

**Better
Regulation
Task Force**

Higher Education: Easing the Burden

July 2002

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1. Foreword

This is the second report the Better Regulation Task Force has published within the space of a week. On 19 July we published our report, the Local Delivery of Central Policy. We have been struck by some of the common themes emerging from both reports; namely duplicated audit, inspection and multiple accountabilities.

In both reports we have found a lack of joined up working on the ground between Government and those responsible for delivering its policies. There may be high level liaison arrangements in place, but these do not always permeate down to ground level.

Within the higher education sector the Government and its Agencies have recognised that there is duplication and an “accountability burden” on higher education institutions and are working to reduce the burden.

For instance both the Quality Assurance Agency (QAA) and the Teacher Training Agency (TTA) are introducing new quality assurance regimes for higher education institutions, which they intend should lead to some significant reductions in burden. The Research Councils are working to align their administrative processes. The Higher Education Funding Council for England (HEFCE) is moving away from competitive bidding funding initiatives to less burdensome funding by conditional allocation. This is all very encouraging.

However, no single Government Department has an overview of the burdens imposed on the sector.

And despite progress in reducing some of the burden, new burdens continue to be imposed. New funding initiatives continue to appear.

A greater reduction in burden is needed and could be achieved by better co-ordination and closer working by Government and its Agencies. There is a need for someone to take an overview of the burden and duplication, and to work in a systematic fashion to reduce it. This will require compromise on the part of the various Departments and bodies with a stake in higher education. It will require them to consider how they might adapt data already collected for one purpose to suit other purposes rather than issuing an additional separate demand.

In August 2000 the Higher Education Funding Council set up a body, the Higher Education Forum, to bring key stakeholders together to work to reduce unnecessary burden. In spite of limited resource and any real leverage, it did usefully raise the issue of the accountability burden. This report recommends that the HE Forum, or a successor body based on it, should be strengthened and should agree an action plan with the Minister for Higher Education to reduce unnecessary burden and duplication.

To prevent new burdens occurring we recommend that Government and its Agencies assess the impact on the sector of new proposals and publish these assessments.

Higher education is a complex sector. To keep the report to a manageable length, we concentrated on those specific areas of burden that were of most concern to the numerous stakeholders we consulted. We make

recommendations to reduce the number of funding initiatives, align data collection and to reduce the burden further of quality audits. We hope that Government will act on these recommendations.



David Arculus
Chair, Better Regulation Task Force



Matti Alderson
Chair, Higher Education Subgroup

2. Introduction

2.1 What the review considered

This review considers whether aspects of bureaucracy specific to the Higher Education sector hinders higher education institutions (HEIs) from effectively and efficiently carrying out their core activities of teaching and conducting research.

We recognise that the Government and taxpayers should be able to verify that public funds are being spent appropriately. In addition, and throughout our review, we have taken account of the fact that students and employers are HE stakeholders too.

The Better Regulation Task Force has completed a number of other studies on more generic regulatory issues such as payroll and employment regulation that impact on all employers. Like any other organisation or employer HEIs must comply with a wide range of regulations. However, this study concentrates on bureaucracy specific to the Higher Education (HE) sector.

It focuses particularly on those areas of bureaucracy which are initiated by the Government and its agencies, such as the Higher Education Funding Council for England (HEFCE) and the Teacher Training Agency (TTA). Within this definition we included bodies such as the Higher Education Statistics Agency (HESA) and the Quality Assurance Agency (QAA), which are not Government Agencies, but can by the nature of their work, impose sector-wide burdens.

Education is devolved - we elected for this review to focus primarily on the HE sector in England, though some of our findings will also be relevant to the devolved administrations.

2.2 Our approach

In the course of our work we gathered extensive information from many sources:

- HEIs and their staff (both academic and administrative);
- Government Departments and their Agencies;
- employers' organisations and employers; and
- students and their representatives.

We held a series of meetings with lecturers, heads of departments and faculties, administrators, heads of institutions and students. We also received written submissions and visited a number of HEIs.

The academics and administrators we met came from a broad range of large and small institutions - new universities, old universities, further education colleges providing HE courses, and colleges of higher education.

Annex B gives a list of the organisations that contributed to the report. We are grateful to them for their frankness. We are also indebted to the many individual lecturers, administrators and heads of institutions, who contributed to this report and are too numerous to list individually.

2.3 The HE sector in England

In England there are currently 71 universities, 17 schools of the University of London and 44 Higher Education Colleges. 223 Further Education Colleges also offer higher education courses funded directly by HEFCE.

Statistics provided by the DfES show that HE in the UK, is by comparison with international standards, a high performing sector. Around 83% of full-time students enrolling on a first degree course complete it (only Japan has a higher completion rate). The UK produces high quality graduates and as last year's Research Assessment Exercise (RAE) results have shown – world class research. At 6% graduate unemployment is low. The UK increased its share of foreign students studying in UK universities from 12% to 16% between 1995 and 1998.

From the outset we were struck by the complexity of the sector. HEIs are now typically large institutions with an average of 18,000 students and an annual turnover of £100m. They are substantial employers running complicated organisations and, like any large organisation, they have to deal with a multitude of external bodies, pressures and regulations.

Pages 8 and 9 overleaf illustrate the number of bodies a typical HEI deals with. We are grateful to Manchester University for providing the information.

2.4 Governance structures in higher education

The legal framework under which HEIs operate is a mixture of Further and Higher Education Acts, Statutes and Royal Charters, the Charities Act and the Companies Act. The pre-1992 universities were mostly established by Royal Charter, though some were established by an Act. Their governance structures are laid down in Act/Charter and Statutes.

The post-1992 universities and colleges of HE are either higher education corporations or designated institutions (mainly established as charitable trusts) that were constituted following the Education Reform Act 1988 and the Further and Higher Education Act 1992.

The 1992 Further and Higher Education Act sets out the governance requirements for the post-1992 universities. They must have a governing body of between 12 and 24 members. Most of the pre-1992 universities have followed suit introducing similar arrangements.

All higher education institutions are legally independent corporate institutions accountable through a governing body which carries ultimate responsibility for all aspects of the institution. They, therefore, are simultaneously autonomous and accountable.

2.5 The Government's vision for the sector

There has been a huge expansion and diversification of the higher education sector over the last twenty years and the Government is committed to further expansion. It looks to HEIs to help deliver some of its key economic objectives by providing a highly skilled workforce, and by working with industry on collaborative research. The Government's key objectives for the sector are to:

- widen participation, achieving the target, that by 2010 half of the population aged 18-30 will have entered higher education by the time they reach the age of 30;
- continue to produce world class research;
- foster closer links with industry and the wider community; and
- foster excellence in teaching¹.

2.6 PA Consulting's Report – "Better Accountability for Higher Education"

Before embarking on this study we considered the findings of PA Consulting's report. The report, which was commissioned by HEFCE in response to HEIs' concerns about the burdens placed upon them, was published in August 2000. Its contents and conclusions were also raised by stakeholders on numerous occasions.

PA Consulting put the annual cost of what it referred to as the "accountability burden" on HEIs at £250m. We were particularly struck by how the findings of that report and its recommendations mirror our findings two years later, suggesting that more needs to be done.

PA Consulting put forward a number of recommendations for further work. These included rationalising:

- data exchanges;
- quality assurance processes; and
- ad hoc bidding for funds.

In the wake of the PA report HEFCE set up the Higher Education Forum of stakeholders to take forward work on PA Consulting's recommendations for further development. The greatest improvement has been the introduction of the 'light touch' quality assurance regime (discussed in section 7.2). Other improvements have taken place such as the redesign of funding initiatives. However, the view of stakeholders is that progress has been slow. Much of what PA Consulting found two years ago is reflected here again, still unresolved, in this report.

¹ Estelle Morris' speech at London Guildhall university, 22 October 2001

Regional Bodies

Regional Development Agencies
Regional Assemblies
Regional Arts Boards
Regional Tourist Boards
Regional Museum Services
North West Civic Forum
North West Constitutional Convention
North West Cultural Consortium
North West Science Council

National Health Service (and related)

Greater Manchester Strategic Health Authority
Teaching Hospital NHS Trusts (5)
Primary Care Trusts in Greater Manchester
NHS Trusts in the region (24)
Workforce Development Confederations in the region (4)
The Royal Colleges

Professional Bodies/Learned Societies

The list would run into three figures within the University and depends much on an institution's 'portfolio' of disciplines

Business/Commerce

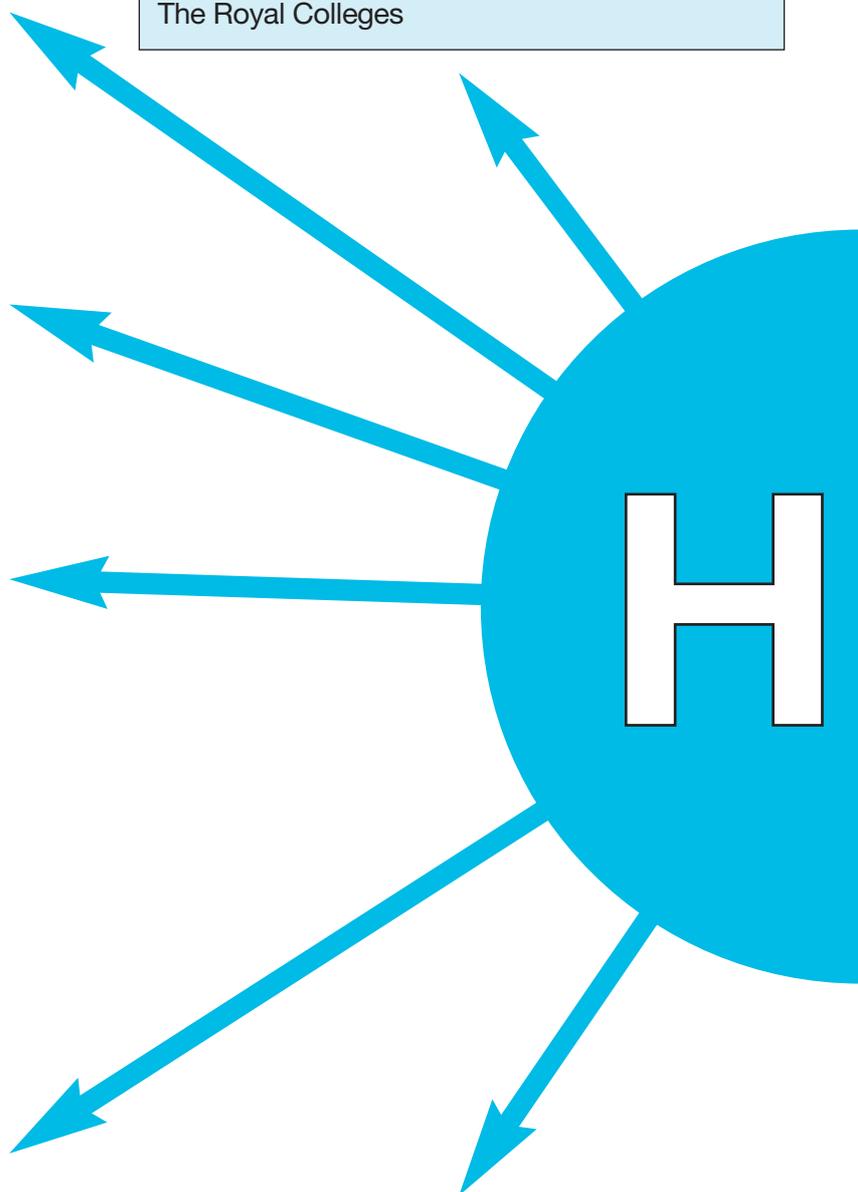
North West Confederation of British Industry
North West Chamber of Commerce
North West Business Leadership Team
Association of Greater Manchester Authorities

Validating Bodies

General Medical Council
General Dental Council
Nursing and Midwifery Council
Royal Pharmaceutical Council
Royal Town Planning Institute
Landscape Institute
Architects Registration Board (ARB)
Central Council for Education and Training in Social Work
Institute of Electrical Engineers
The Institute of Mechanical Engineering
Joint Board of Moderators of Institutions of Civil and Structural Engineering
Royal Aeronautical Society
Association of MBAs (AMBA)
AACSB International
European Quality Improvement Scheme (EQUIS)

Major Charities

The Wellcome Trust
Cancer Research UK
The Wolfson Foundation
The Granada Foundation
The Leverhulme Trust
Carnegie Foundation



Government Departments

Department for Education and Skills
Department of Trade and Industry
Department of Health
The Home Office
Department for Culture, Media and Sport
Department for International Development
Cabinet Office
Inland Revenue
Department for Work and Pensions
HM Customs and Excise

Government 'Agencies'/Statutory Bodies

Higher Education Funding Council for England (HEFCE)
HEFCE Audit Service
HEFCE – Joint Information Systems Committee
United Kingdom Education & Research Networking Association (UKERNA)
Higher Education Statistics Agency
Higher Education Staff Development Agency
Universities UK
Universities and Colleges Employees Association
Universities & Colleges Admissions Service (UCAS)
Quality Assurance Agency
Teacher Training Agency
Office for Standards in Education (OFSTED)
Learning and Skills Council
Government Office North West
English Partnership
Charity Commission
Health and Safety Executive
Privy Council
Criminal Records Bureau
National Audit Office
Auditing Practices Board
Environment Agency
Office of the Deputy Prime Minister Urban Sounding Board
Museums Association
British Council
Local Education Authorities
Copyright Licensing Organisations
Sport England
The Research Councils:
Economic and Social Research Council (ESRC)
Engineering and Physical Research Council (EPSRC)
Natural Environment Research Council (NERC)
Biotechnology and Biological Sciences Research Council (BBSRC)
Particle Physics and Astronomy Research Council (PPARC)
Medical Research Council (MRC)
Arts and Humanities Research Board (AHRB)

International Bodies

Too many to list but including:
World Bank
International Monetary Fund (IMF)
European Social Fund (ESF)
European Regional Development Fund (ERDF)

2.7 Main themes emerging from our review

We found the areas of burden of most concern were those surrounding funding, audit, (both quality assurance and financial audit) and data collection ie accountability rather than regulation.

Throughout our review the main theme that kept cropping up was the apparent lack of trust between Government and its Agencies and the HEIs. The HEIs questioned whether this was at the heart of imposing multiple accountability requirements on them. When we probed this we found that many of the requirements had been imposed as a result of numerous and unco-ordinated initiatives. These have accumulated over many years, without any overarching rationale, leaving HEIs feeling that they are over scrutinised.

There is no evidence that the sector as a whole is particularly prone to financial and/or management failures or failures to deliver on academic performance. The National Audit Office considers the HE sector to be a low risk sector in terms of fraud or malpractice.

2.8 Structure of the report

The report falls into two parts.

- The first part of the report (section 4) deals with the underlying reasons for the accountability burden, namely a lack of joined up working between Government Departments and their Agencies and what in our view has been inadequate policy making. In this section we consider how the policy making process could be improved and how Government and its Agencies might work in a more joined up fashion to reduce further the current burden and to prevent unnecessary burdens being introduced in the future.
- In the second and longer part of the report (sections 5-8) we look at those specific areas of burden that were of most concern to the majority of stakeholders we consulted. These can be divided into 3 distinct areas:
 - Funding, including funding initiatives, the Research Assessment Exercise and the Research Councils
 - Quality assurance issues including multiple audits
 - Data collection.

3. Full List of Recommendations

Recommendation 1:

The HE Forum, or a successor body based upon it, should be strengthened. It should be supported by a Secretariat funded by DfES. It should, with the Minister responsible for higher education, agree an action plan to reduce burdens on HEIs. It should report on progress annually to both the Minister and other stakeholders. The HE Forum should take on a gatekeeper role to prevent unnecessary new burdens being placed on HEIs.

Recommendation 2:

The Government should ensure that it, its Agencies and those contracted by them, consider the likely impact of new proposals and publish them. They should demonstrate that they have tested any new proposals against the five Principles of Good Regulation. In particular:

- HEFCE's review of the RAE should include a published impact assessment of any proposed replacement
- HEFCE should evaluate the impact of the new QAA regime and the proposals in the Cooke report for publishing data 2 years after implementation.

Recommendation 3:

The Government should reduce funding initiatives into a small number of key theme funding streams. Departments and their Agencies should set out clearly what the criteria are for a successful allocation; what the audit and reporting requirements will be; and what the prospects are for continuing the funding after the initial period. All these requirements need to be in proportion to the amounts of money involved.

Recommendation 4:

In order to reduce the audit burdens on HEIs and FE colleges providing HE:

- HEFCE should continue to develop its financial and management audit regime to focus on those institutions at greater risk and to limit to an absolute minimum the work carried out elsewhere.
- HEFCE should review with the QAA how it might adopt a more targeted risk based approach to reviewing higher education provision in FE colleges that is directly funded by HEFCE by September 2003.
- The DfES should ensure that HEFCE, the TTA, the QAA and Ofsted work together to co-ordinate quality assurance reviews and to explore where they can share review data. A protocol for co-ordinating these activities should be agreed by the end of 2002.
- The QAA should simplify, and compress its code of practice to make it user friendly and less prescriptive in tone. The QAA should make clear that its precepts are pointers to good practice rather than standards with which HEIs have to comply.

Recommendation 5:

To reduce the burden on HEIs of providing statistical and administrative data to Government and its Agencies (including those contracted by them):

- DfES should ensure that the HESA “December return” is no longer collected.
- The HE Forum should complete a feasibility study on the introduction of a unique student identifier by September 2003.
- The HE Forum should measure the burden of data collection imposed on HEIs by Government and its Agencies (and those contracted by them) and progressively reduce the burden by:
 - reviewing whether the administrative and statistical data collected from HEIs are all needed and used by September 2003;
 - identifying where separate administrative and statistical data returns can be merged, by September 2003; and
 - agreeing with stakeholders a common set of data definitions, so that where data does have to be collected separately, it does not have to be collected using different data definitions by September 2003.

4. Joining Up and Making Better Policy

4.1 Joined up working in higher education

As our review progressed we became aware that many of the concerns stakeholders brought to us were the result of a lack of joined up working.

A number of Government Departments and Agencies have a stake in higher education, but each seeks to meet its objectives in relative isolation. This has led to the multiple accountability requirements imposed on HEIs today. We found a general disinclination from these various bodies to accept data, particularly quality review information, collected by other bodies.

The Higher Education Forum, set up in July 2000 by HEFCE, was an attempt to bring key stakeholders together. Despite having no real leverage and limited resources with which to engineer change, it did succeed in getting key stakeholders together and facilitate discussion on the accountability burden. However, it was not set up to drive through change and nor could it require Agencies and Departments to share information to reduce duplication.

In section 7.5 we note that the Department of Health is working with regulatory bodies in the health professions and the QAA to develop “one-stop inspections”. HEFCE has coordinated with DfES, the Department of Trade and Industry (DTI) and the Office of Science and Technology (OST) a joint process for allocating funds for a number of funding initiatives. HEFCE and the TTA have cooperated to develop a joint approach to investing in staff and staff development within higher education.

There is work going on at a fairly high level to co-ordinate certain activities.

This is encouraging, but it isn't reflected in HEIs experience of dealing with these bodies on a day to day basis. This may be in part due to the fact that some of the effects of reform have yet to feed through, particularly the new quality assurance regimes. It is also in part to due new burdens being introduced. For instance the Department of Health this year has requested new information from HEIs on students and courses.

No Department or Agency has an overview of the accountability burden.

For instance, no single Government Department or funding body could provide us with a comprehensive list of all current funding initiatives in HE.

The Better Regulation Task Force arrived at similar findings in our study of the Local Delivery of Central Policy. There too, we found duplicated audit and inspection and multiple accountabilities. In that report we have recommended that a change programme is developed at the centre of Government. The Treasury and the Regional Co-ordination Unit, which is part of the Office of the Deputy Prime Minister, should review specific areas of cross-cutting delivery. These would map delivery structures and accountabilities, applying the Principles of Good Regulation set out by the Better Regulation Task Force, and agree firm plans with the relevant Departments and bodies to simplify delivery chains, to remedy the shortcomings discovered and to release efficiency savings.

In our report, *The Local Delivery of Central Policy*, we looked at the delivery of skills and economic development at local level. We found it impossible to find a way through the maze of structures and multiple accountabilities.

The accountability regimes in HE, though complicated, were not impossible to map, so we do not believe HE is an appropriate subject for a cross cutting review. However, we do believe that there is a need for a single body to take an overview of the accountability burden on HEIs and to take responsibility for reducing unnecessary burden.

Rather than recommending setting up a new body, we looked at what was already in place. HEFCE has already set up the HE Forum and it has the support of a wide range of stakeholders. It would make sense for this body, or a successor body based on it, to take responsibility for reducing unnecessary burdens in the HE sector. However, to be effective it would have to be better resourced and work in a more systematic fashion than it has done so far. It would need to be supported in its work by a designated Secretariat funded by DfES.

The Forum should agree an action plan with the Minister responsible for higher education with clear objectives and milestones for reducing the accountability burden on HEIs. It should report progress annually to all stakeholders and to the Minister responsible for higher education. Government Departments should ensure by all means at their disposal that the Agencies they fund co-operate with the Forum and work constructively to reduce the accountability burden.

The sort of areas that the Forum might consider should include, for instance, reducing the burden of multiple quality audits (discussed in section 7.2) and financial audits and financial data returns (discussed in section 6.2). The Forum should also act as a gatekeeper to prevent new burdens from being placed on the sector.

We made a similar recommendation in our report, *The Local delivery of Central Policy*, where we said that:

- the Regional Co-ordination Unit in the Office of the Deputy Prime Minister should act as a gatekeeper in preventing Government from launching new initiatives without first assessing their likely impact
- the DfES should measure and progressively reduce the total administrative burden on colleges and training providers of the accountability framework.

Recommendation 1:

The HE Forum, or a successor body based on it, should be strengthened. It should be supported by a Secretariat funded by DfES. It should, with the Minister responsible for higher education, agree an action plan to reduce burdens on HEIs. It should report on progress annually to both the Minister and other stakeholders. The HE Forum should take on a gatekeeper role to prevent unnecessary new burdens being placed on HEIs.

4.2 Better policy making in higher education

Some of the burdens we came across are a result of inadequate assessment of the impact of policy changes. One stakeholder described the policy making process in HE in the following words:

“ The Government has a bright idea, its Agencies set about implementing it in negotiation with the sector, then what we end up with is something that both sides can live with”.

This is not good policy making practice. It lacks any consideration of options for delivering the policy objective, makes no attempt to identify unintended consequences; there is no assessment of the likely impact, of costs and benefits, or the cumulative burden.

The Cooke Report is a good example (discussed in section 7.3) Although the report mentions there will be some additional costs on HEIs, it doesn't spell out where these costs will fall, or indeed, the expected benefits. There has been no published impact assessment of the proposals. Nor has there been a published impact assessment of the new QAA regime of institutional audit.

As a result of the PA Consulting Report in 2000, HEFCE developed an impact assessment tool.

An impact assessment tool for the public sector is now being developed by the Cabinet Office's Regulatory Impact Unit.

So there are tools available that the Government and its Agencies could and should be using to assess the impact of their proposals on HEIs; we would include in this Agencies such as HESA and the QAA who, although owned by the sector, are contracted by HEFCE (and others) to carry out work that may impose sector-wide burdens.

HEFCE has told us that all its board papers contain the specific requirement that the likely burden of new proposals should be assessed. This is welcomed. However, to be effective impact assessments need to be published to inform debate within the sector about the likely impact. The sector should have the opportunity to consider and offer feedback on the assumptions upon which the assessments are based.

The strengthened HE Forum in its gatekeeping role should also take responsibility for making sure that new proposals meet the Better Regulation Task Force's Principles of Good Regulation (see Annex E) and that proposals are accompanied by a proper published assessment of their likely impact.

Recommendation 2 (part 1):

The Government should ensure that it, its Agencies and those contracted by them consider the likely impact of new proposals and publish them. They should demonstrate that they have tested any new proposals against the five Principles of Good Regulation. In particular:

- HEFCE's review of the RAE should include a published impact assessment of any proposed replacement
- HEFCE should evaluate the impact of the new QAA regime and the proposals in the Cooke report for publishing data 2 years after implementation.

5. Funding

5.1 HE funding: an overview

The Higher Education Funding Council for England (HEFCE) funds teaching and research in higher education and the Teacher Training Agency (TTA) provides funding for teacher training courses on behalf of the DfES.

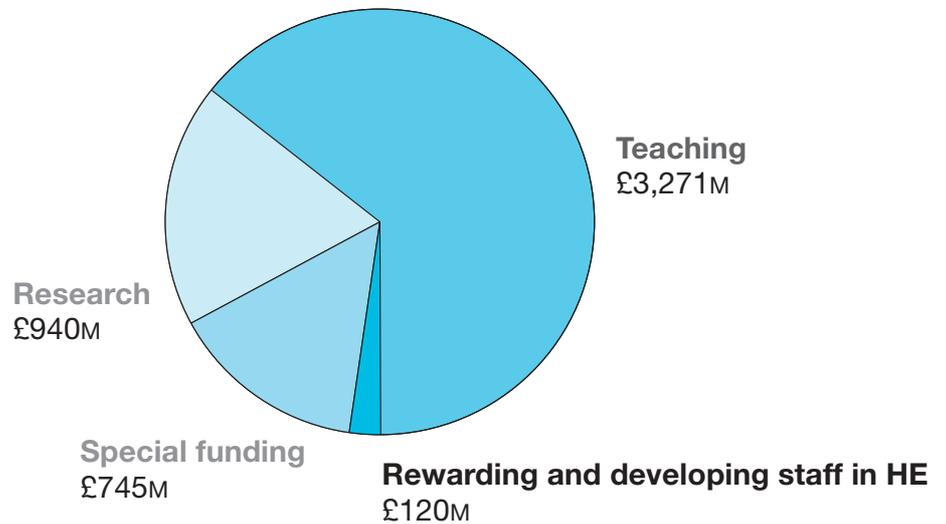
The Department of Health funds National Health Service (NHS) training courses through the NHS Workforce Development Confederations (WDCs) which contract HEIs to run particular courses. Those HEIs which run further

education courses also receive funding from the Learning and Skills Council. The DTI also administers a number of special funding initiatives.

HEIs can also apply for funding for specific research projects to the UK's Research Councils, which distribute research funding for the Office of Science and Technology. Other research funding comes primarily from private business and charities, Government Departments' research contracts and the European Union.

5.2 Initiative funding

Breakdown of HEFCE funding in 2002-03 - total £5.076 million



The bulk of HEFCE's funding, currently 83%, goes to HEIs in the form of the block grant. This is determined chiefly by:

- The teaching formula, based around student numbers, subject-related cost factors and relevant premiums (eg students from certain post-codes attract an additional premium, though this is under review)
- The quality-related research formula, which follows the grades awarded in the RAE, and research volume. (The RAE is discussed more fully in section 5.5).

However, the block grant is increasingly being cut back in favour of special initiative funding for which HEIs have to apply separately. Over the last three years the block grant has fallen from 89% to 83% of HEFCE's funding allocation with some £745m earmarked for special initiatives this year out of a total of £5,076m.

We have identified 21 current funding initiatives administered by HEFCE. Out of some of these fall further funding pots for which HEIs have to provide business plans on various aspects of their activities. Examples include the Human Resource Strategy and the Teaching and Learning Strategy. The main funding streams are listed at Annex A.

Some of these initiatives involve competitive bidding, others conditional allocation: they all impose additional accounting burdens and what has been described to us by the majority of our stakeholders as a high degree of micro management. HEFCE uses a range of methods to ensure that the money is spent on its intended purpose depending on the initiative in question. For capital projects above a certain threshold it requires external audit certificates; for others additional information is required in an annual operating statement return.

In addition the Department for Trade and Industry (DTI) administers either directly or through the Small Business Service and the Office of Science and Technology a further 6 initiatives to promote links with business and the wider community. Annex A gives a list of current funding initiatives administered directly by DTI Departments.

There is pressure and an incentive on all institutions to bid for this money, not least because they argue they need the funds. There is also a feeling that it 'looks bad' if they don't apply for available funding and that it might send negative messages to partners and stakeholders such as local businesses, if for instance they don't bid for funds that foster links with local communities.

The Excellence Fellowships awards scheme was an initiative wished on the sector by the Department for Education and Skills. The basis on which institutions were chosen to receive the awards was never clear. In our case it means the sum of £60,000, over two years, hardly a big amount given our overall turnover is £55m. The monitoring procedures are quite disproportionate. At the same time it isn't practical politics to refuse it!

Head of Institution, May 2002

The Task Force recognises that the Government may need to use funding incentives as a means of achieving its key objectives for higher education. However, HEIs find both the bidding process and the subsequent accounting process burdensome. Earmarking specific pots of money for specific purposes reduces their flexibility to spend funds according to their own priorities and circumstances.

Competitive bidding is seen by the sector as the most burdensome and most wasteful way of allocating funds because in a competition there is no guarantee of success. One example is the Joint Infrastructure Fund (now

defunct) which was allocated to improve the research infrastructure. Bidding for these funds involved a huge amount of work, including getting planning permission. This involved a considerable waste of time and resources for those which were unsuccessful.

Bidding for special initiatives can be disproportionately burdensome for smaller institutions because the amount of work which goes into preparing a successful bid is the same whether an institution has 3,000 students or 30,000, though the amount received may be related to size.

The last collaborative bid to HEIF (Higher Education Innovation Fund) which we compiled involved 6 HEIs and took around 2 days of a representative from each HEI plus about 4 days of my time. We got nothing.

Head of institution, May 2002

5.3 Funding by conditional allocation

In recognition of the waste of time and resources that are associated with competitive bidding, HEFCE is moving away from allocation by bids towards conditional allocation. We welcome this as a step in the right direction. The Science Research Investment Fund (SRIF) the successor to JIF has been welcomed by the sector as a huge improvement and far less wasteful than its predecessor. HEFCE estimates that they have reduced the costs of applying for funding from 5% for JIF to 0.1% for SRIF, representing a saving of £29m.

Funding by conditional allocation generally requires HEIs to submit a strategy or business plan for a specific pot of money and then to account separately for how it is spent. HEIs have pointed out that, while SRIF is a welcome improvement on JIF, it still involves a 10% retention that is only released upon receipt of an audit certificate verifying details for that particular project. This entails additional administration and audit fees. HEFCE needs to be reassured the money has been spent in accordance with the terms of the project. But an alternative approach might be for the University's external auditors to be charged with examining such projects as part of their year-end audit procedure.

One of the current funding initiatives being promoted by HEFCE requires HEIs to submit a teaching and learning strategy. HEIs complained that they had to rewrite their strategies to comply with HEFCE guidance on what a teaching and learning strategy should look like.

However, though HEIs complained to us about the guidance, it was initially issued by HEFCE at their request.

Another example is an initiative allocating funds for a human resource strategy – again some HEIs complained that they had to rewrite their existing strategies to comply with HEFCE's guidance in order to qualify for the funding.

While guidance might be helpful for HEIs with no strategy in place, it should be flexible enough to allow HEIs to develop strategies that are appropriate to their individual circumstances and to permit existing strategies to be used. One small HEI told us that these strategies generally took a couple of days to write and a further couple of days for consultation and clearance within the HEI. But this estimate doesn't include the additional monitoring required.

DfES argue that separate accounting and monitoring is necessary for these initiatives so that Government can be assured that HEIs have spent the money on its intended purpose.

5.4 Reducing the number of special funding initiatives

The four key themes for funding initiatives seem to be:

- increasing HEIs' links with businesses and the local community;
- widening participation in HE among under represented groups;
- fostering collaborative research with the private sector and other partners; and
- improving the research infrastructure.

We concluded the current number of funding initiatives is both burdensome and wasteful for HEIs to operate.

Their efficiency would be increased if the funding streams were merged into a small number of key theme funding pots. This would still deliver the Government's objectives, but would reduce the burden on HEIs. The criteria for a successful bid or funding allocation should be laid out clearly, though not over prescriptively, at the outset of the process, as should any additional monitoring requirements, in line with the Better Regulation Task Force's principle of transparency.

Monitoring arrangements should be proportionate to the funding. HEIs need time to put in place systems that require additional monitoring, and funding bodies should take this into account when planning funding initiatives.

We found a similar picture in our report, the Local Delivery of Central Policy, where we looked in part at the Learning Skills Councils. In that report too, we have recommended that funding streams should be aligned.

Recommendation 3:

The Government should reduce funding initiatives into a small number of key theme funding streams. Departments and their Agencies should set out clearly what the criteria are for a successful allocation; what the audit and reporting requirements will be; and what the prospects are for continuing the funding after the initial period. All these requirements need to be in proportion to the amounts of money involved.

5.5 The Research Assessment Exercise

The RAE is a peer review process in which the quality of research in HEIs in the UK is assessed. It takes place every 4 or 5 years and provides quality ratings for research across all disciplines. The ratings range from a low of 1 to a high of 5* according to how much of the work is judged to reach national or international levels of excellence. Its main purpose is to enable HEFCE (and the other UK funding bodies) to distribute public funds for research selectively on the basis of quality and quantity. Institutions with departments

conducting the best (5*) research receive a larger proportion of the available grant.

It is widely acknowledged that the RAE has improved greatly the quality of research in the UK. During the course of our review we heard at length and in depth about its impact on HEIs.

In terms of administration we were told by HEIs that the RAE is a huge burden². The Select Committee on Science and Technology report on the RAE, published in April 2002 draws attention to this huge administrative burden.

² The House of Commons Select Committee on Science and Technology Second Report, April 2002

HEFCE argues that the RAE, at a cost of 0.8% of the available research funds which amounts to £4b over the 5 years between RAEs, is good value for money, particularly in view of the improvements to research it has brought.

The RAE is a huge exercise. In the last RAE 68 panels of experts considered the work of around 56,000 researchers. HEFCE estimated the cost of the 1996 RAE to be in the region of £35m. This total represents the direct costs to HEFCE as well as the costs to institutions of submitting to the RAE.

As a percentage (0.8) of the available research funds, the cost of the RAE could be considered proportionate, even small. However this statistic does not show how the costs and benefits are spread across the sector. £35m is a significant cost and as with competitive bidding schemes those HEIs which are not successful will bear a disproportionate cost. We hope that within its review HEFCE will consider how it might reduce cost burden on HEIs of submitting to the RAE.

In last year's RAE far more Departments were awarded 5* grades. HEFCE has therefore been able to fund fewer departments than previously anticipated. Clearly some of the criticisms of the RAE we heard were a result of what HEIs view as a shortfall in funding.

HEIs consider that the goal posts have been moved because in entering into the RAE they did so in the expectation that certain grades would receive a certain level of funding: these expectations have not been met. There is an issue of transparency here. HEIs submit to the RAE without any idea of which grades will attract funding.

The evidence we took from many and varied sources emphasised the hugely demoralising effect the last RAE had on those involved and the problems it has caused HEIs in terms of financial planning. We heard from numerous and varied sources how some departments had carefully selected their staff for submission to the RAE, leaving those not selected demoralised and demotivated. These points are to be considered by HEFCE in its review of the RAE³.

We welcome HEFCE's commitment to a wide ranging review of the RAE. It has acknowledged there are widespread concerns about its impact particularly in terms of the funding implications and effects on individuals and institutions⁴.

The House of Commons Select Committee on Science and Technology has recommended that as part of its review of the RAE, HEFCE should "establish clearly how much it [the RAE] costs and show why it is worth it". It has called on HEFCE to establish the cost of the RAE in 2001 and to publish these costs and to spell out any underpinning assumptions.

We endorse this recommendation; it will produce the baseline cost of the current RAE. We should also like to see HEFCE consider the likely impact of any revised RAE or RAE replacement and to publish its assessment as a means of informing consultation on this important issue. It should focus on all the costs to HEIs both direct and indirect. We would expect any replacement or revised RAE to meet the Principles of Good Regulation (see Annex E).

³ The RAE: HEFCE responses to the Report of the House of Commons

⁴ HEFCE Press Release, 26 June 2002 - HEFCE announces major review of research assessment

Recommendation 2 (part 2):

HEFCE's review of the RAE should include a published impact assessment of any proposed replacement.

5.6 The Research Councils

HEIs can and do seek funding for specific research projects from the 6 Research Councils that distribute funding from the Office of Science and Technology. HEIs also bid for funding for specific research projects tendered by Government Departments, charities and private business, each with their own separate bidding and monitoring processes. All these organisations operate different administrative, bidding and monitoring processes. There is, of course, a limit to how far bidding and monitoring processes can be aligned in the private and charitable sectors, but it should be possible for the Research Councils to operate similar procedures.

Most institutions deal with more than one Research Council and the majority of stakeholders we spoke to told us each Council, currently, operates a different project monitoring and evaluation procedure, and each has a

different grant application form. There was strong support in the sector for a single joint grant submission framework.

A quinquennial review of the Research Councils was published in November 2001, and these issues are addressed in that report. One of its recommendations was that the Research Councils should align their administrative processes and as far as possible work as one in their dealings with stakeholders.

We were impressed with the work the Research Councils are doing to align their administrative procedures. They have already set up a joint secretariat and are working on a single electronic grant submission form, which we were told should be up and running within a year. They are also looking at how they can join up their other administrative procedures electronically by 2005.

6. Financial and Management Auditing

6.1 HEFCE's code of practice on audit

We heard arguments that HEFCE exercises a disproportionate amount of control over institutions' organisation and management. One HEI receives as little as 15% of its funding from HEFCE (with the average at around 40%) but

they are still bound by its audit rules and its quality assurance assessment (which is carried out by the QAA).

HEIs receive their funds from a number of public sources – amounting to a total of around £6b annually. Student tuition fees account for a further £355m.

Main Public Funding Sources for HEIs

Funding Agency	Annual Figure
Higher Education Funding Council for England	£5,076m
Department of Health	£1b
Teacher Training Agency	£225m
Office of Science Technology	£720m

HEIs should be accountable for this money and few, if any, in the sector would disagree. It is how they are required to demonstrate this accountability that presents a problem.

HEFCE's powers are set out in the Further and Higher Education Act 1992. Briefly, its duties include:

- providing financial support for eligible activities (higher education and research, and supporting facilities and services);
- imposing terms and conditions on making grants or loans;
- providing the Secretary of State with information and advice; and
- ensuring that provision is made for quality assessment.

HEFCE is responsible for safeguarding the public funds that it distributes to institutions. Most institutions also receive funds from elsewhere. It is in the public interest that HEFCE should

oversee the financial management of institutions receiving large amounts of public funds.

In exercising its responsibility HEFCE requires HEIs to carry out both internal audits and external audits in line with the HEFCE code of practice on audit. This code covers financial accounting, management and governance controls. HEIs must submit their annual audit reports to HEFCE. HEFCE then carries out its own audit to check compliance with its code of practice. HEFCE argues that it needs to do this because the quality of both internal and external audit is variable. It also argues that its audits have led to improvements in the standards of both internal and external audit within HEIs.

However, many of the stakeholders we spoke to felt that the HEFCE audit added very little value, though HEFCE's own feedback survey figures

refute this, showing that 87% (20 out of 23) designated officers stated that HEFCE's work did add value.

In addition to the internal and external audit reports HEIs are required to return to HEFCE an Annual Operating Statement within which they must report on:

- widening participation
- support for students with disabilities

- use of access funds and other student financial support mechanisms
- learning and teaching
- Higher Education Reach Out to Business and the Community
- Higher Education Active Community Fund

The current HEFCE Annual Operating statement gives a good idea of the reporting requirements which are placed on HEIs. One HEI reports that its statement runs to some 45 pages even though it tried to keep this to a minimum. The staff time involved is considerable.

Universities UK, July 2002

HEFCE does provide a template on which HEIs can provide the information required for the Annual Operating Statement, which runs to around 14-15 pages of A4.

It does not seem right that HEIs which are clearly performing well both financially and academically should be subject to this degree of scrutiny.

Some of the recommendations for improvements we saw in the HEFCE audit reports were inconsequential, given the performance of the particular HEI in question. One example we saw included a recommendation to have a written policy stating that the HEI would not tolerate fraud. Another example of improvement we saw required that the HEI's internal audit annual report should include an opinion on the University's arrangements for securing value for money. This may be valid if there are doubts about an HEI's performance in

this area, but it did not seem proportionate in the case of this high performing HEI. In fairness though, HEFCE is under pressure from both DfES and the Public Accounts Committee to make sure these policies are in place.

The NAO has inspection rights that allow it to investigate any financial or value for money matter at institutions funded by HEFCE. It generally investigates about 2 institutions a year in response to specific reports or concerns. It also carries out large-scale studies on particular issues, gathering information from across the sector. This is normally done by visits to about 10 institutions, but with all HEIs surveyed by questionnaire. Its latest cross-sectional studies looked at "Widening participation in higher education in England" and "Improving student achievement in English higher education", both published in January this year.

During its audits of individual institutions and its large scale studies the NAO told us that it has come across only isolated occurrences of any malpractice, confirming the widely held view that HE is a low risk sector.

HEFCE has revised its audit code of practice. It will no longer carry out a standard audit on institutions every 3 years. Instead it is moving to a more risk based approach, where those HEIs able to demonstrate that they have been following best practice will receive a lighter touch audit. While we recognise that this is far less burdensome than HEFCE's previous practice, we believe there is room to lighten the burden further by focussing only on those HEIs at greatest risk and to limit to an absolute minimum the work carried out elsewhere.

6.2 Joining up financial audits and returns

As HEFCE receives information from HEIs on both their internal and external audits, it is in a position to provide reassurance to other funding bodies about the financial and management procedures in place in particular institutions, but it doesn't appear to do so. Both the TTA and the NHS require separate financial returns from HEIs and the Research Councils carry out what they call "dipstick auditing"; they look at the management of a sample of research projects they have funded. There may be scope to reduce some of these additional audits and the need for separate financial returns if HEFCE could explore with other funding partners whether it could provide them with adequate reassurance that institutions' financial and management procedures are sound. This is something the strengthened HE Forum might usefully explore.

Recommendation 4 (part 1):

HEFCE should continue to develop its financial and management audit regime to focus on those institutions at greater risk and to limit to an absolute minimum the work carried out elsewhere.

7. Quality Assurance in Higher Education

7.1 An overview

HEFCE has a statutory duty to secure the assessment of the quality of higher education teaching provision in England that it funds. It does this by contracting the Quality Assurance Agency (QAA) to assess it. The QAA, which is neither a statutory nor a regulatory body, reports on academic standards, the quality of learning opportunities and how the institution manages standards and quality in relation to granting degrees.

In addition, Ofsted inspects teacher training courses on behalf of the Teacher Training Agency. The Workforce Development Confederations, which contract NHS training to HEIs, are required by the Department of Health to ensure the quality of the courses they contract. Courses which are accredited by professional bodies are also inspected by the relevant professional body. Those HEIs which deliver further education are subject to inspection by the Adult Learning Inspectorate.

7.2 The Quality Assurance Agency's new light touch regime

Since 1990 higher education institutions have been subject to 2 forms of external quality review. One, academic audit, was carried out between 1990 and 2001. This was an audit of institutional quality and standards, and management systems undertaken first by the university sector-owned Academic Audit Unit, then by the Higher Education Quality Council (HEQC), and since 1997 by the QAA. The other, called teaching quality assessment and later subject review, was a programme of detailed reviews

at subject level, undertaken from 1993 to 1997 by HEFCE itself and subsequently by the QAA.

Between 1993 and 2001 over 2,500 reviews were carried out in more than 60 subjects. In each review round a small number of subjects, pre-defined by HEFCE, were reviewed in all institutions teaching the subjects. After 1995 subject review reported on the quality of students' education by looking at the following specific areas:

- curriculum design content and organisation
- teaching, learning and assessment
- student progression and achievement
- student support and guidance
- learning resources
- quality assurance management and enhancement.

Subject reviews attracted heavy criticism from all the academics we met. Stakeholders told us that HEIs spent up to a year preparing for these reviews and whole rooms were given over to house the evidence required by the QAA. PA Consulting estimated the cumulative cost of the subject reviews to all HEIs to be £45-£50m a year. We heard numerous reports that QAA reviews involved "a massive paper chase" and started from the premise "that there must be something wrong". Some of the examples we heard about the level of detailed documentation required during a subject review did seem excessive.

The low points of the subject review for me were:

- collating the information for all cohorts (single honours, combined honours, joint honours, graduates and tracing them by name for 3 years;
- a student who had transferred internally had to be traced and degree results given; and
- supporting documentation to be provided for all students who had withdrawn. (The work on this particular aspect came to over two full box files)

A week before the review I was told that there was insufficient data on retention. I was told to call universities to which individuals had transferred and ask them about students' degree results.

Lecturer, 2001

HEFCE and the QAA have responded to HEIs' concerns about the burden subject reviews placed on them and the QAA is introducing a new 'light touch' regime that has generally been welcomed by HEIs.

The new regime will take the form of an institutional audit. It will look at whether the institution has in place adequate quality control procedures and will inspect in more detail a sample of around 10% of its courses. As there will be no "old style" subject reviews the new regime should be far less burdensome than its predecessor.

Some stakeholders remained to be convinced about the actual reduction in burden the new regime will bring. They were concerned that institutions might be tempted to over-prepare for the audit and to ask for information from academics 'just in case' it was needed. We heard evidence that suggested this was the case under the old subject review regime. However, the QAA has told us that it is working on a guidance handbook that will describe clearly what information the audit team will expect to see. HEIs should not be tempted to over-prepare.

Others feel the new regime will not be rigorous enough, particularly employers and the National Union of Students (NUS). The NUS is disappointed that subject reviews on a comprehensive basis are to come to an end, but recognises that the system was expensive and lacked credibility with HEIs themselves. No academics we spoke to wanted to see a return to the old subject review regime.

As with any new policy the true impact of the new regime will become clear only once it is in operation. On the evidence it has heard to date the Task Force believes the new regime should reduce significantly the burden on HEIs, while being rigorous enough to provide assurance on the quality of teaching in HEIs.

It is, however, important that the new regime is evaluated to make sure it provides adequate reassurance on teaching quality to the Government, the Funding Council, students and employers, while keeping the burden on HEIs to a minimum. We recommend that the impact of the new QAA regime should be evaluated alongside the requirements of the Cooke report 2 years after implementation.

7.3 Information on quality and standards in higher education

As part of the new light touch quality assurance regime, HEIs will be required to publish certain data about their performance on their websites. A HEFCE Task Group comprising key stakeholders was set up to identify data that HEIs should publish on their websites. The Group reported in February this year in its report, “Information on Quality and Standards in Higher Education”, also known as the Cooke Report⁵. The main purpose of publishing these data is to help inform prospective students about their choice of course and institution.

HEIs will already be collecting some of the information such as data on the proportion of students completing their studies and the first employment destination of graduates. They will have to compile other information specially eg summaries of internal quality assurance reviews and of external examiners’ reviews. One small institution told us they would have about 170 external examiners’ reports to post on their website. A larger institution told us “We shall probably have about 250-300 programme specifications; we have about 450 external examiners. The enormity of the quantitative and qualitative information requirements in general is depressing”.

HEIs will also have to carry out student satisfaction surveys and post these on their website. Again a small institution

told us that they already conduct student satisfaction surveys at a cost of £150,000 each year. But for some HEIs this will be a new burden and an additional cost. The Cooke Report acknowledges that there will be additional costs to the sector, but does not spell them out.

The National Union of Students believes that “accurate and up to date information – down to course level – is vital to ensure that potential students and their parents/advisors make informed decisions as to which subject course and institutions best fit their expectations and requirements.”

However, the majority of the stakeholders we spoke to said they were doubtful that students would use this information to inform their selection of courses or institution.

One could argue that, given the right information is made available to students, there may be no need for institutional quality assurance audits. Students would in effect provide the quality assurance themselves through informed choice, indicating with their choices where the best quality was to be found. Those HEIs providing poor quality education would find students preferred other places, and would be forced to improve in order to attract students. Those already providing good quality education would seek further improvements to maintain their share of the market.

⁵ Information on quality and standards in higher education. Final report of the Task Group

Students and their parents should have information available to them to inform their decisions on courses and institutions. However, some of the information recommended by the Cooke Report is likely to impose a considerable burden on HEIs for little extra benefit. We think the proposals in the Cooke report, which seem to have been accepted only reluctantly by the sector, should be evaluated. HEFCE

has said it intends to evaluate the new regime when it is practical to do so. We recommend that the new QAA regime and the proposals in the Cooke report should be evaluated 2 years after their introduction. The evaluation should include a cost benefit analysis and consideration of how useful each particular set of data are to prospective students and their parents.

Recommendation 2 (part 3):

HEFCE should evaluate the impact of the new QAA regime and the proposals in the Cooke report for publishing data 2 years after implementation.

7.4 HE provision in FE colleges

The new 'light touch' regime will not be applied to much of the HE provision in Further Education (FE) Colleges. Around 10% of HE provision is delivered by FE colleges. Some Colleges may run only one or two courses that link specifically to sub-degree level provision. Others may be major providers in their areas with thousands of HE students, particularly where there is no local university. One college head told us she had over 4,000 HE students. Some HE provision in FE colleges is delivered by franchise arrangements with universities. Where this is the case the college will be covered by the QAA institutional audit of the University.

Where HE provision in FE colleges is directly funded by HEFCE, it has asked the QAA to continue, for the time being, with subject reviews. HEFCE says that this is because the HE provision in FE colleges is not of a sufficiently high standard to warrant a 'light touch' regime. However, the DfES has told us that, although provision

may be patchy, HE provision in FE colleges is by no means all poor and most is good or satisfactory. In fact statistics provided to us by the DfES show that 8% of the 159 reports on HE in 74 colleges published to date were deemed unsatisfactory.

We can see that the new QAA regime of institutional audit presents certain challenges for HE provision in FE colleges, because the QAA does not have overall institutional responsibility for their quality and standards. We are aware of work by the QAA, Ofsted and the Adult Learning Inspectorate to reduce the burdens associated with multiple inspection regimes. But across the board subject reviews in FE colleges is neither a targeted nor a proportionate solution. HEFCE should rely on data provided by the Learning and Skills Council or its predecessor, the Further Education Funding Council, for information on the quality of teaching in FE colleges and should insist on subject reviews for HE provision only where there is cause for concern.

Recommendation 4 (part 2):

HEFCE should review with the QAA how it might adopt a more targeted risk based approach to reviewing higher education provision in FE colleges that is directly funded by HEFCE by September 2003.

7.5 Multiple quality assurance audits

We've already mentioned that professional and statutory bodies reserve the right to inspect courses that they accredit. There is, in theory, a clear distinction between the professional bodies' inspections and the QAA regime. We understand that the professional bodies are looking at fitness to practice issues whereas the QAA focuses on the quality of teaching. We were told by stakeholders that, in practice, these reviews covered much of the same ground.

HEIs also have to deal with all these bodies when they wish to set up a new course. An example of the current procedures for course validation for a health related course is given below. The box below outlines the current procedure for establishing a particular course in radiography and shows the external agencies involved in its development and validation. HEIs feel they have to jump through too many hoops to set up a new course.

Case study of course validation in radiography

To set up the course the HEI had to get approval from:

- The Society and College of Radiographers
- The Radiographers Board of the Health Professions Council
- The Privy Council
- NHS partner hospitals
- NHS Workforce Confederation for Radiography
- Nursing professional and statutory bodies

It is also required to take note of guidance and advice from:

- The Quality Assurance Agency – the level descriptors within the National Qualifications Framework
- The Quality Assurance Agency – Benchmark Statements

The whole process took 18 months

Validation lasts for 5 years

In an effort to reduce the impact of external quality assurance on HEIs, the Department of Health is working to develop a single inspection regime with relevant stakeholder groups including professional regulatory bodies: the Nursing and Midwifery Council, Health Professions Council, Workforce Development Confederations, HEIs and QAA.

Six prototype reviews are scheduled for the current academic year (2001/02). The reviews are being undertaken by QAA under contract to the Department of Health, which is acting in partnership with the regulatory bodies and working closely with the HEIs concerned and HE representatives.

HEIs say, with some justification in our view, that they are continually being scrutinised. They do not understand why, for instance if the General Medical Council has recently reviewed a course and is content that the professional standards are being met, there is a need for the QAA to look at it again. This should be resolved by the new QAA audit approach which has removed subject review from its normal scope of review.

There could and should be more sharing of review data between the professional bodies and the QAA.

However, we should like to point to the work being carried out by DoH and the QAA with professional bodies as good practice, and provided it does result in a less burdensome process, would encourage the QAA to explore how it might work to ease the quality assurance burden further with other professional bodies.

7.6 The Quality Assurance Agency and Ofsted – a more joined up approach

HEFCE contracts the Quality Assurance Agency to ensure quality in higher education: the TTA contracts Ofsted to inspect teacher training courses.

Schools of education within HEIs therefore have to comply with 2 quality assurance regimes for courses funded by the DfES. The two regimes are completely different. The new QAA regime will review the institution's internal quality assurance procedures as a whole and will drill down to subject level for only a small sample. Ofsted by comparison reviews the quality of teaching in each subject every 2 to 3 years, though it too is moving to a lighter touch and more targeted approach from September 2002.

Currently, there is virtually no co-ordination between the QAA and Ofsted. We were given examples of HEIs being inspected by Ofsted one week and by the QAA the next. There is clearly scope for better co-ordination and some sharing of evidence. For instance, Ofsted could use the QAA's evidence from the Schools of Education's internal quality management systems; the QAA could use Ofsted's subject review evidence. We would also want to see better co-ordination of the timing of inspections; it is not practical or acceptable for Ofsted and the QAA to be inspecting and auditing simultaneously. There should be a reasonable gap between the two bodies reviewing an HEI. We would expect this to apply also to inspections carried out by Ofsted and the Adult Learning Inspectorate of HEIs offering further education provision.

Recommendation 4 (part 3):

The DfES should ensure that HEFCE, the TTA, the QAA and Ofsted work together to co-ordinate quality assurance reviews and to explore where they can share review data. A protocol for co-ordinating these activities should be agreed by the end of 2002.

7.7 The quality assurance framework

Although the QAA is introducing its new light inspection regime, the quality assurance framework remains in place. By this we mean the Qualifications Framework, Subject Benchmarks, Programme Specifications and the QAA Codes of Practice.

We heard a number of different views about the quality assurance framework. Some academics find it burdensome and over prescriptive, others regard it as “harmless, but not terribly helpful”. Employers and the NUS support the emphasis on standards and learning outcomes. The NUS views the Qualifications Framework, Subject Benchmarks and Programme Specifications as important sources of information and guidance for students.

Many of these quality requirements arose from recommendations in the Dearing Report in 1997⁶. The Qualifications Framework for Higher Education sets descriptors for different levels of qualification including BAs and BScs. The subject benchmarks fall out from this and set indicative standards for honours degrees in particular subject areas. HEIs are required to produce programme specifications that draw on the subject benchmarks and qualifications framework to identify the intended outcomes of programmes in terms of

the knowledge, key skills and of the understanding a student will be expected to have on completion.

HEIs should be transparent about the skills and knowledge they expect their programmes to deliver to their students on completion. The Qualifications Framework and the subject benchmarks are likely to provide a measure of consistency in terms of standards.

7.8 The Quality Assurance Agency's Code of Practice for the Assurance of Academic Quality and Standards in Higher Education

The QAA's code of practice, which has been published in 10 volumes was described by some stakeholders as over-prescriptive; others felt it was not a problem provided it is not used as a checklist during the QAA's institutional audit. The QAA told us emphatically that the code is intended as guidelines; the code states clearly that it is not intended to be prescriptive. However the language it uses often sounds prescriptive with frequent use of the word “should”. We also found them inaccessible and too long. The 10 codes published so far reach to almost 200 pages and there are more on the way.

The code also states that “the QAA will consider the extent to which individual institutions are meeting the precepts” during quality audits. It is little wonder then that many of the academics we spoke to saw the QAA's precepts as

⁶ The National Committee of Inquiry into Higher Education chaired by Lord Dearing reported in July 1997

standards that they had to comply with rather than pointers to good practice. The code would benefit from being shortened and rewritten in plain English in a less prescriptive tone. The status of the “precepts” should be clarified.

We found some evidence that HEIs’ internal quality assurance teams were themselves applying the QAA code over-prescriptively, adding to the perception of some academics that the regime was burdensome. For instance, we found a disparity between HEIs in relation to programme validation. We were told that it took 2 years for a new programme to complete one HEI’s internal validation processes, whereas for others it took 6 to 9 months. PA

Consulting noted in their report, “Better Accountability for Higher Education” that the HEIs they spoke to carried out annual internal quality assurance reviews in the belief that they were conforming with QAA requirements, despite there being no such specific requirement.

We conclude that some of the burden felt by lecturers is the result of HEIs’ over-prescriptive application of the QAA’s code. The apparent lack of trust between Government and HEIs, which has been a recurring theme in our conversations seems to permeate some HEIs’ internal systems, resulting in a lack of trust between HEIs’ own quality assurance teams and their academic staff.

Recommendation 4 (part 4):

The QAA should simplify, and compress its code of practice to make it user friendly and less prescriptive in tone. The QAA should make clear its precepts are pointers to good practice rather than standards with which HEIs have to comply.

8. Data Collection

8.1 Aligning data requests

For HEIs the problem of data collection revolves around the number of duplicate demands made on them by various funding and monitoring agencies. There is no universal set of common data definitions and each body asks for similar data, but in slightly different forms.

The Higher Education Statistics Agency (HESA) was set up in 1993 as the agency for collecting and disseminating statistics on higher education.

The largest data returns collected by HESA relate to students, containing 163 data fields, most of which HEIs say they would not collect for their own internal purposes. Some HEIs, though not all, did acknowledge that some of the data that they provide over and above what they would collect for their own internal purposes was put to good use by HESA in producing comparative national data.

However, HESA does not in fact operate as a one-stop data collection service. HEFCE, the TTA, the NHS Workforce Development Confederations and the Student Loans Company, require separate data returns. In addition the University and Colleges Admissions Service (UCAS) collects data direct from students which it then passes to the HEIs.

Each of these organisations has its own separate data definitions and coding system. For instance, there is no common subject definition. HESA

classifies subjects into 19 different subject areas whereas the QAA has 42 subject area classifications. This means that HEIs have to supply the same data to a number of bodies, but in slightly different forms. However, we understand HESA and UCAS have recently updated their subject coding systems to a common standard which will be the basis for the 2002/03 data collection.

The most obvious example of duplication is the data requirements of the NHS, the TTA, HEFCE and HESA. The definitions used by the NHS and the TTA are not entirely compatible with those of HEFCE/HESA and there are many areas of apparent duplication. The need for additional returns in different formats and at different times adds significantly to the administrative burden.

Another area of duplication is the HESA Finance Statistics Return and the HEFCE Transparency Review Return. HESA collects financial data retrospectively from HEIs on a financial year basis. These data provide details of the consolidated income and expenditure account, balance sheet and cashflow statements of the institution. In addition, HEIs have to produce a further analysis of similar expenditure for the Transparency review, which aims to determine the full cost of HEIs' activities.

HEIs are required to respond regularly to changing data demands.

Changes to the recording and management of information can have considerable costs in time and resources and we have no means of knowing whether any serious investigation of the cost to the institutions is taken into account.

Association of the Heads of University Administration June 2002

One HEI estimated that the changes to existing data demands and requests for new data to be supplied over the last year alone had taken:

- academic registry staff 37 working days
- analyst programmers 116 working days and
- staff in faculty and departments 10 working days.

8.2 The Information Management Task Force

We have already mentioned that the HE Forum was set up in the wake of the PA Consulting Report. From the HE Forum emerged a specialist working group, the Information Management Task Force, consisting of key stakeholders, including HEFCE, HESA, TTA, UCAS, DoH and the Student Loans Company. Part of its remit is to:

- identify opportunities for more efficient collection and analysis of HE student information with minimal duplication of information requirements and maximum sharing of data and analyses; and
- establish the feasibility of a national student information system.

We were told by one stakeholder that “progress is lamentably slow”, and the timescale for any change is “geological”. Again this is maybe because the HE Forum and the working groups it spawned have no leverage to drive through change, nor are they resourced to do so.

We recognise that there is no easy solution, given that each organisation has developed and invested in its own systems. However, it is clearly neither necessary, nor efficient, for HEIs to supply the same data to different organisations several times over and in different formats.

8.3 Are all the data used and necessary?

Many HEIs complained that they collect huge amounts of data for HESA, in particular, which is of no internal use to them. We understand that some of the data collected by HESA will not be of use to the HEIs themselves, but will be necessary for Government to inform policy and workforce planning.

It chiefly collects data about students, staff, first destinations of graduates and finance. These data are then integrated into national databases which provide the datasets requested by HESA’s customers.

In the time we had available we could not investigate how the Government and its agencies use these data and the additional data they collect directly from HEIs and what scope there is for reducing the burden.

One specific example of data that could be collected more effectively in other ways is the “HESA December return”; this was pointed out by almost all stakeholders as being an unnecessary burden, because the same information is required again in July. This return should no longer be collected.

The HE Forum should take the lead in measuring the burden on HEIs of providing statistical and administrative data to Government and its Agencies. It should then review whether all data collected are necessary and used, and produce an action plan to progressively reduce the burden on HEIs of data collection.

8.4 Unique student identifier

We understand that the Information Management Task Force has also been looking at the feasibility of introducing a unique student identifier for post-16 students. A unique student identifier could allow students to have a single record that would follow them throughout their education. It could contain for instance all their academic data and could be used for operational

purposes throughout the HE sector. This would be a long term and probably costly project. The costs and benefits of such a system would need to be carefully assessed.

However, we understand too that the Student Loans Company in discussion with UCAS and HESA is considering the introduction of a less ambitious version of a student identifier. In this proposal we understand that each student would have a unique number. While this would not bring the potential advantages of the more ambitious project outlined above, a single student number could be held by various external bodies, making data transfer more efficient. This should be progressed by the HE Forums.

Recommendation 5:

To reduce the burden on HEIs of providing statistical and administrative data to Government and its Agencies (including those contracted by them):

- DFES should ensure that the HESA “December return” is no longer collected.
- The HE Forum should complete a feasibility study on the introduction of a unique student identifier by September 2003.
- The HE Forum should measure the burden of data collection imposed on HEIs by Government and its Agencies (and those contracted by them) and progressively reduce the burden by:
 - reviewing whether the administrative and statistical data collected from HEIs are all needed and used by September 2003;
 - identifying where separate administrative and statistical data returns can be merged, by September 2003; and
 - agreeing with stakeholders a common set of data definitions, so that where data does have to be collected separately, it does not have to be collected using different data definitions by September 2003.

Annex A

DTI directly administered funding initiatives

University Challenge (UC)
Science Enterprise Challenge (SEC)
Public Sector Research Exploitation Fund (PSRE)
Teaching Company Scheme
University Innovation Centres (UICs)
Faraday Partnerships

HEFCE administered funding initiatives

Higher Education Reach-out to Business and the Community Fund (HEROBAC)
Higher Education Innovation Fund (which replaces HEROBAC)
Rewarding and Developing Staff (linked to the provision of learning and teaching strategies)
Teaching Quality Enhancement Fund (linked to Learning and Teaching Support Network)
Excellence Challenge Funding
Costing and Pricing Initiative
Project Capital Allocations for Teaching and Research
Science Research Investment Fund
Funding for Minority Subjects
Funding to Improve Provisions for Students with Disabilities and/or Specific Learning Difficulties
Regional Collaborative Projects to Widen Participation
Joint HEFCE/LSC Projects to Widen Participation
Funding for Summer Schools
New Technology Institutes
Research Libraries Support Programme
Higher Education Active Community Fund
Chinese Studies Initiative
Collaboration and Restructuring Fund
Fund for the Development of Good Management Practice
HE in FE Development Fund

Annex B

Organisations that contributed to the report

The Association of Colleges
The Association of the Heads of University Administration
The Association of University Administrators
The Association of University Teachers
The Confederation of British Industry
The Department for Education and Skills
The Department of Health
The Department of Trade and Industry
The Higher Education Funding Council for England
The Higher Education Statistics Agency
The National Association of Teachers in Further and Higher Education
The National Audit Office
The National Union of Students
The Office of Science and Technology
The Quality Assurance Agency
Research Councils UK
Southampton Institute
The Standing Conference of Principles
The Teacher Training Agency
University of Bristol
University of Luton
University of Manchester
University of Middlesex

We are grateful to the numerous lecturers, heads of departments and faculties, administrators and heads of institutions that contributed to the review. They were drawn from the following institutions:

Canterbury Christchurch University College
Cardiff University
Central School of Speech and Drama
Chester College of Higher Education
City University
Goldsmiths College
Keele University
Kent Institute of Art and Design
London College of Printing
London Guildhall
London Institute
London School of Economics
Loughborough University
Manchester Metropolitan University
Newham College of Higher Education
Oxford University

Sheffield Hallam
Suffolk College of Further and Higher Education
University of Abertay, Dundee
University of Bradford
University of Brighton
University College, London
University of Durham
University of East London
University of Greenwich Business School
University of Leeds
University of Reading
University of Surrey
University of Wales

Annex C

Better Regulation Task Force and its approach

The Better Regulation Task Force is an independent advisory group established in 1997. Members, appointed in the first instance for two years, are unpaid. They come from a variety of backgrounds - from large and small businesses, citizen and consumer groups, unions, and those responsible for enforcing regulators - and all have experience of regulatory issues. The Chair, appointed initially for three years in April 2002, is David Arculus. Officials of the Regulatory Impact Unit in the Cabinet Office provide support for the Task Force.

Terms of reference

The Task Force's terms of reference are:

“To advise the Government on action to ensure that regulation and its enforcement are transparent, accountable, proportionate, consistent and transparent.”

Members of the Task Force

David Arculus, Chairman	Severn Trent plc
Teresa Graham, Deputy Chair	Baker Tilly
Matti Alderson	Fire Horses
Stephen Falder	HMG Paints
Michael Gibbons	Formerly Powergen plc
Kevin Hawkins	Safeway Stores plc
Deirdre Hutton	National Consumer Council
Simon Petch	CONNECT
Ian Peters	Engineering Employers Federation
Penelope Rowlatt	Independent economist
Janet Russell	Kirklees Metropolitan Council
Sukhvinder Stubbs	Barrow Cadbury Trust
Tim Sweeney	Independent consultant: financial services
Rex Symons	Bournemouth Primary Care NHS Trust
Barbara Thomas	Private Equity Investor plc
Simon Ward	Consultant: hospitality industry

Members of the Task Force until 31 March 2002

Christopher Haskins, Chairman	Northern Foods
Sarah Anderson	Mayday Group
Jyoti Banerjee	Technology analyst
Ram Gidoomal	Winning Communications
Peter Hughes	Scottish Engineering
Chai Patel	Westminster Health Care plc
Ann Shaw	Shaws Farms

A Register of Members' Interests has been drawn up and is on our website: www.cabinet-office.gov.uk/regulation/taskforce or is available on request.

Annex D

Sub-group members

Matti Alderson (Chair) founded FireHorses Ltd to provide specialist advice and advocacy on regulatory policy and strategy to clients in the public and private sectors in the UK and the European Union. Until April 2000, she was Director General of the Advertising Standards Authority in the UK and Vice Chairman of the European Advertising Standards Alliance in Brussels. She has served on the Doctors' and Dentists' Pay Review Body and the Food Advisory Committee. She is a Commissioner of the Press Complaints Commission, patron of the Westminster Media Forum and a Fellow of the Communications Advertising and Marketing Foundation.

Ram Gidoomal is the chairman of Winning Communications, management consultants working in the areas of leadership development, social research, and management of change with expertise in equal opportunities and ethnic business advice. He is a lay Governor and member of the Court and Council of Imperial College, a member of the Court of Luton University and an honorary member of the Faculty of Divinity at Cambridge University. He is also a Visiting Professor at Middlesex University and a council member of St George's Hospital Medical School. Ram was a member of the Task Force subgroup which examined the regulatory burden on head teachers and stood down from the Task Force at the end of March 2002.

Ann Shaw is a Director of Shaws Farms, a family investment company, Director of Elmfield Farms Ltd, a family farming company. She is currently a member of the Senate of Queen's University Belfast, a member of the committee of the Institute of Directors, a member of the Training & Employment Agency's Skills Task Force and a member of the committee of the Institute of Directors. Ann is a former Chairman of the Health and Safety Agency, Northern Ireland and of the Institute of Directors, Northern Ireland. Ann currently chairs the Lloyds/TSB Foundation in Northern Ireland and is a Divisional Trustee of the NSPCC. Ann was a member of the Task Force subgroup which examined the regulatory burden on head teachers. Ann stood down from the Task Force at the end of March 2002.

Dr Penelope Rowlatt is an economist with experience of working in both public and private sectors on macro-economic and a wide range of micro-economic issues. She is currently operating as an economics consultant from Alexander Economics and has recently been involved in the restructuring and regulation of electricity sectors, regulation in the financial sector, incentives in the health care and pharmaceutical sectors, and evaluation of bids from the National Lottery. Penelope was previously a member of the Royal Commission on Environmental Pollution and a lay member of the Restrictive Practices Court.

Task Force Secretariat

Dawn Armstrong

Annex E

Principles of Good Regulation

Transparency	<ul style="list-style-type: none"> • The case for a regulation should be clearly made and the purpose clearly communicated. • Proper consultation should take place before creating and implementing a regulation. • Penalties for non-compliance should be clearly spelt out. • Regulations should be simple and clear, and come with guidance in plain English. • Those being regulated should be made aware of their obligations and given support and time to comply by the enforcing authorities with examples of methods of compliance.
Accountability	<ul style="list-style-type: none"> • Regulators and enforcers should be clearly accountable to government and citizens and to parliaments and assemblies. • Those being regulated must understand their responsibility for their actions. • There should be a well-publicised, accessible, fair and efficient appeals procedure. • Enforcers should be given the powers to be effective but fair.
Proportionality	<ul style="list-style-type: none"> • Any enforcement action (i.e. inspection, sanctions etc.) should be in proportion to the risk, with penalties proportionate to the harm done. • Compliance should be affordable to those regulated - regulators should 'think small first'. • Alternatives to state regulation should be fully considered, as they might be more effective and cheaper to apply.
Consistency	<ul style="list-style-type: none"> • New regulations should be consistent with existing regulations. • Departmental regulators should be consistent with each other. • Enforcement agencies should apply regulations consistently across the country. • Regulations should be compatible with international trade rules, EU law and competition policy. • EU Directives, once agreed, should be consistently applied across the Union and transposed without 'gold-plating'.
Targeting	<ul style="list-style-type: none"> • Regulations should be aimed at the problem and avoid a scattergun approach. • Where possible, a goals based approach should be used, with enforcers and those being regulated given flexibility in deciding how best to achieve clear, unambiguous targets. • Regulations should be reviewed from time to time to test whether they are still necessary and effective. If not, they should be modified or eliminated. • Where regulation disproportionately affects small businesses, the state should consider support options for those who are disadvantaged, including direct compensation.

A leaflet explaining our Principles of Good Regulation is on our website and available on request: www.cabinet-office.gov.uk/regulation/taskforce

Annex F

Task Force publications

The Better Regulation Task Force has produced the following reports that are all available free on request by:

- writing to - Better Regulation Task Force Team, 2nd Floor, 2 Little Smith Street, London SW1P 3DH
- telephoning - 020 7276 2141
- emailing - taskforce@cabinet-office.x.gsi.gov.uk
- visiting the website at
www.cabinet-office.gov.uk/regulation/taskforce

2001/2002

The Local Delivery of Central Policy July 2002

Employment Regulation: Striking a Balance May 2002

2000/2001

Annual Report 00-01 Oct 01

Housing Benefit: a case study of lone parents Sept 01

Economic Regulators July 01

Local Shops: a progress report on small firms regulation July 01

Regulating Cyberspace - Better Regulation for e-commerce Dec 00

Environmental Regulations and Farmers Nov 00

1999/2000

Annual Report 99-00 Oct 00

Revised Principles of Good Regulation Oct 00

Protecting Vulnerable People Sept 00

Alternatives to State Regulation July 00

Tackling the Impact of Increasing Regulation - a case study of Hotels and Restaurants June 00

Helping Small Firms Cope with Regulations - Exemptions and Other Approaches April 00

Red Tape Affecting Head Teachers April 00

Payroll Review Mar 00

Self-regulation interim report Oct 99

1998/1999

Annual Report 98-99	Sept 99
Regulation and Small Firms: a progress report	July 99
Fit Person Criteria: a review of the criteria used to judge people's suitability for certain occupations	May 99
Anti-discrimination Legislation	May 99
Enforcement	April 99

1997/1998

Annual Report 97-98	Sept 98
Early Education and Day Care	July 98
Access to Government Funding for the Voluntary Sector	July 98
Licensing Legislation	July 98
Packaging Waste	June 98
Long-term Care	May 98
Consumer Affairs	May 98
Principles of Good Regulation	Dec 97

Annex G

Glossary of terms

DfES	Department for Education and Skills
DoH	Department of Health
DTI	Department of Trade and Industry
FE	Further Education
HE	Higher Education
HEFCE	Higher Education Council for England
HEI	Higher Education Institution
HEIF	Higher Education Innovation Fund
HESA	Higher Education Statistics Agency
HEQC	Higher Education Quality Fund
JIF	Joint Infrastructure Fund
NAO	National Audit Office
NHS	National Health Service
NUS	National Union of Students
OST	Office of Science and Technology
QAA	Quality Assurance Agency
RAE	Research Assessment Exercise
SRIF	Science Research Investment Fund
TTA	Teacher Training Agency
UCAS	University and Colleges Admissions Service
WDCs	Workforce Development Confederations

Better Regulation Task Force
2nd Floor
2 Little Smith Street
London SW1P 3DH
Tel: 020 7276 2141
Fax: 020 7276 2042
Email: taskforce@cabinet-office.x.gsi.gov.uk
Website: www.cabinet-office.gov.uk/regulation/taskforce/index.htm

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