minimal efficiencies would currently be made.

3.5.1 Issues for consideration

The identification of any other similar schemes both within and outside of HEFCE should be included in the regular reviews of initiatives.

The Council should review the comments made above and in section 4 of the report to identify whether any initiatives can be merged or if any collaboration is possible. The Council could consider reviewing a sample of HEIs to ensure specific or similar projects are not being funded from more than one source.

3.6 Reviewing initiatives

Special funding initiatives should be regularly reviewed to ensure that the case for maintaining them separately to core grant remains justified. We found that in most cases the initiatives were reviewed regularly. Reviews are often carried out to coincide with the decision on whether to renew the funding.

Reviews are generally carried out every three to five years. They may include a consultation but this is not always the case. These reviews generally seem to examine whether the funding has fulfilled its objectives, whether it remains in line with HEFCE's strategic plan and whether it should be renewed.

We have outlined in section 4 when the initiative should next be reviewed. In most instances, a review is already scheduled but the Council should ensure that these take place as planned. We did identify cases where scheduled reviews had been postponed, and funding rolled forward for an extra year

Initiatives which do not currently have a review scheduled include:

- The four strands of the London Whole Institution funding – with the exception of the School of Advanced Study, the elements of this funding stream have not been reviewed for a number of years;
- Copyright Libraries – this fund has not been reviewed since 1998. It should be reviewed in the near future to ensure that it is still justified and that the amounts allocated remain a fair approximation of the costs incurred;
- Professional Standards – a review of the whole 'professional standards' project will be carried out in due course. A review of this specific initiative should be carried out at the end of the current period of funding in 2005-06 if the overall review has yet to take place;

- Research into Teaching and Learning – the Council’s contribution should be reviewed at the end of phase three of this project in 2008; and
- HE Policy Institute - the decision of whether to continue funding beyond 2008-09 should be based on a review of the initiative.

3.6.1 Issues for consideration

The Council should ensure that all initiatives are reviewed on a regular basis. Where reviews are scheduled, they should be carried out as planned unless there is a good reason to reschedule. The Council should ensure in particular that those initiatives that have not been reviewed for some years are reviewed in the near future.

3.7 Potential to roll into core grant

As part of our work we considered, and discussed with the project managers, whether there was any possibility to roll the initiatives into core grant. We did not identify any cases where there was an obvious opportunity for this. This is due to one of three main reasons:

- The funding is not available to all HEIs and is allocated on a competitive basis in order to maintain transparency;
- Funding is provided to a related body as a separate entity and not to HEIs e.g. the HE Academy, HERO and the QAA; and
- Funding is available to all HEIs but the allocation does not fit with the existing funding formulas, or there is a need to keep the funding separate for monitoring purposes. However, as outlined below, this does not always preclude inclusion in core grant.

In some cases where the third reason applies, it may be *possible* to roll the funding into core grant but it is not considered desirable. Sometimes this is because the initiative is new and high profile and the Council wants to ensure that it is seen to be providing additional funding to HEIs. In other cases, this is because if the funding is rolled into core grant, it is felt that there is not yet sufficient assurance that it will be spent for the purposes intended. The latter is one of the main reasons we found that special funding was not included in core grant. However, the Council will look to roll this funding into core grant as and when sufficient assurance can be provided.

3.7.1 Issues for consideration

The Council should ensure that the review process specifically examines whether it is possible to roll an initiative into core grant. Where separate funding is provided initially to raise the profile of an activity or to enable closer monitoring of funds, the strength of the continued case for special funding should be specifically examined. In approving the continuation of special funding, the Council should ensure that this has been considered.

In addition, the Council could consider whether it may be possible to include more funds in core grant where the purpose of the funding is integral to the good management of institutions.

3.8 Link to strategic plan

Our review of the initiatives included an assessment of how far they related to the Council’s current strategic plan. Given that the main strategic aims of the Council are fairly broad, it is

relatively simple to relate most of the initiatives to one of these aims. Some quite clearly link in to the more specific objectives and key performance targets.

It is harder to relate a small minority of the initiatives to the strategic plan. These tend to be the older initiatives that were in place before the current strategic plan was drawn up. We have included our assessment of where the initiatives fit with the strategic plan in section 4, and have tried to indicate whether we feel that the link is a strong one or a more indirect one.

3.8.1 Issues for consideration

The Council should ensure that the regular review of special initiatives specifically examines whether they remain relevant to the strategic plan.

4. Assessment of individual initiatives

The following notes give our assessment of each initiative in a common format. Initiatives are grouped under the strategic themes in HEFCE's strategic plan.

4.1 Widening participation

Students with learning difficulties and disabilities	Special initiative
<i>Funding 2004/05: £2.2M</i>	
<i>Overall assessment of strength of business case:</i> Based on DDA legislation. Funding provided helps institutions to conform to legal requirements.	
<i>Overall opinion on level of regulation and resources:</i> Funding is split into two strands. Strand one is for small and specialist institutions and strand two is to develop and disseminate good practice in learning and teaching of disabled students: <ul style="list-style-type: none"> • Strand one funding is allocated on receipt of a plan showing how the money will be spent; • Strand two is allocated based on the results of a two-stage bidding process. First stage is a brief outline. A shortlist of bidders are then asked for more detailed plans. • Both strands required an annual report. There may be some overlap with the information reported throughout the year to the National Disability Team. 	
<i>Potential to roll into core grant and potential consequences of this:</i> Some DDA money is already in core grant. Strand one provides additional funding to small and specialist institutions where core funding has not provided sufficient grant so there is minimal opportunity to roll this into core. Strand two aims to develop and disseminate good practice. There is limited opportunity to roll into core grant because the funding is for institutions to act on behalf of the sector, with projects which do not just benefit the host institution. This initiative is unlikely to continue after December 2005 as its objectives should have been achieved.	
<i>Overall opinion on burden High/Medium/Low:</i> Strand one – low-medium. Strand two – medium-high. Two stage bidding tries to reduce burden on HEIs but may increase resource required from HEFCE.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Appears to be minimal overlap with other funding. Some disability issues may be considered in projects funded from other initiatives that aim to identify good practice in learning and teaching. However, this seems to be the only initiative that is primarily focussed on these issues.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Initiative seems to reflect the original objectives of this funding. This has led to preliminary decision not to continue beyond 2005. <i>When should the initiative next be reviewed?</i> N/a – to be discontinued from December 2005.	
<i>Opinion on value of the initiative in the context of the strategic plan</i> Strong link to the strategic theme of widening participation.	

Aimhigher	Special initiative
<i>Funding 2004/05: £29,000,000</i>	
<i>Other partners: DfES and LSC. Changes could not be made to this programme without their agreement.</i>	
<i>Overall assessment of strength of business case:</i>	
<p>A full business case was produced for one of the predecessor programmes, Partnerships for Progression (P4P) when this was initially set up. Aimhigher combines this with the Excellence Challenge.</p> <p>The key driver/business case is the 50% participation target set by the government.</p>	
<i>Overall opinion on level of regulation and resources:</i>	
<p>Amount is determined by formula based on existing commitments, attainment and participation rates. In order to obtain the funding, a strategic plan is required from each area and each region. This appears reasonable in theory.</p> <p>The White Paper required the merging of P4P and Excellence Challenge just shortly after the planning round for P4P. Institutions were therefore required to submit further plans for Aimhigher money shortly after the P4P planning round. HEFCE had limited control over this occurrence.</p> <p>A lot of burden on the HEFCE Aimhigher team, regional consultants and institutions resulted.</p> <p>Aimhigher will require an annual monitoring return to assess progress against the strategic plans for each region/area. A template is available for use but the form of reporting is flexible. This appears reasonable given the level of funding involved.</p>	
<i>Potential to roll into core grant and potential consequences of this:</i>	
<p>Minimal potential to roll into core grant. Funding is administered on behalf of other partners and is not allocated to specific HEIs but to collaborative projects that involve colleges and schools.</p>	
<i>Overall opinion on burden High/Medium/Low:</i>	
<p>Medium – once the system is settled in, level of burden should be reasonable given funds involved.</p>	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
<p>Already combines several existing funding pots. Collaboration with LSC and DfES minimises risk of overlap.</p>	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
<p>This is a new initiative and still appears to reflect the initial business case of working towards the 50% participation rate.</p>	
<i>When should the initiative next be reviewed?</i>	
<p>As planned – current plans are to review following DfES review and first years of Aimhigher in August 2005.</p>	
<i>Opinion on value of the initiative in the context of the strategic plan</i>	
<p>Link to widening participation and in particular to increasing demand for HE in conjunction with the LSC and other partners. Aimhigher is specifically mentioned in the strategic plan.</p>	

4.2 Learning and Teaching

Teaching Quality Enhancement Fund – Institutional Strand (Institutional Learning and Teaching Strategies) Special initiative
<i>Funding 2004/05: £17,000,000</i>
<i>Overall assessment of strength of business case:</i> Initially arose from the Dearing Report and aims to help institutions implement Learning and Teaching strategies. Given changing priorities, there may now be less of a case for separate funding. This will be determined by the review of the Teaching Quality Enhancement Fund (TQEF) which is currently ongoing.
<i>Overall opinion on level of regulation and resources:</i> Funds are allocated on the basis of a formula linked to the teaching funding formula. Funding is released on receipt of an acceptable action plan. An annual monitoring statement is required. The requirements are outlined in a circular each year which provides a list of information required and the due date. This appears a reasonable approach for the amount of funding available.
<i>Potential to roll into core grant and potential consequences of this:</i> There may be potential to roll this into core grant especially given changing priorities and the age of this initiative which was set up in 1999. However, would lose ability to ensure spent on Learning and Teaching strategies.
<i>Overall opinion on burden High/Medium/Low:</i> Low. However, even this burden may no longer be justified if it is considered that this funding does not need to be kept separate from core grant.
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Not identified any other funds where there could be collaboration.
<i>Overall opinion on how far the initiative reflects its business case:</i> Would appear to still be used for the purposes first intended. <i>When should the initiative next be reviewed?</i> Review is ongoing as part of overall review of TQEF.
<i>Opinion on value of the initiative in the context of the strategic plan</i> Link to enhancing excellence in Learning and Teaching. This funding helps institutions to implement their learning and teaching strategies.

Teaching Quality Enhancement Fund – individual strand (National Teaching Fellowship Scheme)
Special initiative

Funding 2004/05: £2,500,000

Overall assessment of strength of business case:

The initiative is based on part of the Learning and Teaching strategy and aims to reward excellent teaching practice. Board approval has recently been given to expand the project to provide more awards each year.

Overall opinion on level of regulation and resources:

HEIs are required to nominate staff for the awards who then apply for funds for their chosen project. These applications are considered by a panel. There is no subsequent reporting on how the funds were used.

The payment of funds from HEFCE to HEIs can be a burden as each award winner has to be chased for a payment profile. This is being reviewed in light of expansion of scheme.

Potential to roll into core grant and potential consequences of this:

There may be potential to roll into core grant once HEFCE is satisfied that HEIs have introduced their own awards schemes. However, at present, a separate initiative is in place in order to raise the profile of these awards.

*Overall opinion on burden **High/Medium/Low**:*

Low for HEIs. There is currently no monitoring of actual spend. This is something that should be reconsidered although any monitoring should be light touch in view of the level of each award (£50,000).

Medium for HEFCE given current problems with obtaining payment profiles.

Overall opinion on potential for collaboration with other funding and whether this has been considered:

Minimal opportunities for collaboration with any other specific funds. However, there are a number of learning and teaching initiatives within HEFCE so this should be considered during the current review of TQEF and into the future.

Overall opinion on how far the initiative reflects its business case:

Appears to reflect original purpose.

When should the initiative next be reviewed:

Is currently being reviewed as part of overall TQEF review.

Opinion on value of the initiative in the context of the strategic plan:

Strong link to encouraging teaching excellence. This scheme is specifically mentioned in the strategic plan and helps to ensure that teaching 'is adequately recognised and rewarded'.

Teaching Quality Enhancement Fund – subject strand (Fund for the Development of Learning and Teaching)	Special initiative
<i>Funding 2004/05: £5,000,000</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>Is currently in place to provide funding to address findings arising from the QAA subject reviews. Once the QAA subject reviews come to an end, this case will no longer stand.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>A two stage bidding process is in place. HEIs who received a good score in specific areas of the subject review are able to bid.</p> <p>An annual report is submitted showing progress.</p> <p>This appears reasonable given the competitive nature of funding and the need to remain transparent.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>There is minimal potential as the funding stands as it is competitive. If roll into core, HEFCE and the QAA will not be able to ensure that best practice is being developed and disseminated and that issues in QAA reports being addressed. However, given that QAA subject reviews are ending, justification for retaining a separate funding stream may reduce.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Medium /High due to bidding and reporting. Relatively small fund may not justify this.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Minimal at present as in place to specifically focus on issues raised in QAA reports. However, if this fund is continued in some form following the end of the QA subject reviews, HEFCE should look to merge the fund with another that seeks to identify and disseminate good practice – perhaps the Higher Education Academy.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Initiative appears to reflect its initial business case.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>Is currently being reviewed as part of the overall TQEF review.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Overall, links in with the aim of developing learning and teaching excellence.</p>	

National Student Survey	Special initiative
<i>Funding 2004/05:</i> £Not yet known	
<i>Overall assessment of strength of business case:</i> Viewed as an appropriate method for HEFCE to meet its statutory requirement to assess teaching quality.	
<i>Overall opinion on level of regulation and resources:</i> No bidding / allocation process as such – work to be carried out by marketing research firm, questioning the students. Extensive consultation development process, including pilots in 2003 and 2004. <i>Potential to roll into core grant and potential consequences of this:</i> Low – likely loss of NSS in current form (attempts to come to agreed format for HEFCE and internal use failed). <i>Overall opinion on burden High/Medium/Low:</i> Medium – initial burden in setting up process, ongoing burden should not be heavy as survey is carried out by external firm and targets students.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Low – understood that attempts to combine with institutions’ own internal surveys not successful.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Appears to reflect initial purpose. <i>When should the initiative next be reviewed?</i> First phase of review is under way; second phase will take place after the public launch of the first NSS in spring 2005.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> Medium – specifically referred to within the core strategic aim of ‘enhancing excellence in learning and teaching’.	

Higher Education Academy	Special initiative
<i>Funding 2004/05: £13,000,000</i>	
<i>Partners: funding is provided by the UK funding bodies and subscriptions from HEIs.</i>	
<i>Overall assessment of strength of business case:</i>	
<p>A review by the Teaching Quality Enhancement Committee of the Learning and Teaching Support Network, Institute of Learning and Teaching and the National Co-ordination Team led to a report in January 2003 that recommended the creation of the Academy. This included a business case and a business plan.</p>	
<i>Overall opinion on level of regulation and resources:</i>	
<p>Minimal impact on HEIs. The Academy is expected to produce a strategic plan and budget and an annual report.</p>	
<i>Potential to roll into core grant and potential consequences of this:</i>	
<p>Minimal potential if wish to retain the Higher Education Academy in current form as an independent entity. If funds were provided directly to HEIs, it is unlikely that the Academy would remain in place. In addition, there would be reduced efficiency in identifying best practice.</p>	
<i>Overall opinion on burden High/Medium/Low:</i>	
<p>Low for HEIs as they are not required to directly bid or account for these funds.</p>	
<p>Medium for the Academy as produces a plan and budget. However, this would be expected of any independent entity.</p>	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
<p>Due to broad remit may overlap with other funding pots. However, the Academy appears to be overseeing some of these other funding streams. In addition, it is amalgamating several existing agencies and so reducing the number of initiatives in this area.</p>	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
<p>Still very early – still in line with plan.</p>	
<i>When should the initiative next be reviewed?</i>	
<p>As planned – half way through the five year plan. This review should ensure that the Academy is collaborating with other similar initiatives where possible.</p>	
<i>Opinion on value of the initiative in the context of the strategic plan</i>	
<p>Linked to Excellence in Learning and Teaching and quality enhancement. The creation of the Academy is a key performance target in the plan.</p>	

Foundation degree development and Foundation Degree Forward (FDF)	Special initiative
<i>Funding 2004/05: £4,840,000</i>	
<i>Partners: All funding is provided through HEFCE but any changes would need to be agreed with DfES.</i>	
<i>Overall assessment of strength of business case:</i>	
<p>Money for institutions to develop foundation degree programmes as outlined in recent government papers.</p> <p>The Foundation Degree Forward group is a White Paper requirement. This will act as a national network to support foundation degrees.</p>	
<i>Overall opinion on level of regulation and resources:</i>	
<p>Short bids were invited for funds to develop programmes. An indicative level of funding per region was set out in advance in an attempt to reduce the number of bids submitted and rejected. This was successful in some regions.</p> <p>FDF funding is provided via an HEI.</p> <p>Monitoring of individual courses will be ongoing via FDF. HEFCE intends to monitor student numbers through HESES.</p>	
<i>Potential to roll into core grant and potential consequences of this:</i>	
<p>Minimal – not all HEIs want to develop foundation degrees. Would lose targeting of funding, which may not be used to develop these courses if an HEI did not want to be involved in this area. The amount of funding per HEI would be minimal.</p>	
<i>Overall opinion on burden High/Medium/Low:</i>	
<p>Low – short bids and use of existing procedures to monitor within HEFCE. Ongoing monitoring will be through provision of advice and guidance from FDF rather than requesting formal reports. Grants range from £12,000 to £140,000 so this appears reasonable.</p>	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
<p>Minimal possibility for collaboration has been identified. Other initiatives are being run by the LSC and DfES in relation to foundation degrees but it is believed that these have a different purpose. This should be kept under review.</p>	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
<p>Initiative is still at an early stage. Still in line with initial purpose.</p>	
<i>When should the initiative next be reviewed?</i>	
<p>As planned, at end of the three years of funding in 2005-06.</p>	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
<p>Strong link to widening participation and access. The development of foundation degrees is specifically mentioned in the strategic plan.</p>	

Minority subjects	Special initiative
<i>Funding 2004/05: £3,254,798</i>	
<i>Overall assessment of strength of business case:</i>	
Strength of case for the initiative depends upon the importance placed upon the objective of preserving minority subjects of national interest.	
<i>Overall opinion on level of regulation and resources:</i>	
Invitation to institutions to make submission for subjects which are rare (less than 100 students) and in the national interest.	
Decisions made in 1999/00 by special panel, in collaboration with other government departments (e.g. DTI, FCO).	
Institutions state what they need to make the course viable, come to agreement with panel.	
Monitoring via annual monitoring return. Number of students plus supporting narrative.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Low – by definition these are subjects which have not been able to thrive via the core grant.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Low – per discussion the bidding process in 1999/00 does not seem to have been overly burdensome and the ongoing monitoring is not burdensome (but see section below on possible changes to administering the initiative).	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
High - by its nature, appears to be an area with potential for extensive collaboration. It appears that there was collaboration in assessing whether bids made were in the national interest. However there is potentially room for further collaboration in the identification of minority subjects which are in the national interest, and in funding sources for those subjects, from within both the public and the private sectors.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears broadly in line with initial purpose, although recognised that perceptions of what is in the ‘national interest’ can change.	
<i>When should the initiative next be reviewed?</i>	
It is understood that the initiative is to be reviewed this year. It is suggested that this review should include a review of the parties involved in determining what is and is not in the national interest, and a review of the potential for further collaboration on funding.	
It has been suggested that the panel’s work was carried out and completed in 1999/00 and that there is not an established framework for ongoing survey and consultation to ensure that the appropriate subjects are being funded. There may be value in a more regular assessment of the situation as the determination of what is in the ‘national interest’ has potential to alter in a comparatively short period of time.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Possible link to the core strategic aim of ‘enhancing the contribution of HE to the economy and society’, in so far as what is in the ‘national interest’ should contribute to society as a whole.	

Quality Assurance Agency	National Facility
<i>Funding 2004/05: £5,000,000</i>	
<i>Partners:</i> Funded by the main higher education funding bodies and by subscriptions from higher education institutions and colleges of further education.	
<p><i>Overall assessment of strength of business case:</i></p> <p>Viewed as an appropriate method for HEFCE to meet its statutory requirement to assess teaching quality. The QAA is understood to be in existence since 1997, although something similar was in place previous to this.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Significant effort involved in initial set-up and regular review. Ongoing burden on institutions mainly related to visits.</p> <p>The QAA is a separate agency which will carry out the quality assurance work itself.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Low – seen as part of requirement on HEFCE to assess teaching quality. May not receive sufficient funding without central funds. Any similar system which may be agreed without HEFCE funding may not meet HEFCE requirements.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>High – input in initial set-up and ongoing consultation. Likely to be viewed as high ongoing burden by institutions, mainly because of required input to QAA visits.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Low – nature of initiative means that institutions are involved in process, collaboration already in place</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Appears to meet initial purpose.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>Current arrangement – contract with QAA reviewed yearly, nature of activity reviewed every 3 years (next Spring 2005) – seems reasonable.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>High – the QAA is referred to within the core strategic aim of ‘enhancing excellence in learning and teaching’, and its existence appears to be assumed within the strategic plan as an integral element in the quality assurance process.</p>	

National Flying Laboratory Centre at Cranfield University	National Facility
<i>Funding 2004/05: £310,000</i>	
<i>Partners: Funding from HEFCE, HEIs, and other public and private sector.</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>The 1999 Review recognises that this facility provides the necessary flying experience for Royal Aeronautical Society accreditation, although it also indirectly acknowledges that other HEIs have made the decision to use other facilities</p> <p>Although the review expresses the opinion that the NFL experience adds considerable value to courses, it does not suggest that the continuation of the NFL is a necessity for aeronautical courses to continue within the UK, nor that such courses are of particular national importance to attract special funding.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Monies are provided to the facility, rather than individual institutions bidding for monies. Funding of facility then appears to be subject to regular review.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Potential that HEIs may find other uses for the additional funding.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Medium-low burden on parties involved as a whole, but frequent reviews raise burden.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Possibilities for additional funding to the NFL considered as part of the 1999 external review. The facility already benefits from funding from a number of sources.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Appears to reflect business case, in so far as a business case exists.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>Review planned for 2006/07. Consideration should be given as part of that review (or perhaps prior to that review) as to whether the NFL experience is a necessity for the continuation of aeronautical courses within the UK.</p> <p>Further explanation should be provided as to the general benefits that this funding provides to the HE sector and / or to the national interest to justify the indirect subsidy to the limited number of courses and HEIs that the current regime provides.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Low – no specific mention within strategic plan, no obviously clear linkage to any strategic aim.</p>	

Dance and Drama	Special initiative
<i>Funding 2004/05: £1,000,000</i>	
<i>Overall assessment of strength of business case:</i>	
<p>Business case is relatively clear. This funding provides support to one institution that was not successful in renewing support for its course when scholarship funding was transferred from the DfES to HEFCE grant. This funding supports existing students through the remainder of their course and will end in 2006.</p>	
<i>Overall opinion on level of regulation and resources:</i>	
<p>This funding is allocated based on the amount that would have been received through the old DfES scheme. Funding is provided as a ring-fenced allocation via a connected HEI. There are no monitoring arrangements.</p>	
<i>Potential to roll into core grant and potential consequences of this:</i>	
<p>Low – cannot roll into core funding of the connected HEI as this is a ring-fenced fund and not based on their student numbers.</p>	
<i>Overall opinion on burden High/Medium/Low:</i>	
<p>Low – no bidding or application, no monitoring arrangements.</p>	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
<p>No identified collaboration. Given specific purpose of funding, this is unlikely.</p>	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
<p>Is fulfilling purpose it was designed for.</p>	
<i>When should the initiative next be reviewed?</i>	
<p>N/a – will end 2005/06</p>	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
<p>Limited link to the strategic plan. This initiative is a time-limited fund for a specific operational purpose and is not linked to a particular strategic aim.</p>	

Centres for Excellence in Teaching and Learning (CETLs)	Special initiative/Earmarked Capital
<i>Funding 2004/05: £56,000,000</i>	
<i>Partners:</i> All funding is provided by HEFCE but the scheme is heavily influenced by the DfES who would need to agree to any changes.	
<i>Overall assessment of strength of business case:</i>	
CETLs are a White Paper commitment. A consultation was carried out to shape the nature of the centres and determine the method by which funds would be allocated.	
<i>Overall opinion on level of regulation and resources:</i>	
Two stage bidding process in place for the funds. Monitoring is yet to be decided. However, HEFCE is aiming to include monitoring of the CETLs in an existing process e.g annual monitoring statement. .	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Minimal – would reduce assurance that money would be spent on CETLs. Allocation of funds is not in line with the teaching funding methodology.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Medium-low. Overall, appears reasonable given high amount of funding available.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
The creation of CETLs is not funded from any other sources. However, Some of the overall objectives such as rewarding excellence and investing in learning and teaching have similarities with some of the other initiatives funded under ‘learning and teaching’. The Council should ensure that possible overlaps in funding in this area are kept under review. This should be a consideration each time a funding initiative is reviewed.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Initiative is at a very early stage so still in line with initial objectives.	
<i>When should the initiative next be reviewed?</i>	
As planned in 2008 to review the first two years of funding.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Strong link to teaching excellence. The creation of the centres for excellence is a key performance target in the plan.	

Supporting professional standards	Special initiative
<i>Funding 2004/05: £17,500,000</i>	
<i>Partners: HEFCE funded but significant DfES influence given link to White Paper.</i>	
<i>Overall assessment of strength of business case:</i>	
Funding has been introduced to support institutions in meeting the White Paper target of providing a professional teaching qualification to all new staff.	
<i>Overall opinion on level of regulation and resources:</i>	
Funds will be allocated using the same formula used for the institutional strand of TQEF. These funds will be released on receipt of an acceptable action plan based on national priorities and linked to the institution's Learning and Teaching and HR strategies.	
An annual monitoring statement will be required.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Is possible but not considered desirable as the ability to ensure the funds are used in line with an agreed action plan would be lost. It is also considered necessary to show that additional funds are being provided to meet White Paper requirements.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Medium-low. Level of regulation and resource reasonable for amount of funding on offer.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
There are some similarities to Rewarding and Developing Staff although that is aimed at all staff, not just teaching staff.	
Other possible links to the Teaching Quality Enhancement Fund and the Higher Education Academy.	
Possible collaboration with other funds should be kept under review.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Too early to assess.	
<i>When should the initiative next be reviewed?</i>	
A review of the whole 'professional standards' project will be carried out. A review of this specific initiative should be carried out at the end of the current period of funding in 2005-06 if the overall review has yet to take place.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Link to teaching excellence and staff development. One of the objectives contained in the plan specifically refers to the professional development of teaching staff. A key performance target is that 'all new staff in HE to be trained to agreed professional national teaching standards by 2006'.	

Research into Teaching and Learning (TLRP)	Special initiative
<i>Funding 2004/05: £3,000,000</i>	
<i>Partners:</i> This project is managed by ESRC and funded in partnership with the DfES, Scottish Executive and Welsh Assembly. HEFCE would not be able to significantly alter this scheme without their approval.	
<i>Overall assessment of strength of business case:</i>	
Initiative provides scholarly evidence on which policy is based. No formal business case for its existence, and current staff are unaware of any consultation. However, an annual report is provided by ESRC.	
<i>Overall opinion on level of regulation and resources:</i>	
Minimal in terms of HEFCE requirements and no burden on HEIs. Funds are paid to ESRC per agreed profile. An annual report is produced by ESRC.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Minimal – these funds are not allocated to HEIs. Collaborative nature of the initiative makes it difficult to roll into core funds whilst ensuring that the same objectives are met for all funders.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Low – no bidding process. Annual report produced by ESRC.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
There may be some possibility of collaboration with the Higher Education Academy. There is possible overlap with the HE Policy Institute.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Satisfactory as far as can be assessed.	
<i>When should the initiative next be reviewed?</i>	
HEFCE contribution should be reviewed at the end of phase 3 in 2008/09.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Funding provides support to the development of and the contents of the plan.	

4.3 Research

Research Libraries Network	National Facility
<i>Funding 2004/05: £700,000</i>	
<i>Partners:</i> Funded by the UK funding bodies and the Research Councils. In-kind support is provided by the British Library who will administer the network.	
<i>Overall assessment of strength of business case:</i> Based on recommendations in reports produced by the Research Support Libraries Group (RSLG) and an independent consultant. The RSLG report included full consultation with the sector.	
<i>Overall opinion on level of regulation and resources:</i> Funding is based on three year agreement. An annual report will be produced by the Network for running costs. Funds for consultancy and research projects that are let by the Network will only be released on acceptance of the best tender. The use of funds will be reviewed at the end of each project. <i>Potential to roll into core grant and potential consequences of this:</i> It would be possible to roll HEFCE's contribution into core grant and attempt to fund improvement and change through the individual HEIs. However, the RLN would not exist if this happened and the leadership recommended in the RSLG report would be lost. This would also lead to the possible loss of support from Research Councils. The existence of the Network as a national facility was strongly supported by the sector in the consultation document. <i>Overall opinion on burden High/Medium/Low:</i> Low-medium. No bidding process. Reporting arrangements appear reasonable given the need for the facility to be accountable to the sector.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> There were initially some concerns about possible overlap with and the relationship with JISC. These have now been addressed. No other similar network has been identified.	
<i>Overall opinion on how far the initiative reflects its business case:</i> The network is not yet fully in place so it is too soon to assess whether it remains in line with the business case. <i>When should the initiative next be reviewed?</i>	
As planned – before end of the three year funding agreement. (Review is currently planned for 2005/06.)	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> This funding is intended to provide a framework to allow the development of research excellence.	

Research Libraries Access Fund (Research Support Libraries Programme) Special initiative
<i>Funding 2004/05: £4,406,187</i>
<p><i>Overall assessment of strength of business case:</i></p> <p>The fund recompenses HEIs with major research libraries which are heavily used by visiting academics. Costs incurred in areas such as salaries, longer opening hours and improved facilities are partially reimbursed. The funding is based on a detailed market research report carried out in 1998/99.</p> <p>There appears to be a reasonable business case for the existence of the funding but this should be reviewed and updated.</p>
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>The initial market research survey was expensive and time-consuming and would not want to be repeated in the same format. Ongoing burden is currently minimal as funds are paid over by HEFCE, based on agreed budget for the year. There are no reporting requirements.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>There may be some potential to roll into core research funding and this will be explored. However, it would change amount of funding received by affected HEIs and this needs to be reviewed for reasonableness. If funding were significantly reduced for the key libraries affected at present, there would be a risk of reduction in opening hours and facilities at these HEIs. This would reduce their accessibility to visiting researchers.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Low – no bidding or reporting. Monitoring arrangements should be revised so that there is more regular reporting on this initiative.</p>
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Possibility to administer with the Copyright Libraries scheme, although given low burden of both schemes minimal efficiencies would currently be made.</p>
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Still appears to be in line with initial purpose but this is now out of date and needs reviewing.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>A review of this scheme is required. This is currently planned for December 2004 prior to the end of the current funding arrangement in July 2005. This timetable should be adhered to.</p>
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Not specifically mentioned in the plan. However, can be seen as a contribution to enabling the development of research excellence by ensuring access to research materials is funded.</p>

Overseas Research Student Awards Scheme (ORSAS)	Special initiative
<i>Funding 2004/05: £11,000,000</i>	
<i>Partners:</i> Funding is provided by all UK funding bodies. HEFCE make the largest contribution. The fund is administered by UUK. Significant changes to the scheme would require the agreement of these partners.	
<i>Overall assessment of strength of business case:</i>	
In place to help attract high quality research students to the UK. Ongoing justification is based on a review that is carried out every five years to ensure that the fund remains a good use of public funds and that it is effective in attracting the best overseas students. This review includes a full consultation.	
<i>Overall opinion on level of regulation and resources:</i>	
Minimal regulation is in place. The annual budget for the scheme is authorised by the HEFCE Board each year and payment is made on receipt of invoices. The scheme produces an annual report.	
The burden on HEIs in applying for the scholarships is fairly high. This has been identified and workshops held to try and address the issue.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Would be possible but not desirable. Difficulties would occur in maintaining the scheme in its current format given that it is also funded by other funding councils. There is also the risk that this would damage the prestige of the awards and that funds would be used for other purposes.	
<i>Overall opinion on burden High/Medium/Low:</i>	
For the scheme and HEFCE – low. A formal agreement is currently being drawn up to ensure that the scheme’s use of HEFCE funds is suitably controlled.	
For HEIs – medium given application process in place.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
HEFCE is aware of potential similarities with a new OST scheme which was recently introduced without consultation. It is intended to keep this scheme under review.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to reflect business case.	
<i>When should the initiative next be reviewed?</i>	
The next five-year review is due in 2007. This should be carried out as planned.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
This scheme is not specifically mentioned in the plan. However, its aim of attracting top research students clearly links to the development of research excellence.	

Copyright Libraries	National Facility
<i>Funding 2004/05: £2,807,422</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>Funding helps to cover the additional costs incurred by Oxford and Cambridge in their role as copyright libraries. A clear case appears to exist but it has not been scrutinised in recent years.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Funding is paid with monthly grant payments. The amount is based on a review dating from 1998. There is no monitoring process.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Minimal potential. This funding is not allocated to all universities by its nature. Cannot be rolled into Oxford and Cambridge's core grant as the amount allocated is not in line with funding formulas.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Low – minimal arrangements are place. There is a case for closer monitoring of this fund.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>A review of the funding should ensure that this funding is still necessary to help alleviate the burden on the British Library and possibly enquire into alternative funding sources.</p> <p>There may be a possibility to administer this fund with the Research Libraries Access Fund and combine the payments made to Oxford and Cambridge with this fund.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Discussions indicate it is still used for the purposes initially intended.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>This fund has not been reviewed since 1998. It should be reviewed in the near future to ensure that it is still justified and that the amounts allocated remain a fair approximation of the costs incurred.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Link to helping to ensure research excellence by ensuring a full resource of publications is available to researchers outside London.</p>	

Science Research Investment Fund (SRIF) round 2	Earmarked Capital
<i>Funding 2004/05: £ £198,000,000</i>	
<i>Partners: Joint initiative with OST.</i>	
<i>Overall assessment of strength of business case:</i>	
Studies showed under-investment in infrastructure, and there were concerns at HEFCE, OST and beyond for the competitiveness of UK science.	
<i>Overall opinion on level of regulation and resources:</i>	
SRIF was announced 2000, for funding 2002/03 and 2003/04, with SRIF 2 for the following 2 years.	
Initial allocations made on a formula basis, based upon research income received by individual institutions. Each institution then comes up with project(s) to make use of allocation.	
Understood that projects are checked by HEFCE against the institutional strategy and estates strategy, and against Research Council strategies, as well as being assessed for financial suitability. Follow up to resolve small number of issues raised by assessment processes. A very small number of proposals are rejected.	
There are regular SRIF meetings, which include the DfES and OST.	
Monthly monitoring of spend, with spend subject to deadlines.	
Institution must complete a project completion statement or an audit certificate at the end of each project.	
Formula for initial allocation, then project bids to access allocation. Ongoing monitoring light, followed by a project completion certificate or audit.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Low – Government has earmarked this funding for capital use only. Rolling into core could only happen if funding was reclassified by Treasury as recurrent. This is not possible at present as would impact on the ‘Golden Rule’.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Medium – formulaic basis for initial allocation. Main burden appears to be in the HEFCE assessments of projects, which is probably due to the level of associated spend. Burden will be reduced for SRIF 3 which has an online application and assessment process.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
Medium – understood that collaboration is currently encouraged, but is up to the HEI, at project level. Collaboration with OST already in place at funding level.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to reflect initial purpose.	
<i>When should the initiative next be reviewed?</i>	
It is understood that each round of SRIF will be evaluated – review of SRIF 1 currently underway. 2 year	

timescale seems reasonable.

Opinion on value of the initiative in the context of the strategic plan:

High – strong link to ‘enhancing excellence in research’. Also could be viewed as part of ‘building on institutions’ strengths’ in so far as level of existing funding could be viewed as an indicator for strength in research.

4.4 Business and Community

HE Innovation Fund round 2 (including Knowledge Exchanges)	Special Initiative
<i>Funding 2004/05: £86,000,000</i>	
<i>Partners: HEIF 2 is 70% OST, 30% HEFCE.</i>	
<i>Overall assessment of strength of business case:</i>	
Arose from discussions at ministerial / departmental level. HEIF 1 all OST monies.	
<i>Overall opinion on level of regulation and resources:</i>	
Subject to competitive bidding. Result for project can be fully successful, partly successful (partly funded or funded with terms and conditions) or unsuccessful. About two-thirds fully or partly funded.	
Understood that projects are subject to four separate assessments (independent consultants, DTI, HEFCE, Regional Advisory Group). All assess against 12 set criteria and provide additional qualitative statement – institutions made aware of criteria at bidding stage.	
Projects are monitored against targets which the HEIs have set, as part of the bidding process.	
Likely to move towards formulaic funding for proposed HEIF 3.	
Monitoring via the annual monitoring statement.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Medium – most of funding from OST and not for use on ongoing revenue expenditure. It may be possible to roll into core grant if appropriate metrics are developed to do so in the future.	
<i>Overall opinion on burden High/Medium/Low:</i>	
High – currently burden mainly in bidding stages, although may decrease if moving towards formulaic funding as proposed.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
Low – already majority funded by OST.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to meet initial purpose.	
<i>When should the initiative next be reviewed?</i>	
It is understood that OST have reviewed HEIF 1. As funding is over 2 years, a review towards the end of HEIF 2 seems appropriate.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
High – an objective of the core strategic aim of ‘enhancing the contribution of HE to the economy and society’ is to engage with business. Strategy specifically mentions working with the OST in working towards national policies.	

Higher Education Active Community Fund	Special Initiative
<i>Funding 2004/05: £5,000,000</i>	
<i>Overall assessment of strength of business case:</i>	
Originally derived from Home Office initiative.	
<i>Overall opinion on level of regulation and resources:</i>	
Basic allocation by formula, based upon numbers of students and staff. Institutions must then submit plan to use funds allocated. Plan must lie within the funding criteria. However at this stage the plan may simply be a request to extend the original plan.	
Monitoring via annual monitoring statement to HEFCE, by number of volunteer outcomes.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Medium – framework already set up within institutions, although loss of requirement for involvement may lead to reduction in funding by institutions.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Low – bidding and monitoring both appear to be low burden.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
Medium – now that framework has been set up, potential for self-funding by institutions. Potential for institutions to receive financial support from external funders to maintain framework.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to meet initial purpose.	
<i>When should the initiative next be reviewed?</i>	
There is currently no decision to continue funding after 2005/06. Review should be carried out prior to decision to continue funding, or at end of SFI in 2005/06 to assess performance of SFI against objectives.	
<i>Opinion on value of the initiative in the context of the strategic plan</i>	
Medium – fits in well under the core strategic aim of ‘enhancing the contribution of HE to the economy and society’, with its particular focus on the surrounding community.	

4.5 Building on institutions' strengths

Strategic Development Fund	Special Initiative
<p><i>Funding 2004/05: £32,000,000</i></p> <p>Plus £10,000,000 available from SRIF for research capital and £10,000,000 available from project capital for teaching and learning capital projects.</p>	
<p><i>Overall assessment of strength of business case:</i></p> <p>A full review of the previous Restructuring and Collaboration Fund concluded that it was valuable to have a wide-ranging fund. However, it was decided that the fund should be used for more strategic purposes. It has now been replaced with the Strategic Development Fund (SDF).</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Can be significant but is tailored to level of funds involved. Bidding for funds tends to begin as an iterative process with the HEFCE Regional Consultants, so detailed plans should not be submitted for any project that is not eligible for funding. Generally a summary bid would be accepted before a detailed business plan was requested. Bids are considered by the SDF panel which meets quarterly.</p> <p>Reporting arrangements are tailored to each project. Typically, a project will be required to report to HEFCE every six months. Projects over the audit threshold are audited before the final 10% of funds are released. A final report would usually be submitted once the project is complete.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>No potential if this is to be retained as a discretionary fund.</p> <p>Overall opinion on burden High/Medium/Low:</p> <p>Medium-high – resource required to produced bids and regular reports can be significant. However, size of proposals and type of monitoring is tailored to the amount of funds involved. Clear processes are required to maintain accountability and transparency over this discretionary fund.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Minimal opportunities identified. Does need to ensure not overlapping with other, specific funding provided.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Still a new initiative – in line with initial purpose.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>As planned in 2005.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>All projects are assessed in line with strategic priorities.</p>	

4.6 Leadership, Governance and Management

Procurement Initiatives	Special Initiative
<i>Funding 2004/05: £622,500</i>	
<i>Partners: £127,500 provided by other UK funding bodies. Total annual fund is therefore £750,000</i>	
<i>Overall assessment of strength of business case:</i>	
<p>The Procurement Strategy Implementation Group (Proc-HE) came into existence in 2003, replacing the Joint Procurement Policy and Strategy Group (JPPSG). Charged with developing and implementing the new Procurement Strategy for HE until end of July 2006.</p>	
<i>Overall opinion on level of regulation and resources:</i>	
<p>Proc-HE was the result of a review of the JPPSG and how to take it forward.</p> <p>Funding of central body for benefit of whole sector as opposed to funding of specific projects at individual institutions.</p> <p>Proc-HE strategy agreed after consultation with HE sector, then agreed with funding group and published. Action plan derived from strategy, agreed and published. Quarterly meetings between the Chair Proc-HE and the funding group on performance against plan, with an annual meeting with the full Proc-HE.</p>	
<i>Potential to roll into core grant and potential consequences of this:</i>	
<p>Nil – funding does not map onto institutions.</p>	
<i>Overall opinion on burden High/Medium/Low:</i>	
<p>Medium – through agreeing action plan and monitoring performance, although these would appear reasonable.</p>	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
<p>High – sector collaborates through Proc-HE. Scope for further collaboration with FE. Funding Group includes other funding bodies, Research Councils as well as UUK and SCOP.</p>	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
<p>Appears to meet initial purpose.</p>	
<i>When should the initiative next be reviewed?</i>	
<p>Review should be carried out ahead of July 2006, when funding ceases.</p>	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
<p>Low – no specific reference, perhaps indirect link to ‘developing leadership, governance and management’, in so far as it may lead to better management.</p>	

Equal Opportunities	Special Initiative
<i>Funding 2004/05: £700,950</i>	
<i>Partners: A joint project with the other UK funding bodies, UUK and SCOP. HEFCE provides most of the funding but any change would need to be agreed with all partners.</i>	
<i>Overall assessment of strength of business case:</i>	
Initially based on a joint equalities agreement between funding councils and unions. More recently, the business case is the outcome of the last review of the funding which concluded that the Equality Challenge Unit was valuable use of funds and was important in helping HEIs to comply with legislation. This review included a survey of equal opportunities representatives in HEIs.	
<i>Overall opinion on level of regulation and resources:</i>	
The Equality Challenge Unit is funded based on an agreed budget which is approved until 2005. Two payments a year are made by HEFCE. An annual report is produced by the Unit.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Low – the scheme has been introduced in its current form to reduce burden on the HEIs, and uses a relatively small amount of funding in an effective way to provide consistent HE sector specific advice. Rolling the funds into core grant would provide a very small amount for each institution.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Low.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
The Unit already collaborates with the National Disability Team where applicable. Close collaboration with HEIs. No other funding stream identified where potential overlap. There is no known such Unit elsewhere in the public sector.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to reflect business case.	
<i>When should the initiative next be reviewed?</i>	
As planned in 2005.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
The strategic aim of developing leadership, governance and management includes a specific objective to ‘help institutions develop a more demonstrably fair and supportive environment for their staff.’ This Unit clearly helps to contribute to this aim.	

Leadership, Governance and Management Fund	Special Initiative
<i>Funding 2004/05: £3,000,000</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>Supersedes the Good Management Practice Fund and is in place to fund the identification of good practice, improve quality of and raise importance of leadership, governance and management. Helps to forward HEFCE's strategic aims in this area.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Early days, outcome of consultation to develop LGM fund published June 2004.</p> <p>Bidding process is now in place.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Medium – could potentially reduce research projects in this area, and HEFCE could struggle to deliver the objectives in the strategic plan and White Paper.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Low so far, but early days.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Medium – potential for matched funding with other sector bodies or with individual HEIs.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Early stages, appears to meet initial purpose.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>As planned. After one year of operation in 2005 and at the end of the three year funding.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>High – strong link with cross-cutting supporting aim of 'developing leadership, governance and management'</p>	

Leadership Foundation for Higher Education	National Facility
<i>Funding 2004/05: £4,000,000</i>	
<i>Partners:</i> Funded by all four UK funding bodies, but with HEFCE being the main contributor and also the lead party with regards to administration.	
<i>Overall assessment of strength of business case:</i> Concept of a Leadership Foundation endorsed by Government in DfES White Paper. A business case was developed by UUK and SCOP.	
<i>Overall opinion on level of regulation and resources:</i> The Foundation formally commenced in January 2004. Created to develop a strategic framework for enhancing leadership and management in higher education. Regular contact with HEFCE, must meet with HEFCE plus the other funding bodies when business plan and accounts are prepared. Must report against key performance indicators (KPIs). But it is the Foundation that prepares the business plan, accounts and KPIs, largely on its own initiative, rather than at the behest of HEFCE. Thus most of what it is reporting would be prepared anyway for internal purposes. Monitoring on a routine basis by a HEFCE manager and via 6-monthly meetings with of all four funding bodies. <i>Potential to roll into core grant and potential consequences of this:</i> Medium – funding currently provided direct to the Foundation. Once established, the intention is for the body to generate more of its own income. Potential then for institutions to finance some or all of the body though payment for usage (e.g. seminars or courses). Overall opinion on burden High/Medium/Low: Low – and burden on the Foundation as opposed to the HEIs.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Medium – potential for funding by users of Foundation services.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Appears to meet initial purpose. <i>When should the initiative next be reviewed?</i> Medium – early days, but should be reviewed within next few years to assess success in moving away from substantial HEFCE funding, and should certainly be subject to review before decision to extend funding beyond initial 3 years.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> High – strong link with supporting aim of ‘developing leadership, governance and management’.	

Rewarding and Developing Staff Round 2

Special Initiative

*Funding 2004/05: £Part of core funding**Overall assessment of strength of business case:*

Aims to modernise HR management processes and systems within the HE sector, to enable the recruitment and retention of high quality staff. Resulted from general opinion in sector as to quality of HR systems, as opposed to discrete business case.

Overall opinion on level of regulation and resources:

Initial allocation from formula, based upon core grants as a proxy for number of staff. Institutions then required to prepare an HR strategy. Must also prepare a 3 year spending plan which includes targets, with the spending falling within six set areas.

Ongoing monitoring through the Annual Monitoring Statement.

It is understood that the criteria for acceptable expenditure are broad. In addition it is understood that monitoring is unlikely to result in clawback (perhaps holdback of funds or re-agreement of targets).

Potential to roll into core grant and potential consequences of this:

Medium – loss of requirement to use monies for HR. Likely that institutions who are aware of failings within HR systems and place value on those systems would take action anyway, likely that those who are less aware of their inadequacies or place lower value on HR systems will not take action. RDS Round 1 is already being rolled into core grant. It is intended to do the same with Round 2 if the Council is satisfied with progress achieved.

*Overall opinion on burden **High/Medium/Low**:*

Medium – depends upon the state of the HR function within the institution – higher where an organisation has not previously put much thought into its HR strategy.

Overall opinion on potential for collaboration with other funding and whether this has been considered:

Low – potential for collaboration appears low. Possibly collaboration on spread of best practice, but this may best be done via a central initiative.

Overall opinion on how far the initiative reflects its business case:

Appears to be in line with initial purpose.

When should the initiative next be reviewed?

As planned, at end of 2 year period. Evaluation of the scheme due to go out to tender.

Opinion on value of the initiative in the context of the strategic plan:

High – good link to ‘developing leadership, governance and management’, in that a core objective of this is ‘to promote a more sustainable approach to rewarding and developing staff who work in HE.’

4.7 Other special funding

London Whole Institution	National Facility
School of Advanced Study; SOAS Library; Courtauld Institute collections; Imperial College - Royal Postgraduate Medical School (RPMS); University of Cambridge – Institute of Zoology	
This funding stream is described at HEFCE as ‘London Whole Institution’, reflecting a historic allocation once channelled through the central university. It is retained as a convenient label to group five separate special funding streams: to the central University of London, SOAS, Courtauld Institute of Art, Imperial College, and the University of Cambridge respectively.	
<i>Funding 2004/05: £12,737,766</i>	
<i>Partners:</i> the Imperial RPMS funding strand is joint with the Department of Health (DH). Any decision to change funding arrangements would need to be made with the DH.	
<i>Overall assessment of strength of business case:</i>	
School of Advanced Study (£7.5m) – an external review chaired by Sir Martin Harris in 2000 confirmed the business case for this funding. It represents the equivalent of core funding for the activities of the school on behalf of the university as a whole, which cannot be allocated by formula, given the unique nature of the University of London.	
SOAS library / Courtauld (£950k/£122k) – funding for nationally used library and collections. Unclear business case for retaining as funding allocation separate from core grant.	
RPMS (£1.6m) – funding provided per historic agreement to support cost of senior clinical staff in a research-intensive context. The HEFCE Board has given notice that it does not regard the case for continued funding to be strong, but has agreed to withhold implementation pending a review with DH.	
Institute of Zoology (£1.7m) – purpose of funding is clear but there is limited formal evidence to back this up. Funding paid to the Institute is supplied through the University of Cambridge as a connected institution. Funding used to be supplied through London, which is why this is part of the LWI funding.	
<i>Overall opinion on level of regulation and resources:</i>	
Low level of regulation and resource in all cases.	
School of Advanced Study – funding increased by inflation each year. One modest, annual monitoring return. HEFCE and the university are reviewing the effectiveness of the operation of the funding and reporting.	
SOAS library / Courtauld collections – funding increased by inflation. No monitoring return required.	
RPMS - funding increased by inflation. No monitoring return required.	
Zoology – funding is based on RAE so part of core research funding allocation. Institute provides Cambridge with financial accounts.	

Potential to roll into core grant and potential consequences of this:

School of Advanced Study – low potential, as does not fit with formula.

SOAS library / Courtauld – may be possible to roll into Colleges' core grant.

RPMS – if this funding is continued, there may be potential to roll into core grant. Transparency might, however, be reduced as a consequence.

Zoology – limited potential to roll into Cambridge's core grant, as not part of the University. Is allocated as ring-fenced income to be distributed via a connected institution agreement.

*Overall opinion on burden **High/Medium/Low**:*

School of Advanced Study – low.

SOAS library / Courtauld – low.

RPMS – low.

There is potential to improve the accountability and transparency of the above schemes. With the exception of the School of Advanced Study, continued justification for the amounts paid may call for more up-to-date data and analysis.

Zoology – low. Current system designed to reduce burden on the Institute.

Overall opinion on potential for collaboration with other funding and whether this has been considered:

School of Advanced Study – none.

SOAS library / Courtauld – none.

RPMS – None.

Zoology – Unique in England. May be a similar facility in Scotland but it is believed to operate very differently.

Overall opinion on how far the initiative reflects its business case:

School of Advanced Study – appears reasonable.

SOAS library / Courtauld – cannot be measured, limited business case.

RPMS – appears to operate in line with initial purpose. However, the HEFCE Board has indicated, pending a review with DH, that the business case is now questionable.

When should the initiative next be reviewed?

School of Advanced Study – as planned in 2004/05.

SOAS library / Courtauld collections – reviews should be carried out in the near future to consider the continued justification for these funding strands and whether they can be rolled into core grant.

RPMS – review is ongoing with the DH to decide future.

Zoology – a review should be carried out in the near future to ensure that the funding is still justified.

Opinion on value of the initiative in the context of the strategic plan:

School of Advanced Study – link to enhancing excellence in research.

SOAS library / Courtauld – link to enhancing excellence in teaching and research, as the funding helps to ensure the maintenance and accessibility of national resources.

RPMS – link to enhancing excellence in teaching and research, as the funding provided helps to retain top quality staff at the institution.

Zoology – fits broadly with enhancing excellence in teaching and research.

College Fees	Special Initiative
<i>Funding 2004/05: £5,835,031</i>	
<p data-bbox="228 327 1517 371"><i>Overall assessment of strength of business case:</i></p> <p data-bbox="228 394 1517 439">No business case from HEFCE, originates from government decision.</p>	
<p data-bbox="228 465 1517 510"><i>Overall opinion on level of regulation and resources:</i></p> <p data-bbox="228 533 1517 611">Decision was made by government to reduce the extra monies that Oxford and Cambridge get by 1/3. HEFCE involved with the universities in creating arrangement for carrying this out.</p> <p data-bbox="228 633 1517 678"><i>Potential to roll into core grant and potential consequences of this:</i></p> <p data-bbox="228 701 1517 779">Low to no potential. Separate fund due to separate method of calculation, use of monies by institutions already discretionary.</p> <p data-bbox="228 801 1517 846"><i>Overall opinion on burden High/Medium/Low:</i></p> <p data-bbox="228 869 1517 913">Low – some burden in initially agreeing the arrangement, but little ongoing burden on universities.</p>	
<p data-bbox="228 943 1517 987"><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p data-bbox="228 1010 1517 1043">Low to no potential.</p>	
<p data-bbox="228 1043 1517 1088"><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p data-bbox="228 1111 1517 1155">Appears to meet initial purpose.</p> <p data-bbox="228 1178 1517 1223"><i>When should the initiative next be reviewed?</i></p> <p data-bbox="228 1245 1517 1317">Formula set, monies being run down. Not an initiative that originated from HEFCE and not something likely to be repeated. Little relevance to other SFIs.</p>	
<p data-bbox="228 1317 1517 1361"><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p data-bbox="228 1384 1517 1462">Low – could possibly be viewed as falling under the ‘fair access’ section of the core strategic aim of ‘widening participation and fair access’.</p>	

Inherited Liabilities	Special Initiative
<i>Funding 2004/05: £68,000,000</i>	
<p data-bbox="228 360 1517 405"><i>Overall assessment of strength of business case:</i></p> <p data-bbox="228 405 1517 501">An obligation placed upon HEFCE by other parties.</p>	
<p data-bbox="228 501 1517 546"><i>Overall opinion on level of regulation and resources:</i></p> <p data-bbox="228 546 1517 613">Staff costs – paid on profile, annual audited claim (self-audited for some institutions).</p> <p data-bbox="228 613 1517 680">Debts – paid as due. Ongoing attempts to renegotiate.</p> <p data-bbox="228 680 1517 748">Leases – some time and effort required to justify continuation of leases or reach agreement on termination.</p> <p data-bbox="228 748 1517 815"><i>Potential to roll into core grant and potential consequences of this:</i></p> <p data-bbox="228 815 1517 882">Nil for staff liabilities as mainly paid to LEAs not HEIs.</p> <p data-bbox="228 882 1517 949">Nil for debt as time-limited reimbursement, so not recurring.</p> <p data-bbox="228 949 1517 1016">Medium for leases, as possible for some without distorting position within tolerance band.</p> <p data-bbox="228 1016 1517 1084"><i>Overall opinion on burden High/Medium/Low:</i></p> <p data-bbox="228 1084 1517 1218">Medium – some burden from monitoring, higher burden where HEFCE is attempting to renegotiate or pay down liabilities.</p>	
<p data-bbox="228 1218 1517 1263"><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p data-bbox="228 1263 1517 1323">No potential.</p>	
<p data-bbox="228 1323 1517 1368"><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p data-bbox="228 1368 1517 1435">Appears to meet initial purpose.</p> <p data-bbox="228 1435 1517 1503"><i>When should the initiative next be reviewed?</i></p> <p data-bbox="228 1503 1517 1559">Ongoing – currently being looked at to determine whether debts and leases can be paid off earlier.</p>	
<p data-bbox="228 1559 1517 1603"><i>Opinion on value of the initiative in the context of the strategic plan</i></p> <p data-bbox="228 1603 1517 1753">Low – could potentially be viewed as linking into the core strategic aim of ‘building on institutional strengths’ in so far as the liabilities are understood to be derived from attempts to create a more level playing field for institutions from different historical funding sources.</p>	

Joint Information Systems Committee (JISC)	National Facility
<i>Funding 2004/05: £29,000,000</i>	
<i>Partners: JISC is funded by all the UK post-16 and higher education funding councils. The DfES is represented on the committee.</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>JISC was formed in 1993, but is understood to be a continuation of a body in place since 1965. Case for continuation of JISC put to Board annually.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Bidding occurs where monies are requested for development programmes or for new services. Projects marked by three people, decisions made by evaluation committee members.</p> <p>Monitoring is via regular review of projects.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Low – may not survive as central body without separate funding.</p> <p>Similarly development programmes may not be able to attract funding.</p> <p>Advisory services may not be able to receive initial funding without central funds, but potential argument for moving established advisory services to self-financing through users once established.</p>	
<p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Low burden on institutions.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Extensive collaboration within sector already in place.</p> <p>Potential to collaborate more closely with BECTA.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Appears to meet initial purpose.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>As planned. All services are internally reviewed annually as part of budgeting process, externally reviewed every 3 years.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Medium – there are elements of JISC activity which relate to learning and teaching, widening participation and research objectives.</p>	

JANET (Joint Academic Network)	Earmarked capital
<i>Funding 2004/05: £10,000,000</i>	
<i>Partners:</i> The majority of JANET's costs are funded through the JISC by the UK post 16 and higher education funding councils. The higher education funding councils levy a small charge to their institutions which raised £5m in 2003/04 academic year.	
<i>Overall assessment of strength of business case:</i> Network apparently viewed as essential by sector.	
<i>Overall opinion on level of regulation and resources:</i> Light ongoing burden, although also regulated in connection with monitoring of JISC. Regular requests for funding for expansion of network produce regular reviews. <i>Potential to roll into core grant and potential consequences of this:</i> Low – difficult to administer other than through a central body. However, potential for more funding of costs directly by users, so an element of the funding could therefore be rolled into core grant. <i>Overall opinion on burden High/Medium/Low:</i> Low – some collection of usage data and satisfaction surveys.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Potential for more funding from users and less from central pot.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Appears to meet initial purpose. <i>When should the initiative next be reviewed?</i> Project indirectly reviewed via requirement to make the case for regular capital funding to expand network capacity, which it is understood will continue for the foreseeable future. Recent review led to approval of Super Janet 5.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> Medium – can be viewed as having a strong link with ‘enhancing excellence in research’, although no specific reference to it there.	

Higher Education Policy Institute (HEPI)	National Facility
<i>Funding 2004/05: £211,243</i>	
<i>Partners: funding primarily by HEFCE. (HEFCE's contribution is reducing as a proportion of HEPI's expenditure each year until it reaches 50 per cent in 2007-2008.)</i>	
<p><i>Overall assessment of strength of business case:</i></p> <p>A 'proposal for the establishment of a higher education think tank' with explanations of the rationale, functions and costs went to, and was welcomed by, the Permanent Secretary at the DfES before HEPI was established.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Funding has been provided to this higher education 'think tank' to ensure as far as possible that HE policy development in the UK is informed by research and by knowledge of the experience of others. HEPI's key function is to raise issues, stimulate discussion and disseminate research findings. It aims to build a bridge between policy makers and research. HEPI carries out research itself; it also identifies and synthesises research carried out by others and analyses experience elsewhere. The burden is largely on HEPI itself, as opposed to the institutions.</p> <p>A Memorandum of Understanding was in place, and HEPI has just put out its business plan (as agreed in the memorandum). This was reviewed by HEFCE, but in practice it was more a case of consultation with HEFCE as the plan evolved.</p> <p>Required to provide quarterly financial monitoring reports and annual work plans to HEFCE. HEFCE agreement is not needed to initiate individual items of work.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Medium – would be difficult for facility to obtain continuing funding at this stage (in place 18 months). General nature of facility suggests an element of HEFCE funding is likely to be required for the foreseeable future, as benefit is to the general sector rather than to specific institutions. HEPI funding agreement requires it to establish additional sources of income in order to minimise HEFCE support.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Medium – HEFCE involvement can be viewed as a burden or a valuable input.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>Collaboration currently in place with sector.</p> <p>Possible overlap with HEFCE initiative 'Research into Teaching and Learning' which also aims to provide an evidence base for policy development but only in T&L.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>Appears to meet initial purpose.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>Consideration of HEPI's performance to date and recent business plan has given HEFCE the confidence to</p>	

agree a second tranche of funding from 2005-06 to 2007-08 (subject to the funds being available). A decision about whether to provide funding beyond this timeframe will be made at a later date to be agreed. No review currently scheduled. Still early days, and low level of funding deters too much investment in review process. The decision of whether to continue funding beyond 2008-09 should be based upon a thorough review of the initiative.

Opinion on value of the initiative in the context of the strategic plan:

N/A -- HEFCE is required to base its strategy upon evidence rather than purely subjective opinion, and the role of HEPI could be viewed as contributing to the body of evidence which will determine strategy, rather than resulting from that strategy.

HERO (Higher Education and Research Opportunities)	National Facility
<i>Funding 2004/05: £359,245</i>	
<p><i>Partners:</i> Funding is joint with many partners including the UK funding bodies, TTA, SCOP, UUK and UCAS.</p> <p>HEFCE is the major funder but not majority funder. Any decisions would need to be agreed by the HERO board.</p>	
<p><i>Overall assessment of strength of business case:</i></p> <p>Based on ongoing popularity and success of the site as well as a formal review of the project in 2003/04.</p>	
<p><i>Overall opinion on level of regulation and resources:</i></p> <p>Minimal – funding is allocated based on an agreed five year plan and paid as per agreed profile. HERO monitors spend against budget as expected by any company. Minimal effect on HEIs.</p> <p><i>Potential to roll into core grant and potential consequences of this:</i></p> <p>Minimal potential if HERO is to be retained as an independent entity. Risk that the HERO project will not continue if funds rolled into core grant as HEFCE is major funder of the project and HEIs may struggle to collaborate to fill the gap.</p> <p><i>Overall opinion on burden High/Medium/Low:</i></p> <p>Low – both to HEIs and to HERO and HEFCE.</p>	
<p><i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i></p> <p>All HEIs and other partners have their own web-sites. However, it is believed that there is no other such wide-ranging, independent source of information on UK HE. Number of partners in this project reduces the risk that a similar initiative is in place. However, no formal check is made.</p>	
<p><i>Overall opinion on how far the initiative reflects its business case:</i></p> <p>This initiative has grown since its inception. Recent review confirmed that expanding strategy is justified.</p> <p><i>When should the initiative next be reviewed?</i></p> <p>Review of funding before end of current funding agreement in 2005 as planned.</p> <p>Review of the strategic direction of the project 3 years from 2003/04 i.e. 2006/07.</p>	
<p><i>Opinion on value of the initiative in the context of the strategic plan:</i></p> <p>Fits with widening access in terms of providing information to a wide audience. Supports other initiatives such as Aimhigher and National Student Survey by publishing their work.</p>	

Poor Estates Initiative	Special Initiative
<i>Funding 2004/05: £15,800,000</i>	
<i>Partners: match funded by institution.</i>	
<i>Overall assessment of strength of business case:</i> 1999 initiative to improve poor estates.	
<i>Overall opinion on level of regulation and resources:</i> Invitation to institutions to bid. Competitive bidding, project definitions sent in and 144 bids reduced by screening process to 80. Bids then scored and reduced to 41. Institutions then agree costs and cost profiles with HEFCE Estates Advisers. Projects audited to ensure that work is as described in bid and has obtained value for money. <i>Potential to roll into core grant and potential consequences of this:</i> Low – funding is for specific capital work and not recurring. <i>Overall opinion on burden High/Medium/Low:</i> High – bidding and monitoring process more burdensome than for most SFIs, although monies involved are also higher than for many SFIs.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Low potential – none identified.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Appears to meet initial purpose. <i>When should the initiative next be reviewed?</i> Understood that project is currently being managed down. Initiative should be reviewed within the near future to learn lessons for the future. Unlikely that such a scheme would be run again.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> Role in levelling the playing field between institutions could perhaps be seen as part of ‘Building on institutional strengths’.	

Tomlinson Capital	Special Initiative
<i>Funding 2004/05: £6m</i>	
<i>Partners:</i> Department of Health (DH) also provides funds for these projects which are managed by HEFCE. The proportion of funding from HEFCE and the DH varies between projects.	
<i>Overall assessment of strength of business case:</i>	
The Tomlinson Report recommended rationalisation of medical schools. Each project was supported by a full business case.	
<i>Overall opinion on level of regulation and resources:</i>	
Policy decision dates back to 1993/94. Understood that parties were required to produce a business case, and some were PFI tested (depending upon government policy at the time of the project).	
Six-monthly request for report on monitoring of progress of projects, format at institution's discretion.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Low – the funding is for specific projects.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Medium – ongoing monitoring burden not high; initial bidding process higher burden but hard to ascertain as occurred some time ago.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
Low potential – capital project for specific purpose.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to meet initial purpose.	
<i>When should the initiative next be reviewed?</i>	
Running out current funds over next 2 years. Will then end. Suggested review then to identify lessons for future SFIs.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Medium – can be viewed as having a strong link with 'enhancing excellence in learning and teaching'.	

Medical schools expansion capital	Earmarked capital
<i>Funding 2004/05: £25,000,000</i>	
<i>Partners: Department of Health</i>	
<i>Overall assessment of strength of business case:</i>	
Resulted from decision in 1999 Health Service Plan, to expand numbers of medical students.	
<i>Overall opinion on level of regulation and resources:</i>	
Initial funding was based upon existing student numbers, but extended to include set-up of new medical schools. Fairly relaxed as to format of bid and as to how exactly monies spent.	
Varies, more work needed in bidding where setting up new institutions than where expanding existing ones.	
Monitoring largely via ensuring that an appropriate contract is in place with the third party contractor. 6-monthly meetings between Department of Health and HEFCE to review initiative.	
<i>Potential to roll into core grant and potential consequences of this:</i>	
Low –scheme requires monies to be spent upon capital only and to raise student numbers, requirements which could be lost if rolled into core grant.	
<i>Overall opinion on burden High/Medium/Low:</i>	
Medium – depends largely upon what was bid for. More burdensome for those setting up new medical schools. But burden largely a result of the nature of the project, rather than imposed by HEFCE.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i>	
Initiative is in collaboration with the Department of Health. Other bodies such as the General Medical Council are involved in the scheme. Bids often from institutions in collaboration. Projects may be funded from more than one HEFCE SFI; monitoring requirements combined where possible.	
<i>Overall opinion on how far the initiative reflects its business case:</i>	
Appears to meet initial purpose.	
<i>When should the initiative next be reviewed?</i>	
No known formal review has been carried out. Recommended that review be held soon to identify lessons for both this and similar initiatives. Unclear as to adequacy of current monitoring information received from institutions.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i>	
Medium – strong link with core strategic aim of ‘widening participation and fair access’, in so far as the initiative increases supply of student places.	

Strategic International Initiatives Fund	Special Initiative
<i>Funding 2004/05: £500,000</i>	
<i>Partners:</i> Projects may be co-funded or jointly administered by many other bodies such as the British Council, UUK or SCOP.	
<i>Overall assessment of strength of business case:</i> Case for having separate SFI to support separate HEFCE international strategy.	
<i>Overall opinion on level of regulation and resources:</i> Via negotiation rather than bidding; monitoring depends upon the individual project. Funding varies from 100% to 0% (publicity only). May require a formal business case, or maybe just a proposal form. Evaluated against achievement of objectives. Option to stop funding. Monitoring again depends upon the individual project <i>Potential to roll into core grant and potential consequences of this:</i> Low – separate HEFCE international strategy implies an element of separate funding. Rolling into core grant may lead to loss of financial support for international strategy. <i>Overall opinion on burden High/Medium/Low:</i> Low to medium – depends largely upon size of project.	
<i>Overall opinion on potential for collaboration with other funding and whether this has been considered:</i> Ongoing collaboration evident.	
<i>Overall opinion on how far the initiative reflects its business case:</i> Appears to meet initial purpose. <i>When should the initiative next be reviewed?</i> Initiative is already reviewed annually, which seems sufficient. July 2004 is next scheduled review.	
<i>Opinion on value of the initiative in the context of the strategic plan:</i> Main value is in supporting HEFCE international strategy, although unclear where this fits in within core HEFCE strategy. However potential link of individual projects to ‘enhancing excellence in learning and teaching’, ‘enhancing excellence in research’, and ‘enhancing the contribution of HE to the economy and society’.	

Appendix 1 – questionnaires

Special initiatives / earmarked capital

Background information

Ref.	Question	Response
1.	What is the nature of the funding / what is it for?	
2.	What are the main benefits of the funding and of having it as a separate pot?	
3.	Where joint funding – <ul style="list-style-type: none">• How much is contributed from the partner (s)?• How much influence does HEFCE have over how the funding is run? i.e. could it enforce any changes?	

Transparency

- The case for regulation should be clearly made.
- Proper consultation should take place before regulating.
- Penalties for non-compliance should be obvious.
- Regulations should be simple and clear.
- Those being regulated should be made aware of their obligations.

Ref.	Question	Response
1.	Is there a robust business case, based on objective evidence of a need for special funding?	
2.	Did the initiative include a formal consultation period?	
3.	Are the parameters for, or constraints on, receiving and using the funding clear?	
4.	Are the penalties for going beyond these parameters obvious?	

Accountability

- Regulators should be clearly accountable to government.
- Those being regulated must understand their responsibility.
- There should be a fair and efficient appeals procedure.
- Enforcers should be effective but fair.

Ref.	Question	Response
1.	Is the Board/ other internal HEFCE committee/senior management regularly apprised of developments and problems when they occur?	
2.	Do recipients understand their reporting requirements? How are these communicated? Do returns coming back to HEFCE indicate that reporting is understood or are there often many errors?	
3.	Is there a process for dealing with complaints and appeals, at the application stage or subsequently or both? Are HEFCE guidelines used?	

Proportionality

- Enforcement action (such as clawback of funds) should be proportionate to the harm done.
- Compliance should be affordable.
- Alternatives to regulation should be considered.

Ref.	Question	Response
1.	How are the funds allocated? i.e bidding process, formula etc.	
2.	Were alternative, less burdensome methods of allocating the funding identified? If so, why were these rejected?	
3.	Would it be possible to roll into core funding? What would be the effect of this i.e. loss of monitoring?	
4.	Does enforcement action reflect the scale of the problem? Or does a blanket approach apply?	
5.	Does the amount of time and effort required to apply and account for the funding reflect the amount of funding on offer? How does it compare to accounting for core grant?	
6.	Are the accountability arrangements based on an assessment of risk?	

Consistency

- New regulations should be consistent with existing regulations.
- Regulators should be consistent with each other.
- Regulations should be enforced consistently across the sector.
- Regulations should be compatible with international rules and law.
- Regulations derived from legislation should not be “gold plated” for the HE sector.

Ref.	Question	Response
1.	Are there similar initiatives operated by other bodies or within the Council? How would HEFCE know – what are lines of communication like? What stakeholders were involved?	
2.	If so, is the initiative consistent with these other schemes? Has the possibility of collaboration been pursued?	
3.	Does the initiative impose an additional data or audit burden? If so, why were existing processes not employed e.g. HESA data?	
4.	If the initiative derives from legislation, does it go beyond the formal requirements? Why?	

Targeting

- Regulations should be aimed at the problem and avoid a scattergun approach.
- Where possible, a goals-based approach should be used.
- Regulations should be reviewed regularly to test if they are still necessary and effective

Ref.	Question	Response
1.	Is the initiative directed at the problem or opportunity identified in the business case? Or does it stray into other areas?	
2.	Does the monitoring process measure progress towards the initiative’s objective? Does it capture too much or too little?	
3.	Is the initiative subject to regular, rigorous review, covering both ongoing demand and the effectiveness and efficiency of its design? Are the results of the review made public? When was last review/is next review planned?	
4.	Does review consider ongoing relevance to strategic plan?	

National Facilities

Background information

Ref.	Question	Response
1.	What is the nature of the funding / what is it for?	
2.	What are the main benefits of the funding and of having it as a separate pot?	
3.	Where joint funding – <ul style="list-style-type: none">• How much is contributed from the partner (s)?• How much influence does HEFCE have over how the funding is run? i.e. could it enforce any changes?	

Transparency

- The case for regulation should be clearly made.
- Proper consultation should take place before regulating.
- Penalties for non-compliance should be obvious.
- Regulations should be simple and clear.
- Those being regulated should be made aware of their obligations.

Ref.	Question	Response
1.	Is there an ongoing and robust business case for top-slicing funds to support the facility?	
2.	What would be the impact of withdrawing support? Would institutions fill the gap individually or collaboratively without HEFCE intervention?	
3.	Is the business case – including the strategic aims and operating plans or the facility – in the public domain?	
4.	Was there proper consultation with the sector prior to creating the facility?	

Accountability

- Regulators should be clearly accountable to government.
- Those being regulated must understand their responsibility.
- There should be a fair and efficient appeals procedure.
- Enforcers should be effective but fair.

Ref.	Question	Response
1.	How does the facility account for the funds it receives? Is it obviously accountable to its stakeholders?	
2.	If the facility itself makes grants to institutions, are institutions able to appeal these decisions properly?	

Proportionality

- Enforcement action (such as clawback of funds) should be proportionate to the harm done.
- Compliance should be affordable.
- Alternatives to regulation should be considered.

Ref.	Question	Response
1.	Is the size and cost of the facility proportionate to its mission and objectives?	
2.	How are funds allocated to the facility? How much resource does this use?	

Consistency

- New regulations should be consistent with existing regulations.
- Regulators should be consistent with each other.
- Regulations should be enforced consistently across the sector.
- Regulations should be compatible with international rules and law.
- Regulations derived from legislation should not be “gold plated” for the HE sector.

Ref.	Question	Response
1.	Do similar facilities exist in HE or in other sectors? How would these be identified – i.e communication channels? If so, has the potential for collaboration been explored?	

Targeting

- Regulations should be aimed at the problem and avoid a scattergun approach.
- Where possible, a goals-based approach should be used.
- Regulations should be reviewed regularly to test if they are still necessary and effective.

Ref.	Question	Response
1.	Are the facility's activities focused on the objectives identified in its business case?	
2.	Is the facility subject to regular, rigorous review, covering both ongoing demand and the facility's effectiveness and efficiency? Are other stakeholders able to contribute to this review? Is the review public? When was last review/is next review planned?	
4.	Does review consider ongoing relevance to strategic plan?	

Appendix 2 – Summary of issues to consider

Ref	Issues to consider
1.	The Council should ensure that justification is in place for all special funding. This does not necessarily need to be a formal ‘business plan’ document but up to date information should be in place to support those initiatives identified above. As outlined in section 3.6, regular reviews should be carried out of all funding to ensure that a clear case remains for maintaining it as a separate initiative. These reviews should be documented to enable appropriate approval to be obtained.
2.	The Council should also ensure that when staff leave, they pass on details of special funding that they have been involved in to their successor.
3.	For the few older initiatives where the amount of funds allocated is based on out of date information, the Council should ensure that the allocation is updated to reflect current circumstances. Details of the initiatives affected are provided in section 3.1.
4.	The Council should review the comments made in section 4 of this report relating to accountability burden. Where we have identified areas where the accountability arrangements could be improved, the Council should consider introducing changes.
5.	The Council should ensure that risk assessments are carried out when new initiatives are set up and that these assessments are used as the basis for determining accountability arrangements. Assessments should be kept in mind and updated where significant changes occur. They should be formally updated when an initiative is reviewed in order to ensure that the arrangements in place remain suitable, and to inform the decision whether to continue with special funding.
6.	The identification of any other similar schemes both within and outside of HEFCE should be included in the regular reviews of initiatives.
7.	The Council should review the comments made above and in section 4 of the report to identify whether any initiatives can be merged or if any collaboration is possible. The Council could consider reviewing a sample of HEIs to ensure specific or similar projects are not being funded from more than one source
8.	The Council should ensure that all initiatives are reviewed on a regular basis. Where reviews are scheduled, they should be carried out as planned unless there is a good reason to reschedule. The Council should ensure in particular that those initiatives that have not been reviewed for some years are reviewed in the near future.
9.	The Council should ensure that the review process specifically examines whether it is possible to roll an initiative into core grant. Where separate funding is provided initially to raise the profile of an activity or to enable closer monitoring of funds, the strength of the continued case for special funding should be specifically examined. In approving the continuation of special funding, the Council should ensure that this has been considered.
10.	In addition, the Council could consider whether it may be possible to include more funds in core grant where the purpose of the funding is integral to the good management of the institutions.
11.	The Council should ensure that the regular review of special initiatives specifically examines whether they remain relevant to the strategic plan.