

October 2014/25

**Policy development**

**Consultation**

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Responses should be returned by e-mail by **1700 on Wednesday 3 December**

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HEFCE's current business plan runs from 2011 to 2015. During 2014 HEFCE has developed this new draft business plan for 2015 to 2020. We aim to publish our new Business Plan in February 2015, reflecting as far as possible the feedback received from this consultation exercise.

# Creating and sustaining the conditions for a world- leading higher education system

## HEFCE draft business plan, 2015- 2020

HEFCE's current business plan runs from 2011 to 2015. During 2014 HEFCE has developed this new draft business plan for 2015 to 2020. We aim to publish our new Business Plan in February 2015, reflecting as far as possible the feedback received from this consultation exercise.

Please use the response form available for download alongside this document to comment on our draft plan, and send the completed form by e-mail to [businessplan@hefce.ac.uk](mailto:businessplan@hefce.ac.uk) by **1700 on Wednesday 3 December 2014**.

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## Section one: Overview of the business plan and our commitments

1. The Higher Education Funding Council for England (HEFCE) aims to create and sustain the conditions for a world-leading system of higher education which transforms lives, strengthens the economy, and enriches society.

2. We will achieve our aim by:

- funding innovation and excellence in teaching and learning ('education'), research and knowledge exchange
- evaluating, promoting and funding practices in the sector which best address the issues of social mobility, participation, retention, achievement and progression
- having a deep 'real-time' understanding of the opportunities and risks facing the full range of higher education providers
- collecting, analysing and benchmarking data, and synthesising evidence, to provide a unique authoritative voice on higher education
- informing, developing, and implementing government policy to benefit the sector and students
- being an intelligent lead regulator of the sector which respects the autonomy of higher education providers but protects the interests of students
- working in partnership with others to influence, lever, and maximise the investment in, and success of, English higher education.

3. These activities, taken together, will promote excellent outcomes for students and ensure that the reputation of England's higher education provision is further enhanced. They will strengthen a sector which is critical to the country's success as an advanced economy and a flourishing, democratic society, and enable us to demonstrate an impressive return on the public investment in higher education.

### **Education, research, and knowledge exchange**

4. Education, research, and knowledge exchange are the fundamental triad around which a successful higher education system is built. All three, and the essential relationships between them, need to be excellent in a world-leading higher education sector. HEFCE creates the conditions for such a system by providing crucial evidence and advice, to shape government policy and to influence providers' practice. It funds core activities by itself and in partnership with others, supporting and promoting promising innovations in the sector, and underpinning infrastructure.

### **Education: Teaching and learning**

5. Teaching excellence must be at the heart of a world-leading higher education system. For students, who now invest substantially in their higher education, it is of

critical importance. We are committing in this plan to stimulating greater innovation in teaching and to the better sharing of excellent and expert practice, working closely with the sector and partner organisations. More generally, we wish to build better ways of capturing excellent educational outcomes, and of refining existing indicators of students' learning experiences and ' progression to employment or further study. We will also pilot new approaches to measure students' learning, and we will explore how we might measure any increases in their social capital and social agency.

6. Supporting the interests of students by ensuring they have relevant and trustworthy information about providers will continue to be an important aspect of our work. Together with the other UK higher education funding bodies we have undertaken a review of the 'provision of information about higher education', and will make appropriate changes to the National Student Survey after consultation and careful piloting.

7. In the period from 2015 to 2020 we will give greater attention to high-level technical knowledge and skills. We will work with partners to improve the range of professionally recognised technical qualifications on offer to students at bachelors and masters (or equivalent) levels, and to the progression pathways from intermediate to advanced levels, including pathways from apprenticeships and foundation degrees. Whatever choice they make during and after leaving school, our citizens should be able to develop their careers at any stage by taking appropriate opportunities to learn, to re-skill, and to obtain qualifications which are recognised and valued by employers and by society more generally.

8. We will continue to support the upturn in participation in science, technology, engineering and mathematics subjects, and we will take steps to address subject vulnerability in other areas where this serves the national interest.

### **Supporting social mobility**

9. Universities and colleges are major contributors to inter- and intra-generational social mobility. They enable individuals from all backgrounds to achieve their full potential as citizens, as professionals, and as highly skilled and valued employees. While progress has been made in the last five years to improve access to higher education from under-represented groups, there is still more to do. Continuing the improvement in participation from all under-represented groups, and eliminating unacceptable disparities in achievement and progression outcomes, therefore remain important objectives on which HEFCE will continue to lead. We will do this through the evidence we will provide to influence policy and practice, and through our funding of innovative and collaborative activity that includes but extends beyond higher education providers' individual access agreements. We will continue to work closely with the Office for Fair Access to avoid unnecessary duplication and to reduce the burden on institutions.

10. During the 2015-2020 period, we will work to improve access by supporting the increasingly deep relationships institutions are developing with schools and colleges, the networks we are developing for collaborative outreach throughout the country,

and the evidence we are gathering on the impact of our investment, for example through the roll-out of the Higher Education Access Tracker.

11. Alongside this, we will translate into practice the evidence we have gathered on differential outcomes by supporting a significant improvement in the scale and dissemination of interventions that address these disparities. These activities will be underpinned by a review of our Student Opportunity allocation. This will have the aim of ensuring by 2016-17 that we tackle the key barriers to social mobility in a more targeted way, and more effectively demonstrates the benefits arising from institutions' work in this area.

12. A further priority is ensuring that progression to postgraduate level is genuinely open to all who are appropriately qualified and could benefit from it, and that we continue to attract the strongest candidates for postgraduate research regardless of socio-economic background. We will be working with Government to develop finance schemes that enable this aspiration to be met, and with providers to shape courses which address the demand for postgraduates with the advanced skills and knowledge needed in the economy.

## **Research**

13. Research – the discovery, dissemination, integration and application of new knowledge – lies at the heart of the sector's success and international reputation. HEFCE's role as the major funder of research in England, on the basis of performance in the Research Excellence Framework (REF), is critical to our aim of creating the conditions for an efficient, world-leading sector. We will therefore seek to improve the REF yet further, including the assessment of 'impact', on the basis of feedback and evaluation of the 2014 exercise. And we will continue to champion the dual-support mechanism and the vital flexibility which quality-related research funding gives universities to implement their own research agendas; to fund promising new areas; to respond to regional geographic opportunities; and to provide the environment for nurturing new generations of researchers.

14. Alongside this role we will continue to shape and influence Government's research policy, drawing on international comparisons, facilitating new models of collaboration and co-funding, opening research practice to data sharing, and encouraging ways of achieving greater efficiency. The promotion of research ethics, particularly through the joint Concordat for research, will remain a priority for us.

## **Knowledge exchange**

15. Knowledge exchange is critical to a world-leading higher education system. The current Government's Industrial Strategy is underpinned by the multiple interactions between universities and businesses. Put simply, universities assist organisations of all sizes to become more competitive, innovative and productive. This is achieved in many ways, for example through joint research and development projects, consultancy and training, and knowledge transfer partnerships. HEFCE will continue to facilitate and co-fund these interactions through the Catalyst Fund, through Higher Education Innovation Funding (HEIF) and through initiatives such as the UK Research Partnership Investment Fund. We will learn lessons about what works –

not least through analysis of the 'impact' case studies submitted to the REF – and will support the National Centre for Universities and Business in bringing universities and businesses together for key issues and opportunities.

16. Higher education providers nurture enterprise and entrepreneurship across the private, public and voluntary sectors, and they are attuned to the competitive world in which we live. They deliver both economic and social innovation. Many support spin-outs and start-ups from their own students and staff; provide services to entrepreneurs; run business and science parks where small and medium-sized companies find an environment conducive to innovation and growth; participate in inward investment initiatives; and engage with businesses more broadly in response to their needs.

17. Higher education providers also aim to develop a global mind-set in their graduates and to ensure that they are at ease in contexts of differing beliefs, cultures and practices. Not surprisingly, international mobility schemes for students and staff have grown during the last plan period (2010-2015). Increasingly, providers collaborate in teaching and research with universities and organisations in other countries, and look to international sources of funding for their investment needs. Indeed, higher education is recognised by Government as an important export sector in its own right. HEFCE will therefore continue to support the international activities of universities working with the International Unit in Universities UK and with UK Trade and Investment within the Department for Business, Innovation and Skills (BIS) on agreed priorities and initiatives including the benefits of mobility schemes.

18. Alongside their international agendas, universities and colleges are also important 'anchors' and 'place-makers' in their local and regional geographies. Through 'smart specialisation', and their expertise in skills development, they contribute proactively to the economic development priorities of their local enterprise partnerships (LEPs) or combined authorities. And they play a leading role in the social, cultural and intellectual life of the cities, towns and communities in which they are located. HEFCE will seek to support universities in their local strategies, providing advice where appropriate (for example, in relation to accessing European Structural and Innovation Funds), convening events where information and new requirements can be shared, and working with relevant organisations. For example, as part of this agenda, HEFCE has created and shared interactive maps which identify geographic 'cold spots' which lack higher education provision altogether or are deficient in provision related to particular economic sectors such as engineering.

19. HEIF has been successful in increasing and embedding all these types of knowledge exchange activity, as demonstrated in the annual Higher Education – Business and Community Interaction survey (HE-BCI). We will continue to make the case for HEIF and, through a review of the criteria, make sure that it is still appropriately aligned with the best international practice in knowledge exchange and with government priorities for the economy.

## **A deep understanding of the sector**

20. Intelligent regulation requires a comprehensive knowledge of the market sector to which it is applied. And policy advice, if it is to be implemented effectively, has to be built on a nuanced understanding of institutional strategies, behaviours and resources. HEFCE staff will continue to meet with their counterparts in universities and colleges regularly, taking care to understand the priorities of new providers as well as established players, encouraging innovation in teaching and research as well as good governance, listening and observing, and organising events where current issues can be discussed and expertise shared. These activities and others provide the real-time intelligence and knowledge essential to achieving all our aims.

## **The authoritative voice on higher education**

21. HEFCE will further develop its reputation for excellence in data analysis, modelling, synthesis and interpretation of evidence, which must also be world-leading in its own right. An authoritative voice to inform policy and practice and to guide regulation is needed whether one is looking at alternative approaches to funding, at public rates of return from different forms of investment in higher education, at 'value added' learning measures, at student progression into the labour market, at trends in participation over time or at the financial health of the sector under different conditions.

## **An intelligent regulator**

22. A successful and sustainable sector which embraces many different types of competing provider requires intelligent regulation if it is to retain its reputation.

23. The absence of primary legislation and the opening of the higher education 'market' to new providers over the last five years has caused several challenges, not least for students. HEFCE has been pivotal throughout this period of uncertainty in leading programmes and projects designed to establish a regulatory framework among sector bodies, and to protect the student interest.

24. In the early years of this business plan we will seek to optimise regulation within existing legal powers. We have recently launched the first version of a register of higher education providers in England, which will continue to be developed and refined over the period of this plan. The register is an authoritative source of information which describes the powers that higher education providers regulated in England have and the controls that apply to them.

25. We will also seek views from the sector on how to protect the interests of students in the event of course or provider failure.

26. At the same time, the Council will be developing with Government, the sector, and other partners the building blocks of a more comprehensive regulatory regime which better fits the new market context. This regime should be risk-based and proportionate. It should reduce any unnecessary bureaucratic burdens on providers while creating an environment that stimulates excellence, innovation and enhancement. But it does need to provide the essential safeguards for all students



which is currently lacking. We will look to the new Government in 2015 to prioritise appropriate legislation, including the process by which providers can enter and leave the higher education system.

27. Quality assessment and assurance is an essential part of intelligent regulation. Our future quality assessment arrangements must continue to be internationally respected, to have the confidence of students and to support a world-class higher education (HE) sector. During the early years of this plan, and drawing on the advice of a steering group, we will seek views from the sector on future approaches to the assessment of quality in higher education. Based on the feedback we receive, we will then design a specification and invite tenders under a joint procurement exercise with the funding bodies in Wales and Northern Ireland. This will ensure transparency and demonstrate value for money.

28. We are looking to develop innovative approaches that are risk-based, proportionate, affordable and low-burden. Any new arrangements must build on established strengths and good practice, and reflect the values and cultures of higher education. In fulfilling our responsibilities with regard to quality assessment we have always relied in part on institutions' own robust quality assurance systems. We will continue to do so.

29. We will continue to support the success of the HE sector and to protect student interest by assuring ourselves, Government and other stakeholders of the financial sustainability, risk management, control and governance of HE providers based on an accountability relationship of trust and mutual respect. We will use our expertise and influence with providers when necessary, and only seek to intervene where the risks warrant it and subject to our legal powers. Enhanced engagement with and support for HE providers from across HEFCE may be necessary at such times.

30. We will also work with banks, pension schemes and other funders to help maintain investment confidence in the English HE sector under the new market conditions.

## **Efficiency**

31. The English higher education sector has a strong record for delivering efficiencies while maintaining high-quality teaching and research. As public finances are likely to remain stretched during the period of this business plan, there will be a sharpening focus on evidencing the efficiencies delivered by the sector. We are therefore committed to working with sector organisations to support the delivery of further sustainable efficiency savings, and we will play a full part in the second phase of the Universities UK review of efficiency, effectiveness and value for money in Higher Education being led by Professor Sir Ian Diamond.

## **Working in partnership**

32. To meet our objectives, we need to work with and through others. We will promote a constructive dialogue with universities and colleges, and with their representative organisations. We will also seek to develop positive relationships with new HE providers, and with new entrants to the publicly funded sector.

33. We will work closely with Government to lead the operation of a proportionate, well co-ordinated regulatory and assurance system for higher education. Where action is required, we will seek to work closely with any other agencies involved. We will continue to work in partnership with the other UK funding councils on areas of joint activity, including research assessment and quality assurance.
34. We will continue the dual-support approach to research funding in partnership with the Research Councils, and will maintain excellent relationships with the larger research charities and the major business funders of research.
35. Subject to our grant letters from our sponsor government department, BIS, we will continue to co-fund some activities with and through other sector organisations where public investment is needed and better value can be obtained this way. In the period of our last business plan, for example, we supported activities carried out by Jisc, the Equality Challenge Unit, Universities UK, the Committee of University Chairs, and the Leadership Foundation for Higher Education.
36. Partnership is critical to success in knowledge exchange, and so we will maintain excellent relationships with Innovate UK and its Catapult Centres, joint BIS-Department for Communities and Local Government 'local' teams, and with representatives of LEPs, local councils, and combined authorities.
37. We will work closely with organisations including the Higher Education Academy and the National Union of Students to promote innovation and excellence in teaching, and to enhance students' experiences and their engagement throughout the higher education system.
38. We will work closely with the Office for Fair Access to deliver the National Strategy for Access and Student Success.
39. High-quality data and information are essential to the assurances we give about the control and use of taxpayers' money to Parliament and the public. We will continue to build on our strong relationships with the Higher Education Statistics Agency (HESA) and the Student Loans Company to ensure that publicly supported financing of the sector is based on reliable evidence and robust processes.
40. We will continue to ensure strong links with organisations involved in medical, dental and healthcare education and research, including the Department of Health, NHS England, and Health Education England.
41. With the Department for Education, and in particular its National College for Teaching Leadership, we will seek to ensure coherence in funding for teacher training, supporting positive interactions between the two government departments and the sector, so as to influence policy and its implementation constructively.
42. In relation to our role in estates management, sustainable development and carbon reduction, we will continue to maintain strong relationships with the relevant sector bodies, and with third-party funders, to support further investment, sharing of good practice, and innovative activity. This will include working in partnership with the Department of Energy and Climate Change in order to take forward our 2014 Sustainable Development Framework.

43. We work closely with BIS, our sponsor government department, as well as with HM Treasury, the Department for Communities and Local Government, the Home Office and other Whitehall departments to be a constructive and authoritative voice on issues affecting higher education and to help take forward policy initiatives and their implementation.

## **Communications**

44. Professional, targeted and effective communications are critical to the delivery of our aims and objectives. The 2013 Stakeholder Survey found high levels of partner and stakeholder satisfaction with the way HEFCE communicates. But we want to do more to ensure that we are communicating clearly and consistently about what we are doing. We will ensure that the data, research and analyses we publish are more accessible, and disseminated to a wider audience. We are considering how to focus our communications more effectively to meet the needs of our different stakeholder groups. We will improve the quality of our consultations, and the way we report on their outcomes. And we are expanding and improving our use of social and digital media in line with the Government's 'digital by default' agenda and our audience's preferences.

## **Implementing our business plan**

45. We are committed to being an organisation that is trusted, authoritative and expert – but one that is sufficiently agile and flexible to anticipate and respond effectively to major changes in the sector, in the market for HE, and in government policy. The successful delivery of this business plan therefore depends on the capabilities, experience, talent and motivation of our staff and the quality of our management and leadership. We made a number of organisational changes early in 2014 to ensure that our resources were aligned with the new and emerging priorities set out in this business plan. We have undertaken an initial skills audit and are reviewing training programmes and opportunities for professional development in the light of this exercise. As an example, we have already implemented a significant leadership programme for our senior managers. By the end of the 2014-15 academic year, we will have implemented our revised and enhanced approach to learning and development at HEFCE.

46. We are committed to excellent performance and we will review and enhance the professional training and development opportunities which we offer to our staff. We are committed to being an organisation for which talented people want to work, and will measure staff satisfaction annually through participation in the Best Companies survey.

47. We are committed to delivering high levels of corporate governance at Board and Executive level. We will be open and transparent in our approach to decision-making as appropriate, and will ensure that the Council meets its legal and regulatory obligations.

48. Our corporate service teams will deliver the essential internal services to support the successful and high-quality delivery of the organisation's objectives and

activities. They will provide advice and promote best practice to internal and external stakeholders, in order to deliver the highest levels of public service. They will play a critical role in continuing to develop and adapt our services in order to maintain the Council's reputation as a highly efficient, trusted and respected public body.

49. We remain committed to social and environmental responsibility, and will continue to use the Carbon Trust Standard and ISO14001 framework to benchmark our performance in these areas. It is vital that higher education can attract and retain talented people nationally and globally. We will continue to be a strong advocate for equality and diversity by promoting and supporting best practice with the sector.

50. We will use the results of the biennial Stakeholder Survey (2015, 2017, 2019) to review how well we are performing at this organisational level. We have set the following targets for the survey results:

- maintain and if possible increase the 85 per cent of respondents in 2013 who say that HEFCE acts in the public interest and is open, fair, impartial and objective
- maintain and if possible increase the 80 per cent in 2013 saying that HEFCE is effective in ensuring accountability for funding
- maintain and if possible increase the 80 per cent in 2013 who believe that HEFCE is an effective broker between Government and the sector
- maintain and if possible increase the 80 per cent in 2013 who believe that HEFCE is implementing government policy effectively
- maintain and if possible increase the 80 per cent in 2013 who believe that HEFCE is a proportionate regulator
- 85 per cent of respondents in the 2017 survey to say that the quality of HEFCE staff is good, and this proportion to rise to 87 per cent by the 2019 survey (in the 2013 survey this figure was 83 per cent)
- 75 per cent of stakeholders to say they would speak highly of HEFCE by the 2017 survey (in the 2013 survey this figure was 70 per cent)
- maintain and if possible increase the proportion of stakeholders who believe that HEFCE communicates well with their organisation (in the 2013 survey this figure was 89 per cent)
- by 2017, fewer than 10 per cent of further education colleges which we fund feel that that 'HEFCE does not understand our needs' (in the 2013 survey this figure was 24 per cent)
- on 'innovation', to score an average of 8 out of 10 by the 2017 survey (in 2013 survey this figure was 6.5).

## **Structure and layout of the business plan**

51. The aims and commitments of this business plan are broken down into objectives and activities. Each set has a primary owner in each directorate within HEFCE, but with considerable planned cross-support between them to mitigate any

dangers of silo working. Section two sets out the high-level objectives for each directorate, together with performance indicators by which we will know whether or not we are succeeding. Section three briefly describes our organisation for the benefit of any reader who is unfamiliar with our role as a non-departmental public body.

52. A separate document will describe the main activities which will deliver those objectives for the academic year 2014-15, and will show how we are allocating our resources across the directorates to enable these activities to be delivered successfully. This will be published alongside this five-year business plan and will be updated each year. We have also developed a risk register for each of our activities, against which we will report regularly to our Audit Committee and Board.

## Section two: Our objectives and performance indicators

### Finance and funding

53. Working closely with other directorates, the finance and funding directorate is responsible for the efficient and effective distribution of over £4 billion of government funding for higher education in England each year. It also manages HEFCE's internal administration budget as set by BIS.

54. The directorate leads on modelling the funding and financial health of the sector, and on supporting and monitoring its overall efficiency.

#### **Our objectives for 2015-2020 for finance and funding are to:**

- a. Have a high performing finance operation that is well respected by Government and the sector.
- b. Deliver an annual funding process that effectively distributes funding in a low-burden way while supporting government policies.
- c. Use evidence to support and influence the efficient delivery of higher education within England.
- d. Use HEFCE's resources and infrastructure to ensure value for money and a positive public benefit return for the government and taxpayer.
- e. Collate and analyse data and evidence, and model alternatives, to a high standard so as to shape decisions on the financing of higher education in England.
- f. Maintain the confidence of the financial markets and other investors in higher education.

#### **We will know we are succeeding when:**

- a. We deliver the annual funding process and associated payments on time, to a high standard and with reduced bureaucracy for all providers. There are no material errors. By 2020 the cost of delivering the funding round has reduced by 10 per cent. Our biennial stakeholder survey demonstrates that all categories of provider are finding our funding and related data processes easier to understand and navigate.
- b. We develop metrics and benchmarks for efficiency which support the sector to make continued improvements in delivering savings. With our help, we look to see the sector secure at least an additional £250 million of efficiency savings by the end of academic year 2016-17 compared with 2014-15.

- c. We are perceived as an expert voice in developing and financing higher education in England. HEFCE staff are invited to join the key policy steering groups within BIS. Our contribution to the case for higher education in the next spending review is accepted and broadly implemented by Government.
- d. Government and other public organisations hold HEFCE in high regard as an exemplary, efficient public sector body. HEFCE staff are regularly invited to assist with reform and best practice programmes in BIS and more widely across Whitehall. HEFCE is in the upper quartile all relevant finance Key Performance Indicators set by BIS. Against the Chartered Institute of Public Finance and Accountancy financial management assessments, HEFCE is assessed as lying in the upper quartile when compared with other organisations. We deliver our Programme and Administrative budgets to within 1 per cent of the outturn agreed with BIS.
- e. HEFCE achieves funding of £500,000 each year from the services it provides to other organisations, in addition to its grant from BIS. HEFCE makes efficiencies of £250,000 each year in its own administrative costs.

## Research, education and knowledge exchange

55. The Research, Education and Knowledge Exchange Directorate harnesses the Council's expertise on research, education, and knowledge exchange to influence our funding role and to provide expert and robust advice to Government, higher education providers, and others with a stake in higher education.

### **Our objectives for 2015-2020 for research, education and knowledge exchange are:**

- a. To develop evidence and expertise, and to deploy stakeholder relationships, in order to secure appropriate funding for higher education and to be a leading influence on higher education policy and practice.
- b. To determine the priorities and approach for allocating HEFCE funding for research, teaching and learning, and knowledge exchange.
- c. To optimise the conditions for successful world-leading research, teaching and learning, and knowledge exchange in higher education in England.
- d. To ensure that higher education providers are able to support students from all backgrounds to participate and succeed in higher education, progressing their careers and postgraduate study.
- e. Within all of the objectives above, to secure the value of higher education for the economy and society, supporting economic growth and cultural and social prosperity.

### **We will know we are succeeding when:**

- a. We have worked successfully with Government and partner organisations to secure sustainable funding for higher education, within which we have at least maintained the 2014-15 level of HEFCE funding for Research and Knowledge Exchange, and the proportion of HEFCE funding within the dual support system, and we have sufficient teaching funding to deliver the objectives identified in this plan.
- b. We can demonstrate that our research funding policies contribute to improvement in research excellence and impact across all disciplines as measured by REF results, metrics, or other methods involving international peer review. The Elsevier report of 2013, 'International Comparative Performance of the UK Research Base' will provide the baseline from which to measure improvement.



- c. Knowledge exchange (KE) activity continues to increase at a rate greater than Gross Domestic Product as measured through the HE-BCI returns, with the 2013-14 data being the baseline. HEFCE can demonstrate that HEIF has also led to the development of new models of KE, and HE-BCI shows that a wider range of providers are embedding KE activity.
- d. Working with universities, colleges and other national bodies, HEFCE secures better evidence of the outcomes from activity to widen access and improve student success, and thereby more effectively demonstrates the HE sector's contribution to social mobility.
- e. With support from HEFCE funding and the dissemination of good practice through the tracking and evaluation of interventions, participation rates for under-represented groups in higher education continue to improve, as measured by the Participation of Local Areas measure and other indicators. We look to see the proportional difference in participation between the most and least advantaged continuing to close, and the trend of a one percentage point increase per year in the participation rates of those from the most disadvantaged 40 per cent of young entrants to continue during the period.
- f. Through targeted funding and the dissemination of research findings, HEFCE supports a step-change in approaches and interventions to improve the outcomes for students from less advantaged groups in higher education. Improvements will be delivered across the student life-cycle, extending from retention to academic attainment, progression to postgraduate study and graduate employment. This will be demonstrated by reference to the current baseline of sector adjusted average measures, set out in the 2013 report 'Higher education and beyond': Outcomes from full-time first degree study' (HEFCE 2013/15), which include black and minority ethnic groups, men, disabled students and students from low-participation neighbourhoods.
- g. HEFCE develops and implements new methods of understanding, capturing and measuring teaching excellence, evaluating and building on existing indicators of student experience and outcomes such as the National Student Survey and Destination of Leavers from Higher Education survey, and through piloting new indicators in areas such as learning gain, social capital and social agency.
- h. HEFCE has been central to new approaches, including student finance, to supporting progression from under-represented groups into postgraduate education, implemented by 2016-17.
- i. The biennial stakeholder survey reveals high levels of sector appreciation of HEFCE's role in the development and delivery of government policy for teaching, research and knowledge exchange, using new questions in the 2015 survey as a baseline and measuring improvement thereafter. HEFCE can demonstrate through inbound visits, and through international requests for consultancy and advice, that its expertise is seen as world-leading.

## Institutions

56. Working closely with other directorates, the Institutions Directorate informs policy thinking, supports risk analysis, and identifies opportunities to stimulate innovation and excellence in teaching, research and knowledge exchange.

57. The Institutions Directorate aims to develop trusted, professional relationships with higher education providers and their stakeholders. It gathers 'rich' intelligence, knowledge and insight into higher education providers, shares good practice appropriately across the sector, and offers specialist expertise in estates management, equality and diversity, sustainable development, and governance.

### **Our objectives for 2015-2020 for our work with institutions are to:**

- a. Maintain trusted, professional relationships with higher education providers so that HEFCE has a rich, comprehensive 'real-time' overview of the full diversity of the institutions in the sector to inform HEFCE policy and advice to Government.
- b. Proactively identify those opportunities to advance the world-leading teaching, research, and knowledge exchange in the sector which can be met through targeted funding, strategic collaborations, sharing good practice and brokering connections between organisations, and in other ways which HEFCE controls or influences.
- c. Work with the Regulation and Assurance Directorate to monitor institutional risk effectively and provide tailored support to those higher education providers 'at higher risk' and to all providers to minimise the number for whom an 'at higher risk' assessment materialises.
- d. Assist providers in their work as 'place-makers' to support economic growth and social prosperity and, in parallel, in achieving international reach and success.
- e. Assist in developing HE in further education partnerships or 'tertiary' solutions in geographic locations which lack higher education provision altogether or are deficient in provision related to particular economic sectors. This includes creating new pathways from apprenticeships and foundation degrees to more advanced levels of technical qualification.
- f. Support the continuing development and sharing of leading practice in relation to sustainable development in the sector, equality and diversity, and an efficient and effective higher education workforce.

### **We will know we are succeeding when:**

- a. HEFCE is instrumental in supporting at least 10 major projects each year which aim to deliver world-leading outcomes for the sector in teaching and learning, or research, or knowledge exchange. Independent audits of the Student Opportunity fund, HEIF, the Catalyst fund, the UK Research Partnership Investment Fund and other discretionary funds show that good value for money was obtained and that the processes used to allocate the funding were robust and transparent.
- b. Rigorous evaluations of HEFCE initiatives to improve teaching, research or knowledge exchange show that embedding and impact of improvements or innovations have been achieved as desired in higher education providers.
- c. Material risks at individual publicly funded higher education providers are identified, assessed, monitored and mitigated where appropriate through the use of engagement and support strategies on a timely basis. There are no disorderly failures of publicly funded providers in the business plan period.
- d. HEFCE uses its convening power to hold events and consultations, publish reports and communicate research results, such that we can demonstrate that all parts of the sector, and all types of provider, are reached. By 2017, at least 80 per cent of higher education providers say in our Stakeholder Survey that they believe HEFCE is an effective broker between Government and the sector.
- e. The number and nature of engagements that HE providers have with local economic bodies, such as LEPs, significantly increases each year from the baseline in 2014, and is evidenced by an increase in the funding providers obtain from European Structural and Investment Funds, the Regional Growth Fund and other funds targeted on 'localism' agendas (HE-BCI data and LEP reporting against their strategic plans).
- f. HE-further education partnerships, or 'tertiary solutions', are identified for those areas of England where participation in HE is weak, and new models of advanced technical skills training are developed and piloted where they are needed. Through our engagement we will seek to ensure that at least 90 per cent of further education colleges which we fund feel that by 2017, 'HEFCE understands our needs', as measured by the Stakeholder Survey.
- g. The fourth Revolving Green Fund is allocated in full and subsequently evaluated positively. The progress the HE sector has made towards its carbon reduction goals is maintained, with a target of 43 per cent further reduction by 2020 compared with a 2005 baseline.
- h. By 2020, HEFCE has encouraged greater diversity within governing bodies in the publicly funded sector such that 40 per cent of all independent lay governors are female. The Annual Accountability Returns will provide the data.

## Analytical services

58. The Analytical Services Directorate provides a range of specialist services that support the achievement of objectives across the whole Council. It works closely with HESA and other agencies on the specification, collection and analysis of data.

59. The directorate produces, commissions and disseminates quality-assured statistics and information. It also carries out innovative research in its own right, and publishes findings to inform policy and decision-making.

### **The objectives for 2014-2020 for our Analytical Services Directorate are:**

- a. To make and monitor formulaic allocations, including of funding, on time, to a high level of accuracy and informed by robust data.
- b. To provide authoritative information to the Council, government bodies, higher education providers and the public that supports accountability and assurance about the activities of higher education.
- c. To develop and provide robust analysis, incisive insight and authoritative advice in order to inform decision-making and policy, and influence the wider HE debate.
- d. To maintain and build capacity, capability and infrastructure that support HEFCE's role and enable the Council to respond to change.

### **We will know we are succeeding when:**

- a. HEFCE's key processes are successfully delivered through the availability of robust, high-quality data that are fit for purpose. There are no significant errors, no major failures of reconciliation, and no significant challenges to the financial allocations that HEFCE makes.
- b. We have no significant data protection incidents, and we continue to enjoy the confidence of those organisations which provide us with access to their databases.
- c. We successfully maintain and further our capability and capacity in both data analysis and qualitative research. We upgrade our technology and develop our staff expertise to improve the range and depth of analysis that we can undertake. We improve and enhance access to our information resources (including benchmarking) to promote discussion and debate, measured by increased web hits, citations and increased use of our data and analysis by external stakeholders. Over the period of this plan, we have established our credentials in economic analysis.

d. We can evidence that our analytical service expertise is increasingly drawn upon by Government, providers, and other organisations nationally and internationally. We do this through evaluating the use made of our web-site, our reports, and the seminars and conferences we hold.

## Regulation and assurance

60. The Regulation and Assurance Directorate aims to enable HEFCE to become an intelligent, first-class lead regulator for English higher education. This means we will develop an approach to regulation and assurance based on clear, proportionate principles and the protection of the interests of bona fide students. We will also monitor the financial sustainability, risk management, control and governance of individual higher education providers.

### **Our objectives for 2015-2020 for Regulation and Assurance are:**

- a. To ensure that within the current legislative framework as much as possible is done to assure quality and standards, financial sustainability, good governance, student protection and the wider public interest.
- b. To play an authoritative, trusted and expert role in bringing about speedy legislative change that will facilitate a proportionate and effective regulatory system for English higher education.
- c. To reduce the burden of regulation while further enhancing the reputation of English higher education through high-quality assurance, and by ensuring that excellence, enhancement and innovation are promoted.
- d. Drawing on international experience of regulation to ensure we develop the conditions for a world-leading HE system in England.

### **We will know we are succeeding when:**

- a. Material risks from whatever source at individual publicly funded higher education providers are identified, assessed, monitored and mitigated appropriately through the use of the engagement and support strategy on a timely basis. There are no disorderly failures during the business plan period in those parts of the sector for which HEFCE has regulatory and assurance responsibilities.
- b. Material financial sustainability, management and governance issues relating to alternative providers seeking specific course designation, degree-awarding powers or university title are identified, assessed and reported accurately to BIS or Government on a timely basis. BIS values our assessments for their insight and accuracy, as fed back through regular Joint Advisory Group meetings.
- c. Agreement is reached through discussion with the sector on future approaches to quality assessment for teaching and learning which promote excellence, enhancement and innovation. A successful tender process is completed, and any new approaches piloted in 2016-17 and implemented from 2017-18 onwards.

- d. Working with Government and representatives of providers, agreement is reached on the principles and main aspects of future legislation for the HE sector, including alternative providers. HEFCE is called on to advise in the drafting of the Bill and subsequently is central to its implementation.
- e. By the start of 2015-16 and in conjunction with other HEFCE Directorates, memoranda of understanding and information-sharing arrangements relating to the broader regulation of higher education are updated or put in place with other relevant organisations such as the Skills Funding Agency, the Charity Commission, the National College for Teaching and Leadership and the Student Loans Company. Thereafter they are reviewed biennially.
- f. The Register of higher education providers becomes an authoritative resource with 100 per cent accuracy in uploading the data imported from other organisations. Each year its functionality is expanded and users are surveyed to elicit improvements and refinements.
- g. The biennial Stakeholder Survey results indicate that HEFCE has been successful in reducing the burden of regulation on providers. Working with HESA and through the Higher Education Data and Information Improvement Programme, technical improvements are made to the data returns required from providers. Where possible they are simplified, and the overall number of returns is reduced.
- h. A comparative review is conducted of HE regulators in other similar countries, with proposals on how to benchmark HEFCE's performance as a regulator discussed and adopted by the start of 2017.

## Section three: About HEFCE

61. The Higher Education Funding Council for England (HEFCE) was established on 6 May 1992 under Section 62 of the Further and Higher Education Act 1992.

62. HEFCE assumed its funding responsibilities from its predecessor councils on 1 April 1993. Its role is set out in the Further and Higher Education Act 1992 and can be summarised thus:

- to administer funds to support education and research in higher education institutions and other organisations
- to administer funds to support prescribed higher education courses in further education colleges
- to provide the Secretary of State for Business, Innovation and Skills with information relating to all aspects of teaching and research, including the financial needs of the sector
- to secure the assessment of the quality of education at institutions that receive HEFCE funding.

63. HEFCE is therefore responsible for distributing public money to universities and colleges in England that provide higher education.

64. We have a statutory duty to ensure that provision is made for the assessment of the quality of education at institutions that receive HEFCE funding.

65. As principal regulator for publicly funded higher education institutions, we have a statutory responsibility to promote compliance by institutions' trustees with their obligations under charity law.

66. In the period of the last business plan (2010 to 2015), the Government introduced a 'market' in higher education and encouraged alternative providers to enter the sector for the first time. Some are 'for profit' and some are charities. A few have degree-awarding powers in their own right; others have entered franchise or validation arrangements with public sector funded providers or awarding arrangements with bodies such as Pearson Education Limited (formerly Edexcel). Some have received 'designation' from the Department for Business, Innovation and Skills (BIS) for their students to access loans from the Student Loans Company, others have not applied for such designation. Without further legislation, HEFCE has no formal regulatory role in relation to alternative providers, although it advises BIS on some aspects of designation and about the granting of degree-awarding powers.



## List of abbreviations

BIS	Department for Business, Innovation and Skills
HE	Higher education
HE-BCI	Higher Education – Business and Community Interaction Survey
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Fund
HESA	Higher Education Statistics Agency
KE	Knowledge exchange
LEPs	Local enterprise partnerships
REF	Research Excellence Framework