June 2007/14

**Policy development**

Outcomes of the review

This report is for information

This document provides the outcome of a review of the performance indicators for higher education. The indicators are produced by the Higher Education Statistics Agency for the UK funding councils. The overall picture is one of change only where needed, with no indicators dropped at present, but some extensions to existing indicators as well as one or two new ones suggested.

# Review of performance indicators

## Outcomes and decisions

HIGHER EDUCATION
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FUNDING COUNCIL FOR ENGLAND

# Contents

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## Executive summary

### Purpose

1.    This document provides the outcome of a review of the performance indicators for higher education. The indicators are produced by the Higher Education Statistics Agency (HESA) for the UK-wide Performance Indicators Steering Group (PISG).

### Key points

2.    The decisions made by the PISG are summarised in Annex F. They fall into five main areas:

- changes or extensions to existing indicators
- proposed new indicators
- sector summaries
- benchmarks
- general presentation and interpretation.

3.    The overall picture is one of change only where needed, with no indicators dropped at present, but some extensions to existing indicators as well as one or two new ones suggested.

4.    As part of the review, stakeholders were consulted about their views of the performance indicators (see HEFCE 2006/34). There were more than 100 responses, which are summarised in Annex D. Respondents were largely positive: they use the indicators in a variety of ways, and think they should be retained in their current format

where feasible. Most found the benchmarks helpful, and in general were content with the factors used in their construction. Institutions saw the transfer of the indicators to HESA as a positive step. It had given them earlier access to their own indicators, showed them more clearly the link to the data they provided, and had led to earlier publication.

5.      There were criticisms of the indicators, and we have tried to address these. Not all suggestions for change have been accepted, and we have set out our reasoning in the 'Conclusions' section.

## Format of this document

6.      This document covers the background to the indicators, the responses to the consultation, an assessment of existing and proposed indicators, and the conclusions and decisions made. The annexes contain further detail on these areas. For ease of reference, Annex F contains a summary of the decisions taken by the PISG, with full details provided in the 'Conclusions' section of the report.

## Action required

7.      No action is required. Institutions will be consulted about new indicators resulting from the proposals made here at a later stage.

## Background

8.      Following a recommendation in the report of the National Committee of Inquiry into Higher Education (the Dearing report) in 1997, the Government asked the funding councils to develop suitable performance indicators for higher education institutions in the UK. The Performance Indicators Steering Group (PISG) was set up to take this work forward. The aim of these indicators was to provide information about the performance of institutions, and the sector, over a range of areas including widening participation. The Dearing report also recommended producing benchmarks for families of institutions with similar characteristics and aspirations, to allow comparison between them.

9.      The PIs were first produced in 1999, following nearly two years' work by the PISG. HEFCE 99/11, 'Performance indicators in higher education: first report of the Performance Indicators Steering Group' (called the First Report in the rest of this document) laid down the reasons for setting up the group and developing the PIs. It also defined in detail each indicator and put forward methods for producing benchmarks.

10.     Subsequently, a number of changes were made to the indicators, for a variety of reasons, and the environment in which they were viewed has also changed. An internal audit by HEFCE suggested that there was a risk that the indicators might not remain fit for purpose if the reasons for producing them were not reviewed regularly. The PISG agreed that this was a suitable time for a complete review, which was set up in late 2005.

## Method for conducting the review

11.     The PISG drew up terms of reference for this review (see Annex A) and set up a sub-group to take it forward (see Annex B).

12.     The sub-group agreed that the principles and procedures set out in the First Report should be revised where necessary, and followed in this work. In addition, it agreed that there should be a set of criteria for assessing any new indicators. Both the revised principles and the criteria are given below (paragraphs 17 and 18).

13.     For the review, the criteria were applied to existing and potential indicators. This report assesses how far each indicator meets the new criteria, and gives feedback from stakeholders.

14.     All stakeholders in the indicators were given the opportunity to contribute to this review, and invited to respond to a consultation document (HEFCE 2006/34). A list of respondents is at Annex C. The responses, summarised at Annex D, form the basis for many of the decisions made by the PISG.

15.     The sub-group met following the responses to the consultation, and agreed the contents of this report. It was then circulated to members of the full group, who decided whether or not to accept the recommendations made.

## Principles and procedures

16.     After considering the principles and procedures in the First Report, a revised set of principles of operation were agreed. These take into account changes in the higher education environment since 1999.

17.     The new principles agreed were:

a.     Maximum use should be made of existing data sources, and any proposal to collect further data should be carefully costed and justified.

b.     Any proposals for further data to be collected should also be in accordance with the principles of good regulation.

c.     No institutional-level results should be published before giving the higher education institutions (HEIs) concerned an opportunity to correct errors of fact.

d.     Data and methodology used in the production of the PIs should be made available to institutions and other interested parties on request, after publication, subject to compliance with the Data Protection Act.

18.     In addition, criteria were drawn up to assess potential new indicators for suitability. It was agreed that these should also be applied to existing indicators for the purpose of this review. The criteria were:

a.     The data to be used for the indicator should be robust, reliable, and fit for purpose.

b.     The indicator should provide information for HEIs that is suitable both for their internal use and for benchmarking themselves against other similar institutions.

c.     The indicator should provide information for government stakeholders that is suitable for informing policy development.

d.     The indicator should provide information for other stakeholders that is suitable for their purposes.

e.     There must be general agreement on whether high values of the indicator represent a positive or a negative outcome.

f.     The indicator should not lead to perverse behaviour.

g.     Indicators that do not come into one of the existing categories (access/widening participation; non-continuation/retention; employment; and research) should be looked at more closely than those that do, in particular to ensure that the PISG is not duplicating work that is being done by other bodies.

### Setting priorities

19.     The new and modified indicators that have being agreed may be relatively straightforward to implement, or may depend on further work being done. The recommendations in Annex F show how quickly it is felt the changes could be made. In addition, the importance attached to the new or amended indicators has been rated as 1 (high importance) or 2 (medium importance).

20.     In deciding when to implement these decisions, we need to take into account the major change to the HESA student record that will come into effect for the 2007-08 academic year. This is reflected in some of the dates proposed for changes to take effect.

## Review of the First Report recommendations

21.     The First Report of the PISG was published in February 1999. It made a wide-ranging set of recommendations on which the current PIs were based (summarised here in Annex E). The terms of reference for this review included a requirement to look at how far the recommendations had been implemented, and where relevant to explain why any recommendations had not been taken forward.

### General recommendations

22.     There were three proposals not about specific indicators: that context statistics including an adjusted sector benchmark should be included with all institutional indicators; that the subjects medicine, dentistry and veterinary science should be treated differently from other subjects; and that catchment area context statistics should be developed.

23.     The first proposal was accepted and acted on fully. All indicators have been published with an adjusted sector benchmark based on entry qualifications, subject of study, and age on entry where relevant, apart from the research indicators which are ratios standardised to a value of 1. In addition, context statistics have been provided for each indicator. They include numbers of students in the population on which the indicator is based, the percentage of these for whom information is known, the percentage who are mature, and how many institutions the adjusted sector values are based on. These statistics have been included in all relevant tables.

24.     The second proposal – to treat medicine, dentistry and veterinary science differently from other subjects – was borne in mind in developing the various indicators, but has not so far resulted in any major difference in the way these subjects have been treated. However, because all the adjusted sector benchmarks include subject as a factor, and medicine, dentistry and veterinary science are one group within that factor, allowance is made for institutions that provide these subjects. With the publication of the

supplementary tables for most indicators, the values of each indicator for this subject group are available, and variations from the average can be picked up.

25.  The third proposal, to develop catchment area context statistics, has been partially implemented. The widening participation indicators were found to vary considerably by region of domicile of student, and so revised benchmarks were developed which take into account this region of domicile as well as subject and entry qualifications. This is called a location-adjusted benchmark, and is published alongside the original benchmark, but only for HEIs in England.

## Institutional indicators

26.  The First Report recommended producing 36 institutional indicators in the areas of widening participation, progression, outcomes and efficiency; 28 institutional employment indicators; and four institutional research indicators to complement the ratings in up to 69 Units of Assessment in the Research Assessment Exercise (RAE). In the end, not all of these were produced as indicators, although some of those not produced at the institutional level were published as sector statistics.

27.  The reason for the large number of indicators proposed was because it was recognised that different information would be available for UCAS entrants in particular, and that information collected for those under and over 21 on application was likely to differ. There were therefore different recommendations for young full-time students, for mature full-time students, and for part-time students.

### Widening participation

28.  The proposals made for widening participation indicators for young full-time students were implemented in full. For mature and part-time students, the widening participation indicators suggested were percentage with no previous HE qualifications, and percentage with no previous HE qualifications from less affluent neighbourhoods. However, it was agreed that only the second of these would be an indicator, although the percentage with no previous HE qualification should be included in tables as a context statistic.

### Progression, retention and efficiency

29.  The indicators of progression and retention were implemented in full for full-time first degree students. The indicator showing non-continuation beyond the first year, and the related context statistic of percentage returning after a year out, were subsequently extended to cover full-time students on sub-degree courses.

30.  The projected outcomes indicator was produced as proposed, but only for full-time first degree students. The related efficiency indicator was produced until 2003, then dropped when the production of the indicators was transferred to HESA. This transfer

entailed a change to the method used for linking records across years, and it was agreed that this could have a large effect on the efficiency indicator, which was particularly sensitive to data changes. In addition, as this indicator was not widely used, it was felt best to omit it.

31.    For part-time students, the First Report suggested that module completion rates should be produced based on values returned to HESA using the student-module record structure. However, only about a third of institutions use this structure, which is not compulsory except in Wales, and they were not happy for the returns to be used in this way. In addition, further analysis indicated that the detailed breakdown by level suggested for this indicator could not be produced. So rather than five indicators per institution it was agreed that one indicator would be produced, and only for institutions in Wales.

**Employment indicators**

32.    The initial recommendations for employment indicators suggested 28 per institution, with a breakdown by level, sex, age and socio-educational grouping. Again further analysis led to this being reduced to a single indicator, for graduates from first degree courses only, but with a benchmark that took into account all the remaining factors.

**Research indicators**

33.    The research indicators recommended were published as proposed. It was agreed that it was not necessary to replicate the RAE results within the PI publication, although the web address was provided for those interested in obtaining them.

## Sector indicators

34.    Some of the sector indicators proposed were the overall sector averages, which were included with each institutional table. For the projected outcomes, as well as the average of institutional values, a whole sector figure was produced until 2004, but not, as the First Report recommended, analysed by entry qualifications.

35.    For widening participation indicators, it was proposed that participation rates of young people should be produced by region. We published the percentage of entrants to HE domiciled in each region from each of the widening participation categories (state school, low social class, low participation neighbourhood). However, these are not participation rates. Rates depend on accurate population figures for the relevant age group and region being available, and this is currently not considered feasible for an annual publication.

36.    To complement the efficiency value, it was proposed that a cost per qualifying student should be produced by subject price group. This has not been done.

37.     The sector employment indicators proposed were largely the same as suggested for the institutional indicators. As the factors mentioned were all included in the benchmark, the supplementary tables cover these.

38.     The First Report suggested that sector indicators for research and wealth generation should be developed. On research, the main proposal was to use bibliometrics as a measure of research output, and some work was carried out on this. However, it was agreed to defer this and wait for input from the Office of Science and Innovation.

39.     Wealth generation was becoming important at that time, and a group separate from the PISG was looking at collecting information and producing useful measures. It was felt that we should wait for the results from that group before deciding whether or not to take the First Report proposals further.

# Developments since 1999

## General developments

40.     Since the First Report was published, many of the priorities in HE have changed, and developments in computing and the introduction of the Data Protection and Freedom of Information Acts have led to changes in what information can now be provided for public use. Some of these developments have already had, or are likely to have, some impact on the performance indicators.

41.     Since the PIs were introduced, we have tried to be as open as possible about how they are obtained, and have fed back to institutions the results for their own students wherever possible. The impact of data protection and freedom of information legislation has therefore been limited, but we have taken it into account in framing the new principles of operation (see paragraph 17).

42.     The Teaching Quality Information (TQI) web-site – soon to be relaunched as Unistats – has already affected how the PIs are perceived. This information is provided at a finer level of detail than the PIs, and uses slightly different definitions in certain cases. It is not published for subject areas, or institutions, if the numbers involved are small. A number of stakeholders have commented that having the two sets of figures can be confusing. Work is continuing to align the definitions, but the different levels on which the TQI figures and the PIs operate means there is never going to be complete agreement between them.

43.     In policy terms, the current importance of HE in further education colleges (FECs) is likely to have the biggest effect on indicators required. Current indicators only cover such HE provision if it is indirectly funded through an HEI, in which case the indicators

for that HEI include students at the linked FECs. There have already been requests for the indicators to be extended to directly-funded FECs, and for the indirectly funded students to be shown separately from those studying at the HEI. Because of the current incompatibility between data collected for HEIs and that collected for FECs, this is not practical at present.

44.    The third area that may have an impact on the PIs is the development of research measures for use in allocating research funding. The research PIs currently published were not designed for this purpose, and will not be suitable. However, once new measures are developed the research PIs may well no longer be useful, and may therefore be dropped.

## Changes to the PIs

45.    Following the publication of the First Report, the PISG concentrated on producing the institutional indicators and sector values that had been agreed, and ensuring that any difficulties that arose were dealt with. Institutions were consulted both before and after the first set of indicators was published. Responses were considered by the PISG and changes and adaptations made to the indicators as necessary. Many of the changes were to the presentation of the indicators, to make the tables clearer and to provide better advice on how to treat indicators based on small numbers, for example.

46.    Two major changes were initiated following these consultations. First, it was agreed to look at ways of allowing for the location of an institution in the widening participation indicators. This resulted in the 'location-adjusted' benchmarks, mentioned in paragraph 25, which are published alongside the original benchmarks in Tables T1 and T2 for English HEIs.

47.    The second change was to introduce an indicator of disability. This was considered for the original report, but at the time the information available about disabled students consisted of students' self-assessment of disability, and a field to say whether a student was registered disabled. Neither field was considered robust enough to be used for a performance indicator. In 1998, the registered disabled field was amended to say whether a student was receiving the Disabled Students' Allowance (DSA). Students eligible to receive DSA were a larger proportion of those with disabilities than students who could be registered disabled, making this field more suitable for an indicator. The disability indicator was first published in 2002, for students at HEIs in 2000-01.

48.    Although there has been no formal review of the indicators since they were introduced, the methods used to produce them were reviewed when production was passed to HESA for the 2004 publication. This was also the point at which changes to the student record were introduced, and these had to be taken into account. The

changes included revising the definition of social class, changing the entry qualification categories used in the benchmarks to a tariff base, and amending the employment indicator when the new Destinations of Leavers from Higher Education (DLHE) survey replaced the First Destination Survey.

## Responses to the consultation

49.     The consultation in the summer of 2006 was designed to see how useful stakeholders found the indicators, and what they thought of proposed new and replacement indicators. Users' views were also sought on changes made to the student record in 2002-03, and the transfer of production of PIs to HESA.

50.     This section summarises the responses to the consultation. A more detailed analysis is at Annex D.

51.     There were over 100 responses to the consultation, 91 from HEIs and 18 from other bodies or individuals (see Annex C). We are grateful to all respondents for taking the time to reply.

52.     The institutional responses covered all types of institution, and all areas of the country. The response rate in Wales and Northern Ireland, and among small specialist and general colleges, was slightly less than that for old universities or ex-polytechnics, but with the small numbers involved the differences are not significant. The only significantly different response rate was that for Scottish old universities, whose response rate was higher than the average.

53.     The non-institutional respondents included individual academics, government bodies, sector bodies such as Aimhigher, and a number of independent organisations.

### General outcome of consultation

54.     The responses to the consultation were largely positive. Most respondents make use of the existing indicators in a variety of ways, and think they should be retained in their current format where this is feasible.

55.     Even where the respondents do not find a particular indicator useful, they think it should remain as part of the suite of PIs. This is most obvious for the research PIs, but is true for most of the others as well.

### Benchmarks

56.     Over 80 per cent of respondents to this section found the benchmarks helpful. In addition, 60 per cent thought that the factors used in the benchmarks were the right ones, and that the categories used for the factors were satisfactory.

57.     The use of tariff scores as one way of categorising entry qualifications was commented on, and generated very diverse opinions. At one extreme, some respondents felt it was too crude a measure to be useful; while at the other, some thought tariff groups should totally replace all other groups of entry qualifications. However, most felt it was a reasonable method of categorisation. Most respondents agreed that the new student record with its additional information on entry qualifications could provide more helpful values.

### Transfer of PIs to HESA

58.     In general, institutions saw the transfer of PIs to HESA as a positive step. It had given them earlier access to their own indicators, showed them more clearly the link to the data they provided, and had led to earlier publication.

## Assessment of current indicators

59.     This section assesses the existing indicators against the seven criteria laid out in paragraph 18 (a-g). Assessment of usefulness is primarily based on the responses to the consultation.

60.     Much of the data used for the PIs currently comes from the HESA student record. The only exceptions are the destinations data, which is used, alongside the student data, for the employment indicator, and the finance record which is used for the research PIs. The quality of the student data set is generally good, and has improved over the past seven years. Certain fields are not used because they are not considered robust enough for the purpose of the PIs, but criterion (a) is satisfied, that data used should be robust, reliable and fit for purpose.

61.     Similarly criterion (b), that the indicators should be useful to HEIs, appears to be true for all the indicators with the possible exception of the research indicators. Responses to the consultation indicated a widespread use of most of the indicators by HEIs, and a reluctance to see them dropped, or even substantially changed.

62.     Government stakeholders were identified in the First Report as being an initial focus of attention. They have been involved at all stages of developing the indicators, and some of the indicators were introduced in order to satisfy their needs. Criterion (c) is therefore satisfied.

63.     Criterion (d), usefulness to other stakeholders, was not considered at the initial development stage of the PIs (see First Report, paragraph 18). While the current set of PIs is of limited use to some of the 'other stakeholders' who responded to the consultation, the widening participation indicators are used, and could be more useful if extended as suggested below.

64.     Criteria (e) and (f), that there should be agreement over whether high values of an indicator represent positive or negative outcomes, and that the indicators should not lead to perverse behaviour, have been considered from the start, and are generally satisfied.

65.     To date, no indicators other than those for widening participation, retention, employment and research have been introduced. Criterion (g) is therefore not relevant here.

## Assessment of proposed indicators included in the consultation

66.     The new PIs put forward in the consultation are considered below. They comprised three new widening participation indicators, which were proposed in the HE White Paper in January 2003; two indicators to replace the current (postcode) indicator of low participation; and one new employment indicator. These indicators will not rely solely on data from the HESA record, and without further analysis of data sources not all the criteria can be assessed at this stage. However, work is continuing to carry out the assessment, and will be reported on before any final decision on publication is made.

67.     The Government is very interested in obtaining the proposed WP indicators, to inform policy and monitor widening participation, on the grounds that they will be more sensitive than existing PIs. Criterion (c) is therefore satisfied for all of these indicators. The other criteria are considered below for the individual indicators.

68.     Table 1 summarises the assessment for the first three indicators; Table 2 covers the remaining indicators.

### Parental income

69.     The proposal, first made in the White Paper, was for an indicator showing the percentage of entrants whose parental income was below a specified level. This would be based on data from the Student Loans Company. Initial analyses suggest that these data could be successfully linked to the HESA data, giving a data set suitable for producing a PI. Coverage would be at least as good as for the current indicators, although further work is needed to assess if there is any bias, caused by particular groups of students deciding not to apply for loans, for example.

70.     HEIs were unsure about the usefulness of this indicator. Less than half of those responding to the question in the consultation thought it would be useful, and a number felt that it would not be possible to use it in the same way as the current widening

participation indicators. This is partly because of the confidentiality restrictions on the data, making individual analyses within each institution difficult if not impossible.

71. Non-institutional stakeholders generally seemed supportive of this indicator, so criterion (d) is satisfied.

72. As this indicator would be similar in type to the existing WP indicators, high values of the indicator would represent a positive outcome. In addition, it would be no more likely to lead to perverse behaviour than current indicators.

73. Criteria (a), (c), (d), (e), (f) and (g) would therefore be satisfied. Criterion (b), usefulness for institutions, would not be fully satisfied unless further work could be done to make the data more accessible.

## Parental education

74. This indicator would be the percentage of entrants neither of whose parents have an HE qualification. The proposal is to collect this information through the HESA record, directly from institutions initially but subsequently through UCAS.

75. Although more than half of respondents said such an indicator would be useful, there were also considerable concerns expressed about the robustness of the data. These include practical issues such as whether students will know this information or whether they will respond to the question, and more theoretical ones such as how to define HE for this purpose.

76. While criteria (b) to (g) seem to be satisfied, there is some doubt at present about criterion (a). The first set of data will be collected for the 2007-08 academic year, available in January 2009, at which point an initial assessment of the data quality can be made. Any final decision may need to wait until the following year.

## Average school performance

77. The use of school performance, for example the average A-levels point score obtained in the previous year, to create a category of poor-performing schools was the third indicator proposed in the White Paper. The indicator would be the percentage of entrants whose school before entering HE was defined as a poor performer. The data required to produce it would be the school codes already collected on the HESA record, and the school exam results from the four countries in the UK.

78. While there should be no difficulty in linking the school codes to the school results, it would be difficult to decide where to draw the boundary for poor performance. Also, the school performance tables produced by the DfES are for English schools only; they are not published for schools in the rest of the UK. While similar data could be obtained

for the other countries, the different education system in Scotland would mean any comparison between them could be misleading. Producing a consistent definition of poor performance across the UK would therefore not be straightforward.

79.     This proposal was welcomed by some HEIs, but felt by others to be unnecessary and irrelevant. Under half of respondents overall thought it would be useful, and less than a third of those in Scotland thought so. Respondents from specialist and general colleges of HE, who were more positive about the other WP indicators than average, were more likely than not to feel this indicator would be unhelpful.

80.     Three respondents suggested that this indicator could lead to perverse behaviour. They felt that institutions might admit students from poorly performing schools who were not yet suitably qualified for HE, when the student would do better to postpone starting a higher education course. This will need to be investigated to assess the risk.

81.     Criteria (c), (e) and (g) are satisfied, but criterion (a) remains uncertain. Criteria (b) and (d), useful to HEIs and to other stakeholders, also need further assessment; and criterion (f) on perverse behaviour requires more analysis.

82.     Table 1 summarises the assessment of the criteria for these three indicators.

**Table 1 Assessment of indicators for parental income, parental education and school quality**

| Criteria | | Parental income | Parental education | School quality |
|---|---|---|---|---|
| (a) | Data should be robust, reliable, fit for purpose. | Yes, if further analysis shows no bias | Needs to be assessed | Further work required |
| (b) | Indicator should provide suitable information for HEIs. | Not sure – to be assessed | Yes | Not sure – to be assessed |
| (c) | Indicator should provide suitable information for government stakeholders. | Yes | Yes | Yes |
| (d) | Indicator should provide suitable information for other stakeholders. | Yes | Yes | Needs further analysis |
| (e) | Agreement on whether high values of the indicator show a positive or negative outcome. | Yes | Yes | Yes |
| (f) | Indicator should not lead to perverse behaviour. | Yes | Yes | Needs further analysis |
| (g) | Indicators are in one of the existing categories: widening participation, non-continuation, employment, research. | Yes | Yes | Yes |

## Postcode indicators

83.	The existing postcode indicator is based on an old geodemographic classifier, and participation rates calculated in 1998. It has been agreed to replace it with more up-to-date definitions, and two possible replacements have been identified. One would use the Index of Multiple Deprivation (IMD) to define deprived areas and take the percentage of entrants from these areas as the indicator; the other would define areas of low participation using the POLAR methodology, and take the percentage from low participation areas as the indicator. (Further information about POLAR is on the HEFCE website, at http://www.hefce.ac.uk/widen/polar/. Details of the construction of the IMD for England can be found at http://www.communities.gov.uk/index.asp?id=1128442, for Scotland at http://www.scotland.gov.uk/Topics/Statistics/SIMD/Overview, for Wales at

http://www.dataunitwales.gov.uk/eng/WimdProject.asp?id=2077, and for Northern Ireland at
http://www.nisra.gov.uk/aboutus/default.asp?cmsid=1_81&cms=about+us_Deprivation)

84.     The data to be used for either of these indicators would be the home postcodes of students on entry to their HEI, with widely available mappings from postcode to area (ward or super output area), and the IMD and/or POLAR information. Availability of robust data is not an issue in itself, but there are concerns about the comparability of both IMD and POLAR across the different countries of the UK. Provided that these concerns can be addressed satisfactorily, criterion (a) would be satisfied.

85.     Criteria (b) and (c), useful to HEIs and to Government, are both satisfied. Seventy per cent of respondents found the existing postcode indicator useful, and most of those suggesting amendments to it referred to these proposals for replacement. Government is also keen to see a replacement as soon as possible.

86.     Criterion (d), useful to other stakeholders, is also satisfied, based on the comments received. Among all those who commented on these indicators, at least one of the methods proposed was felt to be useful, although there was no agreement on which would be best.

87.     As the format of the indicators will be similar to the existing one, criteria (e) and (f) will also be satisfied, as will criterion (g).

## Indicator of job quality

88.     The proposal is to produce an indicator based on the quality of job that students obtain on graduation. Job quality would be assessed on the basis of the work done by the Institute for Employment Research at Warwick University, or on similar work from elsewhere. Initially, there might be concern about the data quality, but we would hope to address this in the medium term, as was done for the current employment indicator. This would ensure criterion (a) could be satisfied, without affecting the regulatory impact on HEIs.

89.     It appears that this indicator would be useful to institutions, to Government, and to other stakeholders, so meeting criteria (b), (c) and (d).

90.     Defining the indicator as the percentage of graduates employed in 'graduate-type' jobs, we would take a high value as positive, satisfying criterion (e). This indicator would be no more likely to lead to perverse effects than the current employment indicator, so criterion (f) should be satisfied. Criterion (g) would also be satisfied.

91.    Table 2 shows the assessment against the criteria of the postcode and job quality indicators.

**Table 2 Assessment of the indicators for postcode and job quality**

| Criteria | | Postcode – POLAR method | Postcode – IMD method | Job quality |
|---|---|---|---|---|
| (a) | Data should be robust, reliable, fit for purpose. | Yes, if UK comparisons can be ensured | Yes, if UK comparisons can be ensured | Not at first; should be possible in the medium term |
| (b) | Indicator should provide suitable information for HEIs. | Yes | Yes | Yes, if data quality addressed |
| (c) | Indicator should provide suitable information for government stakeholders. | Yes | Yes | Yes |
| (d) | Indicator should provide suitable information for other stakeholders. | Yes | Yes | Yes, if data quality addressed |
| (e) | Agreement on whether high values of the indicator show a positive or negative outcome. | Yes | Yes | Yes |
| (f) | Indicator should not lead to perverse behaviour. | Yes | Yes | Yes |
| (g) | Indicators are in one of the existing categories: widening participation, non-continuation, employment, research. | Yes | Yes | Yes |

# Conclusions

92.   The following section brings together the results of this review, and sets out proposals for how to take forward the PIs over the next three or four years. It considers the effects of changes being made to the HESA student record, and suggests how other changes in HE may affect the perception of the indicators.

93.   Throughout this review, we have received comments about dropping existing indicators or introducing new ones, and how this will affect year on year comparisons. This has raised the question of how many indicators we should support. On the one hand, there is pressure to provide a small number of indicators that would be easy to use; while on the other there is concern that all aspects of HE should be covered. We have agreed that the diversity of the sector requires a relatively large number of indicators, and that we should not put an artificial limit on the number to be produced. As far as comparisons across years are concerned, we have tried to ensure that there is continuity where possible, although changes outside our control will continue to affect this.

94.   The review group also considered how far our remit should extend. In view of work going on elsewhere, for example on metrics for research and for third-stream funding, it has been agreed that the PISG should concentrate on indicators relating to teaching and learning. At present this means the indicators of widening participation, of continuation and progression, and of employment. We have therefore not considered any of the suggestions for indicators related to knowledge transfer or business in the community, nor for new research indicators.

95.   Performance indicators need to reflect the diversity of HEIs if they are to satisfy the information requirements of the sector and other stakeholders. This is true even within teaching and learning. Concentrating on one aspect such as widening participation, for example, can suggest that other areas are not important. There is a feeling that we should relate the different indicators to each other rather more than in the past, for example by looking at non-continuation rates by various under-represented groups in more detail. We hope that one outcome of this review will be the recognition that the indicators are not just for widening participation practitioners, but are of wider concern, and that the various aspects are related.

96.   The decision to concentrate on teaching and learning implies that we should drop the existing research indicators. However, the review group has decided that any decision about the research indicators should be postponed until more is known about the way metrics for research funding are going to be developed.

97.   The PIs have been developed as far as possible as UK-wide indicators, and the group felt that this should continue to be the case. Proposals for new indicators where

this may be difficult need to be examined much more fully, to ensure that such indicators are a useful addition, and that differences across the countries are fully noted.

## Changes to existing indicators

98.    Changes to existing indicators are of three types. An indicator could be dropped as being of no further use or relevance; it could be extended to cover additional groups of students; or some slight change could be made to the definition (for example including or excluding a particular group in one of the widening participation indicators).

### Indicators to drop

99.    Three indicators in particular were mentioned during the review as being uninformative, unhelpful, or too complex to be used.

100.   The indicator showing percentage of entrants from state schools is one that generates a great deal of press coverage, and divergent opinions on its merits. It is widely used for policy and research purposes by Government, and by other stakeholders interested in widening participation. Although some HEIs feel this indicator provides them with no useful information, 55 per cent of institutions do find it useful, and 62 per cent want it retained as it is. All but one of the other stakeholders who commented on it were also keen to see it retained, although it has limited use for students domiciled in Wales and Northern Ireland. We have identified no perverse behaviour which could be directly attributable to this indicator. We have decided that it should be retained as it is.

101.   The indicator of projected outcomes for an HEI's students is another that generates press coverage, often ill informed, and partly because of this some institutions find it unhelpful. Nevertheless, more than half want it retained. As part of the set of non-continuation indicators, it provides a different viewpoint from the indicator of non-continuation beyond the first year, and gives useful input into policy making. Again we have decided that it should be retained.

102.   The research indicators are less widely reported or used than any of the other indicators, and have been mentioned more often than any other indicators as being of no use. However, as noted in paragraph 96, we have agreed to make no change to the research indicators at this stage.

### Extending the coverage of existing indicators

103.   The present indicators only cover undergraduates, and most of them are only for full-time students, some just for those on first degree courses. We look here at the possibility of extending some of these indicators to cover postgraduates, other undergraduates, and part-time students, and at whether there is a case for separately identifying groups such as foundation degree students.

<u>Other full-time undergraduates</u>

104.   When the PIs were first published, data for full-time first degree students were known to be fairly robust, while data for other student groups were much less so. Since then there have been improvements in data quality across the board, and for most indicators now there is a section including full-time undergraduates other than those on first degree courses.

105.   There are two exceptions. One is for projected outcomes, where the main difficulty is no longer the quality of the data but rather the relatively small numbers involved, and the complexity of pathways through HE for students who start on full-time undergraduate courses that are not first degrees. Provided that we can adapt the current method to take this complexity into account, it would be possible to extend the projected outcomes indicator to other full-time undergraduates. We recommend that this should be given further thought, with a view to producing such an indicator once the 2008-09 data become available. This would allow two years of data in the new format to be used.

106.   The second exception is the employment indicator. This has already undergone a major overhaul since it was introduced, following the replacement of the First Destinations Survey with the Destinations of Leavers from Higher Education survey. It was agreed that the survey should be given time to become established before extending the indicator to other groups. This now seems to be the right time to reconsider its coverage, and we have decided that the employment indicator should be extended to cover all undergraduates. The current data show that graduates from first degree courses and those with other undergraduate qualifications have rather different employment patterns, so we suggest that the two groups are shown separately in the indicator tables.

107.   Some respondents to the consultation suggested that foundation degree students should be treated separately from other non-first degree undergraduates. The group considered this but felt that, because foundation degrees are largely restricted to HEIs in England, this would go against the principle expressed in paragraph 97 above that the indicators should generally be UK-wide. In addition, the numbers involved at present are too small to provide robust indicators at an institutional level. The recent HEFCE publication 2007/03, 'Foundation degrees: key statistics 2001-02 to 2006-07', provides sector-wide information for this group, and should satisfy the immediate need for such information.

<u>Part-time students</u>

108.   The only indicators that cover all part-time students at present are two of the widening participation indicators – the 'postcode' indicator and the disability indicator. In addition, the module completion rate is provided for part-time students at Welsh

institutions, although among the five Welsh institutions that responded to the consultation only two said that they found these rates useful.

109.   The non-continuation rate and projected outcomes currently produced for full-time students are both defined in terms of the students continuing in higher education in consecutive years, with possible one year breaks taken into account for the projected outcomes. Once a qualification is obtained, it is assumed that the student has completed that part of their education. The achievement of credit at the end of a particular year does not count as a qualification for this purpose. This set of definitions is not necessarily appropriate for part-time students, who may wish to break for more than one year, for example, and may accumulate credits over a long period of time before obtaining a full qualification.

110.   If the current definition of non-continuation, used for Table T3 series, was applied unchanged to part-time students, it might be possible to obtain some useful information. It would almost certainly not be helpful to include all part-time students in the population of interest, but a restriction on the intensity of their study might be useful, for example to consider only those whose full-time equivalent (FTE) study was at least 35 per cent. As such a figure might not be a good measure of performance, we recommend that an initial study should be undertaken to look at non-continuation and completion for part-time students, and an indicator developed from this work if appropriate.

111.   In view of the interest in information for part-time students, and with the new DLHE record now established, it may also be worth considering extending the employment indicator to part-time students. The data quality appears to be as robust for part-time as for full-time undergraduates, with response rates similar to those for undergraduates not on first degree courses. The extension of the employment indicator as currently defined to this group would pose no major technical problems, and we recommend that it should be considered for introduction for qualifiers in 2007-08.

Postgraduate coverage

112.   The widening participation indicators give information about the background of entrants to HE courses when they enter. Some of the information collected is from the UCAS application form, and is not required for non-UCAS entrants. At present only full-time undergraduate students have to apply through UCAS.

113.   By definition, postgraduate students have previously undertaken HE study, and in general will be independent of their parents and not living in the parental home. Any information collected about their background on entry to the postgraduate course will be about their own circumstances (for example, living in a student area, low personal income) and not their parental background. The only way in which information about their parental background could be obtained would be by linking back postgraduate

records to their undergraduate records. Technically this would be possible, but the resulting data would be incomplete. Those who had done an undergraduate course abroad, or started it more than 10 years ago, for example, could not be included, and there would be no guarantee that we could match student records over a long enough period of time. It is therefore not feasible at present to produce meaningful widening participation indicators for postgraduate students.

114.    Retention or completion rates pose different problems. HEFCE will be publishing research degree qualification rates in 2007, as part of the new quality assurance process. These will be restricted to those who are aiming for a doctorate degree mainly by research. If it is decided to continue with these on a regular basis, we may want to look at the possibility of publishing them alongside the PIs at some point. However, these will be different in kind to the existing indicators of progression, as they are based on linking student records for those starting on a PhD course in 1999 through to 2005, to see what proportion have qualified by then.

115.    Non-continuation rates for students on postgraduate taught courses could be treated in a similar way to those for undergraduates, to see what proportion of students starting on such courses either continue in a subsequent year, or obtain the postgraduate qualification. As for undergraduate rates, if we looked at those starting on such courses in year x and tracked them through to year x+1, we might be able to identify some underlying patterns. We propose that work should start on this, with recommendations to be brought to the PISG during 2008. As postgraduate research courses are likely to have different patterns of progression, including more dormant time, the methods used for undergraduate students are less likely to be suitable. We recommend that non-continuation rates for such students should not be attempted at present.

116.    The third aspect of existing indicators where postgraduate results could be considered is employment. The new DLHE survey collects information from qualifiers from postgraduate courses, unless they qualify from dormant status; currently the response rate for such students is about 70 per cent. It would therefore be possible to extend the existing employment indicator to graduates from certain postgraduate taught courses. Again, we suggest that this is looked at with a view to bringing forward proposals during 2008.

117.    While an employment indicator could also be considered for those qualifying with PhDs or other postgraduate research qualifications, the results are likely to be biased because nearly a quarter of students who are recorded as obtaining a PhD are excluded from the DLHE population. We therefore do not recommend such an indicator at this stage.

118.  For all indicators based on postgraduate students, it is not clear how any benchmark should be constructed. Factors which affect PhD completion rates have been considered in HEFCE publication 2005/02 'PhD research degrees', but these may not be relevant for students on postgraduate taught courses. The work suggested above should look at the factors that may affect both non-continuation and employment rates for such postgraduates, and put forward proposals for benchmarks.

**Definitional change**

119.  The disability indicator is defined as the percentage of students at an HEI in receipt of the Disabled Students' Allowance (DSA).  There were a number of suggestions that the definition should be the percentage of students reporting themselves as disabled.  While we do not think that the existing indicator should be replaced, we have decided that further work should be done to see if the field containing self-reported disability is now robust enough to allow a complementary indicator to be produced.

**New indicators**

120.  The consultation document proposed four new indicators, and two indicators to replace the existing postcode indicator. These are all considered here. In making our decisions, we have assumed that the funding bodies will follow the usual practice of consulting HEIs about the final format of each indicator, and the values that would be produced for the institution. This is in line with the principles set out in paragraph 17.

<u>Postcode indicators</u>

121.  There are concerns about both the indicators proposed as replacements for the low participation neighbourhood indicator. These are at two levels: first about the definitions to be used, and second about any cross-country comparisons that may be made.

122.  The Index of Multiple Deprivation (IMD) is defined separately for each of the countries of the UK. The definitions have elements in common, but the final index is based on the ranks of the various elements within the specific country, so that the final index is provided as a rank order within that country rather than an absolute value. It is therefore not possible to relate areas in the different countries to each other in terms of their relative deprivation. What is possible is to define an indicator consisting of the most deprived 20 per cent, for example, of the areas in each country – but this runs the risk of including areas from one country in the 'deprived' section which would not be included if they were in another country. An alternative would be to use the income domain of the IMD, as this is defined similarly across the UK and is available without needing to rank the data. However, data for different years have been used in each country, and the comparability will still need to be assessed.

123.   The difficulty with POLAR is of a rather different type. The current methodology defines HE participation rates by area, which naturally differ considerably across the UK. In particular, participation rates in Scotland are very much higher than those in England, so using a national definition of low participation would lead to far fewer areas in Scotland being so classified. In addition, there is concern in Wales that the areas used are so large that many of them are too heterogeneous for such a classification to be useful.

124.   In both these cases, although the definitional problems could be overcome to some extent, the difficulty of comparisons between countries might remain. For example, if the definition ensured that similar proportions of each country were defined as deprived or low participation, it would not be straightforward to explain how the figures for Cardiff, Edinburgh and Manchester would compare.

125.   In spite of these concerns, there is general agreement that an indicator based on postcodes is useful, in particular because it can be defined for all groups of students, whether full-time, part-time, young or mature. We recommend that work on these indicators should continue to see if the problems outlined above can be overcome, and to ensure that both are as robust as possible. Provided that this can be done, we have decided that both postcode indicators should be produced, as complementary to each other.

Parental education indicator

126.   A number of studies have pointed to the importance of parental education in determining whether or not a student goes on to higher education. This information has not been available routinely for all entrants to higher education, although the Scottish Funding Council has been using data collected at matriculation for students at Scottish institutions for the past two or three years. It has now been agreed that the HESA student record will hold this information, initially collected by institutions, but from 2009 entry onwards collected centrally by UCAS. Provided that the data quality can be verified, this would make a useful contribution to the set of performance indicators, and we agree that its development should be pursued.

Parental income

127.   As with parental education, many studies have shown that parental income affects both whether a student goes into HE and his or her performance there. The most appropriate method of obtaining this information is through the Student Loans Company, and work so far suggests that this would provide robust data on which an indicator could be based. We recommend that this work is continued, with a view to publishing a parental income indicator in 2009, based on 2007-08 data.

<u>School quality</u>

128.   The third widening participation indicator proposed was one based on school quality. There is concern about this indicator for a number of reasons. First, it is not certain that a sensible definition covering the whole UK could be produced. Even at a basic level, the examination system in England and Wales is quite different from that in Scotland, so a common definition of levels of attainment would be difficult to obtain.

129.   Second, even if a consistent definition across the UK could be obtained, there are questions about which school details are relevant. The last school attended is the one whose details we use at present for the state school indicator, but the school attended up to age 16 may be more appropriate, if obtainable, in looking at quality based on performance.

130.   Third, there were suggestions that this indicator might lead to perverse behaviour, with institutions targeting low performing schools without regard to whether the students were adequately prepared for HE, for example. While this may not be a major risk, it does need to be borne in mind.

131.   In view of the above, we have decided that this indicator should not be considered at this time.

<u>Job quality</u>

132.   Statistics of the quality of jobs obtained by graduates are already available through the TQI site, and in some of the league tables produced in the press. These are based on the classification into graduate and non-graduate jobs produced by researchers at the Institute of Employment Research at Warwick University. There is some disquiet about using such a categorisation based on employment obtained just six months after graduation, when many graduates are not in the job they perceive as their 'career'. HESA is currently running a longitudinal survey in which one of the aspects that will be looked at is how employment outcomes at 3.5 years after graduation tie in with the results based on the six month survey. If this shows a strong link, then it would justify the use of the data from six months after graduation.

133.   We recommend that work continues to look at the best way of defining an indicator based on job quality, taking into account the results of the longitudinal survey.

**Other proposed indicators**

134.   There were two suggestions for new indicators that were made by all categories of stakeholder.

135.   The first was for indicators of ethnicity and sex. This has been discussed on previous occasions, and statistics have been produced at the sector level. However,

institutional figures are dependent both on the region of the institution and on the subjects available for study at the institution, so statistics at this level have not been produced as performance measures. The review group considered whether we should now look at institutional indicators, but decided that sector figures would provide sufficient information for most of the requirements stated. We have decided that institutional indicators of either sex or ethnicity should not be produced, but we have decided to introduce a new section in the PI publication containing figures for the sector on these areas. The details of this proposal are given below.

136.　The second suggestion was for a measure of 'value-added'. Although this seems a useful concept, no one was able to provide an adequate definition. Some stakeholders commented that such a measure would not be feasible for the HE sector, as both the 'inputs' and the 'outputs' for HE are more complex than those for the school sector where value-added measures are used. Again, the review group considered this carefully, but noted that work carried out some time ago found no easy way of producing a measure of value-added for HEIs. A more recent paper concluded that sophisticated modelling techniques would be necessary to develop any such measure. We therefore have concluded that while value-added might be a suitable subject for a research study, it is not suitable for a performance indicator and should not be attempted.

137.　While we do not propose a measure that would be called 'value-added', it is worth noting that the benchmarks for the non-continuation and employment indicators take into account the entry qualifications of students. They are designed to allow institutions to compare their performance with that of the sector as a whole, given the student entry profile, which is one way of considering the 'value' provided by the institution.

## Sector tables

138.　The current PIs publication contains not only tables of indicators for HEIs in the UK, but also supplementary tables which provide sector-level values for most of these indicators split by entry qualifications and subject of study.

139.　From the comments received, it is clear that many stakeholders are not aware of these supplementary tables. To draw attention to them, it is suggested that they should all be published in a separate section of the PI web-site devoted to sector results. The following paragraphs expand on what we would hope to see in this new section.

140.　In addition to the current supplementary tables and the new tables proposed below, this section could include the sector/country values from each of the institutional tables. We recommend that HESA should put forward a suitable template for this new section, and a proposed timetable for implementation, to the PISG for consideration at its meeting in autumn 2007.

141.   Such tables would not raise any new queries about data robustness, perverse behaviour or suitability. They would satisfy the same criteria as the existing indicators, with the possible exception that being only at the sector level institutions might find them less useful. However, as the main source of information about ethnicity and sex, and with the extra information by subject and entry qualifications, it is hoped that their use by institutions and others would be substantial.

**Ethnicity and sex**

142.   One of the commonest suggestions for change was to split existing indicators, particularly those measuring outcomes, by measures of widening participation, ethnicity, gender or disability. This was suggested both by institutional stakeholders and by others.

143.   We accept that existing indicators split by ethnic group and/or sex would be helpful in many of the equal opportunities discussions that now take place. However, as explained above, we query whether institutional indicators are the right way forward. Sector-level values would provide a sufficient overview of characteristics of the different sub-groups to inform these discussions, and they would be more robust than institutional values as they would be based on larger numbers. We therefore have agreed that sector values by ethnicity and sex should be produced.

144.   Practically, it should be straightforward to introduce sector-level tables split by factors other than subject and entry qualifications. The supplementary tables for the employment indicator already contain details by ethnic group and sex, as the benchmark contains these variables as factors.

**Proposed new tables**

145.   It is therefore proposed that the following new tables be considered for inclusion in this section:

   a.   Non-continuation beyond the first year by ethnic group, for young entrants to full-time first degree courses.
   b.   Non-continuation beyond the first year by ethnic group, for mature entrants to full-time first degree courses.
   c.   Non-continuation beyond the first year by ethnic group, for all entrants to other undergraduate courses.
   d.   Non-continuation beyond the first year by disability, for young entrants to full-time first degree courses.
   e.   Non-continuation beyond the first year by disability, for mature entrants to full-time first degree courses.
   f.   Non-continuation beyond the first year by disability, for all entrants to other undergraduate courses.

g.  Employment outcomes by National Statistics Socio-economic Classification (NS-SEC) groups, for graduates from full-time first degree courses.

h.  Employment outcomes by disability, for graduates from full-time first degree courses.

146.   The actual groupings for ethnicity, disability and socio-economic group should be fairly broad. For ethnicity, it is proposed that a split into White, Black, Asian, other known and unknown should be used. For disability a three-way split is suggested: either not known to be disabled, disabled in receipt of DSA, and disabled not in receipt of DSA; or not known to be disabled, disabled with dyslexia, and disabled with other disability. For socio-economic group, the current split for the widening participation indicator (NS-SEC groups 1 to 3 and groups 4 to 7) should be used.

147.   For the non-continuation rates, the tables should additionally be split by qualifications on entry, to provide some extra context. Again it is proposed that these should be broad groupings, with different groups used for young and mature students. For young students, they could consist of those with A-levels or Highers who have high scores, those with A-levels or Highers who have medium scores, those with A-levels or Highers who have low scores, and those with qualifications other than A-levels or Highers. For mature students we propose just two groups based on those with A-levels or Highers – high scores and low scores, plus those with a previous HE qualification, and those with other qualifications. Note that the categories in this and the previous paragraph are suggestions only, and should be modified if further work suggests that would be appropriate.

## Regional tables

148.   Many of the above tables would be particularly useful if they could be broken down by the region of the institution. However, this might lead to very small numbers in some of the cells on which to base the statistics. Nevertheless, it is recommended that this should be looked at to see whether a country split, at least, or a regional split, would be possible and informative in each case. In addition, regional tables providing figures for ethnic and sex splits by socio-economic group or low participation area should be investigated for inclusion in this section.

## Projected outcomes

149.   When the PIs were first produced, the 'Summary' section of the publication contained a table of projected outcomes based on sector-wide data rather than an average of institutional figures. This was dropped when HESA took over production as it did not seem to be widely used, and indeed created confusion among some stakeholders. It is now clear that some government stakeholders, in particular, found this table of use, and we have decided that it should be re-introduced.

150.   It would be possible to split such a table in a number of ways, for example by ethnicity or by broad groups of entry qualifications or by country of institution, and we propose that these should be considered by the PISG for future implementation.

## Benchmarks

151.   In spite of various specific complaints, most stakeholders found the benchmarks useful. Most felt that they provided the information intended, and were content with the factors taken into account.

152.   There were a number of suggestions that other factors such as ethnic group and disability should be included in the benchmark. On consideration, we feel that the sector tables proposed above will be more useful, and have decided against including any additional factors in the benchmark for current indicators. This does not preclude changing the factors used where indicators are extended to cover other groups of students.

153.   Nor does it mean that the existing factors should not be changed. Indeed, with the proposed changes to the UCAS tariff and to the HESA student record, the groupings used for the existing factors must be revised. Revised entry qualification groupings will be needed when the new record structure takes effect for 2007-08, and we recommend that the changes should take account of both the comments received in the course of this review, and the comments made when the tariff system was first adopted. Many of these concerned the difficulty of selecting students with grade As at A-level, or with specific subjects at high grades, using just the tariff score. The data to be collected under the new system may allow these concerns to be addressed.

## Others

### Presentation

154.   Presentation of the indicators was one area that produced a wide range of unsolicited comments in the consultation. Many stakeholders felt that this was a very important aspect. In particular, they stressed the need for clear definitions and full details of coverage of the indicators.

155.   One presentational aspect that came up a number of times was the lack of a printed version of the publication. In particular it was noted that the current web-based publication does not allow any of the sections to be readily printed. We do not feel that a print copy needs to be produced. However, we recommend that a means of providing a subset of the tables plus the summary section and definitions as a single printable file should be investigated. We note that many web-sites do provide such printable versions as part of their service to users, and think that this would mitigate some of the few adverse comments received.

156.   As part of the consultation process, the Royal Statistical Society (RSS) was asked for its comments on statistical aspects of the PIs, including the benchmarks. The RSS said little about the method of calculating the benchmarks, other than to comment that it would expect the factors for which each PI is adjusted to have been guided empirically on the basis of prior data. However, it did comment on the presentation of the results, and suggested that more prominence should be given to the standard deviations than is generally the case. It also suggested that guidance should be given on comparing two institutions, rather than just on comparing the institution with the sector (through its benchmark).

157.   We recommend that both of these aspects should be considered in more detail, with practical proposals to be put to the PISG in time for the 2008 publication. It is likely that what is required is a separate section explaining how comparisons can be made, and the importance of the standard errors in making these comparisons.

158.   A further presentational aspect mentioned by a number of respondents (including the RSS) concerned relationships between different indicators. In particular it was felt that relationships between the widening participation indicators and the non-continuation and progression indicators should be highlighted. We recommend that ways of doing this should be investigated further.

**Training**

159.   Several times in the course of this review people have suggested that training in the use and interpretation of the PIs, and the associated information, would be helpful. Shortly after the PIs were first published, there was a suggestion that a forum should be set up to discuss and explain the indicators and any background information. The proposal was that the representative bodies, then the Committee of Vice-Chancellors and Principals and the Standing Conference of Principals, should consider how to take this forward.

160.   That proposal was not formally followed up, although a number of informal meetings were held. We suggest that the representative bodies (now Universities UK and GuildHE) should again be asked to look into developing such a forum, and that the funding bodies and HESA should support this, for example by providing speakers for any events organised.

## Decisions from the PISG, May 2007

161.   At the May meeting of the PISG, the recommendations in this report were discussed, and most were accepted without amendment. A summary of the decisions made is given in Annex F.

162.   The group also discussed what work would be required before the decisions could be implemented. Annex F provides a priority rating which covers importance (rated as 1 or 2) and the amount of work necessary (rated A, B or C). Decisions rated A can be implemented immediately as the definitions are already used and there is no issue with data quality; B means that some extra work is needed to ensure institutions can comment on their own indicators, for example, but the principle that the indicator should be produced is not in question; while C means that either more in-depth analysis is required or data quality needs further assessment, or both.

## Future work

163.   In the course of this review, it has become clear that further work is required in some areas. Some of this relates to indicators in category C, while some relates to more general interpretation and presentation of the indicators. The work required is summarised here.

164.   We have proposed (see paragraph 110) that non-continuation rates for part-time students should be produced. However, it is not clear that institutional indicators in this area would be helpful, and work to investigate this further is needed. There are already a number of HEFCE reports looking at progression through the system for different groups of students (for example, HEFCE 2005/02 'PhD research degrees: entry and completion'), and we recommend that a similar study be carried out for part-time undergraduate students. This is already part of the work plan within HEFCE, and it is hoped that the priority of this work can be increased.

165.   If a new indicator of disability based on the self-certified disability variable is to be produced, the robustness of this field will need to be evaluated. HESA is awaiting guidance about the equal opportunities aspects of the coding frame for this field, and we suggest that once this has been received the current data are assessed for suitability in terms of both robustness and the guidelines given.

166.   Work is already in hand to assess the suitability for an indicator of the parental income data from the Student Loans Company. This will continue, as will work on identifying appropriate definitions.

167.   The current definition of a 'graduate job' is causing concern in the sector. If an indicator of job quality seems feasible taking account of the longitudinal DLHE results (see paragraph 133) then this definition will need to be revisited.

168.   Ways of presenting the performance indicators that link the different types of indicator need to be investigated. These may be graphically, through a narrative, or in joint tables, or some combination of these three methods.

**Annex A**

# Terms of reference for the review

1.  The review is expected to result in a report to the PISG, which will subsequently be published. The report will:

a.  Review the First Report recommendations, and see how far these have been implemented.

b.  Re-affirm, or where necessary re-define, the rationale and purpose behind the indicators and benchmarks, taking into account both the changes that have already taken place in HE, and those that are envisaged in the next two years.

c.  Put forward proposals for new principles of working on the PIs, if these are needed.

d.  Explore the impact of transferring responsibility for production of the performance indicators to HESA.

e.  Re-assess the needs of existing stakeholders and how these are being met, and set out a priority list of requirements.

f.  Identify new stakeholders, along with their requirements.

g.  In the light of the above, set out any requirements for further indicators.

h.  Incorporate a regulatory impact assessment of PIs.

i.  Look at the effect on the indicators of the new environment in which HE operates, and whether changes are needed to take this new environment into account.

j.  Set out proposals for future reviews of the PIs.

k.  Put forward proposals for the better communication and dissemination of the indicators.

2.  Note that in carrying out this review the on-going review of the HESA student record needs to be borne in mind.

**Annex B**

# Membership of the PISG and the review sub-group

1.      The Performance Indicators Steering Group was set up in March 1998, with members representing the Department for Education and Employment (now the Department for Education and Skills, DfES), HM Treasury, HESA, the Committee of Vice-Chancellors and Principals (now Universities UK), the Standing Conference of Principals (now GuildHE), the Higher Education Funding Council for England (HEFCE) and the Higher Education Funding Council for Wales (HEFCW). The Scottish Higher Education Funding Council (now the Scottish Funding Council, SFC) originally sent an observer, but subsequently became a full member of the group. The Higher Education Management Statistics group (HEMS) sent an observer. Papers were sent to both the Welsh Office and the Department of Higher and Further Education, Training and Employment in Northern Ireland. Its successor body, the Department for Employment and Learning Northern Ireland (DELNI), is now a full member of the group.

2.      A number of other bodies were later invited to join the group. The National Union of Students (NUS), the Committee of Scottish Higher Education Principals (now Universities Scotland), the Universities and Colleges Admissions Services (UCAS), the Office of Science and Technology (now the Office of Science and Innovation, OSI) and the Department of Health (DH) have all been members since the end of 1999. More recently, the Scottish Executive, the Welsh Assembly and the Training and Development Agency for Schools (TDA) have been invited to join.

3.      The following are the current members of the steering group.

**Chairman**
John Selby, Director of Widening Participation, HEFCE

| Members | Representing |
| --- | --- |
| Simin Abrahams | Universities Scotland |
| Alice Hynes | GuildHE |
| Carole Barrington | HESA |
| Catherine Benfield | HESA |
| Allan Nesbitt | DELNI |
| Stephen Cook | DfES |
| Helen Limbert | DH |
| John Duffy | SFC |
| Martin Furner | TDA |
| Frances Good | HEFCW |
| Frank Gribben | Universities Scotland |
| Glyn Jones | Welsh Assembly |

| | |
|---|---|
| Sue Deeley | UCAS |
| Ian Mitchell | DfES |
| Gerhard Mohrs | Scottish Executive |
| Sofija Opacic | NUS |
| Jovan Luzajic | Universities UK |
| Robin Sibson | HESA |
| Miles Gray (Observer) | HM Treasury |
| Greg Boone | DfES |
| (vacant) | OSI |
| Judy Akinbolu (Secretary) | HEFCE |

4.      A sub-group of PISG was set up to oversee this review. The sub-group members were:

John Selby (Chairman)
Carole Barrington
Stephen Cook
John Duffy
Frances Good
Frank Gribben
Jovan Luzajic
Judy Akinbolu

# Respondents to the review consultation

## Institutions of higher education

### England

Anglia Ruskin University

Aston University

University of Bath

University of Bedfordshire

University of Birmingham

Bishop Grosseteste University College, Lincoln

University of Bolton

Arts Institute at Bournemouth

Bournemouth University

University of Bradford

University of Brighton

University of Bristol

Buckinghamshire Chilterns University College

University of Cambridge

Canterbury Christ Church University

University of Central England in Birmingham

University of Central Lancashire

City University, London

Coventry University

Dartington College of Arts

University of Derby

University of East Anglia

University of East London

Edge Hill University

Institute of Education

University of Essex

University of Exeter

University of Greenwich

University of Hertfordshire

University of Huddersfield

University of Hull

Imperial College London

Keele University

King's College London

Kingston University

Lancaster University

University of Leeds

University of Lincoln
University of Liverpool
University of the Arts London
London School of Economics and Political Science
Loughborough University
University of Manchester
Manchester Metropolitan University
University of Northampton
University of Northumbria at Newcastle
University of Nottingham
Open University
University of Oxford
University of Plymouth
University of Portsmouth
Queen Mary, University of London
University of Reading
Royal Academy of Music
St George's Hospital Medical School
St Martin's College
University of Sheffield
Southampton Solent University
Staffordshire University
University of Sunderland
University of Surrey
University of Sussex
University of Teesside
Trinity Laban
University College London
University of Warwick
University of Westminster
University of Wolverhampton
University of Worcester
York St John University

**Wales**
University of Glamorgan
University of Wales, Aberystwyth
Cardiff University
University of Wales Institute, Cardiff
University of Wales, Newport

**Scotland**

University of Aberdeen
University of Abertay Dundee
Bell College
University of Edinburgh
University of Glasgow
Glasgow Caledonian University
Heriot-Watt University
Napier University
University of Paisley
Robert Gordon University
Royal Scottish Academy of Music and Drama
University of St Andrews
University of Stirling
University of Strathclyde

**Northern Ireland**

Queen's University Belfast

## Other responses

**Other bodies**

| | |
|---|---|
| Gareth Watt | Information Officer, Action on Access |
| Geoff Fletcher | Policy Analyst, Advantage West Midlands |
| Pat Ramsey | Aimhigher East of England |
| Sue Hatt | Regional manager, Aimhigher South West |
| Margaret Dane | Chief Executive, AGCAS |
| Alison Brown | DELNI |
| Erica Halvorsen | Deputy Chief Executive, Equality Challenge Unit |
| Tom Letcher | Data Analyst, Evidence Ltd |
| Sam Freedman | Head of Research, Independent Schools Council |
| Kath Dentith | Assistant Director, Quality Assurance Agency |
| Andrew Garratt | Royal Statistical Society |
| David Dickinson | Association of Managers of Student Services in HE |
| James Turner | The Sutton Trust |
| Natalie Poyser | Universities Scotland |
| Glyn Jones | Statistician, Welsh Assembly Government |

**Individual responses**

| | |
|---|---|
| David Grieve | Deputy Head, School of Engineering, Plymouth University |
| David Penn | Shewell & Penn Consulting Ltd |
| Geoff Pugh | Professor of Applied Economics, Staffordshire University |

**Annex D**

# Responses to the consultation

1.      In total there were 109 formal responses to this consultation, 91 from HEIs and 18 from others. This annex summarises the responses received from institutions and from others.

2.      The questionnaire consisted of a number of pre-coded questions, with open-ended questions asking for more information or general comments. Not all respondents used the questionnaire, and those that used it did not necessarily respond to all the questions. Most of the HEIs used the questionnaire, and completed most of the questions, so these responses have been summarised numerically. The other respondents in general either used only a small part of the questionnaire or provided a narrative response, so responses from this group have been dealt with rather differently.

3.      The open questions asked for further information where a respondent had expressed a wish to amend an existing indicator, or disagreed with a suggested proposal. Responses to these questions therefore tended to concentrate on areas where change was felt necessary, and so were more negative than the pre-coded responses.

## Summary of institutional responses

### Number and type of HEIs responding

4.      There were 91 responses from HEIs to this consultation, about 55 per cent of the total number in the UK, from a range of types of institution and different parts of the UK. Of these responses, 71 were from institutions in England (including the Open University), 14 from Scotland, five from Wales, and one from Northern Ireland. Also, 42 were from pre-1992 universities and 49 from post-1992 universities and HE colleges (including seven from specialist arts or music colleges). The response rates varied from 88 per cent among pre-1992 universities in Scotland to 36 per cent for HE colleges in England. In spite of this, the small numbers involved mean that most response rates are not significantly different from the overall rate, the exception being that for pre-1992 universities in Scotland which is significantly higher than the average.

5.      The country and/or institution type splits have only been mentioned where they have produced notable differences in responses.

### Use of indicators

6.      Nearly all institutions (87) said they made some use of the PIs. The three possible uses suggested in the questionnaire, not mutually exclusive, were 'to compare your institution with other institutions in the region'; 'to compare your institution with other similar institutions'; and 'as part of your internal management processes'. More

respondents, 93 per cent, said they compared themselves with similar institutions than chose the other options, particularly among pre-1992 HEIs. However, three-quarters said they compared themselves with others in their region, and 90 per cent mentioned internal management.

7.      Under each indicator, institutions were asked for more specific uses. In general, the number of responses here was small, but among those who did reply seven (mainly pre-1992 universities) specifically mentioned monitoring for their Access Agreements; and there were other mentions (in about 40 responses) of using PIs in strategic planning or for widening participation or retention strategies. Other aspects mentioned that do not come under the broad general categories provided were use for data quality improvement, and for marketing and/or recruitment (mainly but not exclusively using the employment PI). More details of internal management use were also provided, with mention of producing annual reports based on the PIs as well as various monitoring arrangements. It was suggested by a number of people that it would be helpful to have more of this information at a more detailed subject level to help institutions who want to monitor at the department or faculty level.

**Current indicators**

8.      For each indicator, institutions were provided with pre-coded responses – how useful they were, on a scale of 1 to 5, and should they be retained or amended – and space for comments or to provide details of suggested amendments. The pre-coded responses are summarised below, with condensed versions of any comments. While not all responses included answers to all the questions, there were about 80 to 85 responses to each part on usefulness, and slightly fewer, 75 to 80, on the retain/amend question.

State schools

9.      Fifty-five per cent of respondents found this indicator useful or very useful, while most of the rest rated it at the middle of the scale. Sixty-two per cent thought it should be retained, while 31 per cent wanted it amended in some way.

10.     Three respondents specifically said they would like this indicator dropped, while a further eight respondents implied that it could be dropped. In four cases, this was because the value for their institution was so high that it gave them no useful information, and two respondents felt it was not relevant to their institutions.

11.     Most of those suggesting amendments either wanted a finer split than the existing state/non-state, for example to allow for selective state schools and city academies, or preferred an indicator based on school characteristics such as whether the school was in a deprived area. One Scottish institution felt it should take account of articulation

arrangements with local FE colleges, and an English institution suggested its arrangements with local schools should be allowed for.

Social class

12.    Seventy per cent of respondents rated this indicator as useful or very useful. Seventy-two per cent wanted it retained, the remainder suggested some amendments might be needed.

13.    The main comments on this indicator concerned the quality of the data. The fact that descriptions of parents' occupation might be poor, and that coding such descriptions might vary between coders, was highlighted by 12 respondents. It was also noted that the percentage of unknowns appeared to be rising. However, no respondents expressed a desire to drop this indicator, although two suggested that it might be possible to replace it with an alternative. One of these felt that the percentage of students from families in receipt of free school meals could be used, and the other that it could be replaced by one based on income deprivation, using either the Index of Multiple Deprivation (IMD) or the Education Maintenance Allowance.

Low participation neighbourhoods

14.    Seventy per cent of respondents thought the low participation neighbourhood indicator for young full-time entrants was useful or very useful, dropping to 60 per cent for the equivalent indicator for mature and part-time entrants. Respondents from post-1992 universities were more likely to find these indicators useful than those from pre-1992 universities.

15.    About half of the respondents suggested the need for amendments to the indicators, mostly reinforcing the need for the proposed replacement 'postcode' indicator. There were also requests for the methodology to be more transparent, so that institutions could re-create the relevant areas for themselves.

16.    A few concerns were voiced about the area types used, with suggestions that rural and coastal areas, for example, might need to be separated out; and stating that because it was 'easy' to find someone living in the 'wrong' postcode the method lacked credibility.

17.    For mature and part-time entrants, this indicator also takes account of previous HE qualifications. Three respondents commented on this. Two felt that it mis-represented the number of WP students, and that the 'no previous HE' criterion should be dropped. The other thought an indicator just based on no previous HE would be preferable to one based on the area measure.

Disability

18.    Fifty-eight per cent of respondents to the questions on the disability indicator felt that it was useful or very useful. This proportion was slightly lower for pre-1992 universities.

19.    Sixty-seven per cent felt that the indicator should be retained as at present, the rest suggesting various amendments. By far the commonest amendment proposed was to use the disability self-certification field on the HESA record (DISABLE) either instead of, or in conjunction with, the current method which is based on students that receive the Disabled Students' Allowance. Again this was more of an issue for post-1992 than for pre-1992 universities.

20.    A few respondents were worried by the exclusion of part-time students studying less than 50 per cent of the time, and thought the indicator should be extended to cover them. In addition, one or two thought an extension to cover postgraduate taught courses would be useful.

Non-continuation from first year

21.    This indicator, like the widening participation indicators, was generally found to be useful, with 72 per cent saying it was either useful or very useful. Respondents from small institutions were less sure of its usefulness.

22.    Sixty-nine per cent wanted to retain this indicator compared with 31 per cent wanting to amend it. Most of the amendments suggested were put forward by just one or two respondents, although several responses asked for the coverage to be extended to part-time entrants, or for the 'other undergraduate' section to be split to allow results for foundation degree students to be seen separately.

23.    Five respondents suggested that it would be helpful to take account of the reason a student left, either by splitting the non-continuation rate by reason for leaving, or by including this in the benchmarks. In addition, four respondents suggested splitting the indicator by traditional/non-traditional or WP/other students.

24.    Two people commented that it was helpful that transfers to other institutions were dealt with separately; three others felt that the TQI results were more informative.

25.    Two institutions commented that it would be helpful if the difference between students entering at level 1 and those entering at level 2 or above could be taken into account in some way.

Return after year out

26.    On the scale 1 to 5 of how useful the indicator was, this was rated 1 or 2 by about one-third of respondents, 3 by a third, and 4 or 5 by a third. There were differences between the types of institution, with post-1992 universities finding it more useful and pre-1992 universities less so. A few people suggested dropping it because the numbers involved were so small. However, 77 per cent were in favour of retaining it without change.

27.    There were very few comments on this measure. Three respondents suggested that including benchmarks with it would be helpful.

Projected outcomes

28.    This indicator produced quite polarised outcomes. Forty-two per cent found it useful or very useful and 28 per cent rated it at the middle of the scale. Fifty-four per cent said it should be retained in its present form and 44 per cent that it should be amended. Two respondents suggested dropping it, and others felt it was too complex to be useful.

29.    Twelve respondents suggested using cohort analysis for actual outcomes, either in addition to this indicator or instead of it.

30.    A number of comments were made about the assumptions behind the indicator, suggesting that these made it unsuitable. The comments included:

- it was too biased towards the traditional three year full-time degree
- more allowance should be made for 'lifelong learning', or for the four year degree course in Scotland
- articulation with FE colleges should be taken into account
- intercalation of degree courses needed to be allowed for.

Research

31.    These indicators were generally felt to be the least useful. The questions concerning them also tended to be the ones with fewest responses.

32.    About a quarter of respondents rated them as useful or very useful, and a third rated them in the middle category. These percentages were similar for pre-1992 universities and others, although pre-1992 universities rated the indicators based on academic staff costs more highly, while other universities rated the ones based on research funding more highly. About two-thirds of respondents felt that the indicators should be retained as at present, and about half of the remaining respondents, nearly all from pre-1992 universities, suggested they should be dropped altogether.

33.    Seven respondents, five pre-1992 and two post-1992 universities, suggested that the academic staff costs in the first two indicators should be replaced by academic staff FTEs. A few of these said that their internal indicators were based on such values. It was also proposed by a few that all qualifying postgraduate research students, and not just PhD qualifiers, should be included as an output. A further suggestion was to replace funding council funding for research by total research funding from all sources. Also, because income from research grants and contracts varies year on year, it was proposed that a three year average should be used rather than the current year figure only.

34.    There were five comments on the need for these indicators, or at least some of them, to be provided by the subject categories of the Joint Academic Coding System (JACS). Two of these also commented on how difficult it was to match JACS and the cost centres.

35.    Two respondents felt there was a need for benchmarks to be attached to these indicators. One of them suggested sector quartiles should be produced to act as benchmarks.

Employment

36.    The employment indicator was rated useful or very useful by 52 per cent of respondents. However, this varied by type of institution, with pre-1992 universities rating it much less useful than other types. Forty per cent thought it should be kept unchanged, while 60 per cent thought it should be amended.

37.    By far the most frequent amendment suggested was to move the DLHE survey from six months after graduation to 18-24 months after. Twenty-eight respondents made this comment, including five who suggested combining the results from the longitudinal DLHE with the six month survey to provide an indicator.

38.    Ten respondents felt that using a job quality indicator would be preferable to the current indicator, although there were also two who were very opposed to this, particularly if it used results from the current six month DLHE survey. It was pointed out that some of the press league tables already used such a measure, and two respondents felt that they would rather HESA developed such indicators than the media. Two others suggested that there was a need to update the definition of a graduate job.

39.    Other comments on this indicator included:

- it should be extended to groups other than full-time home degree students (for example, part-time, postgraduate, and EU students)
- the regional/local employment situation should be taken into account

- employment and study should be split and considered separately.

**Proposed indicators**

Student's background

40.     Three new indicators about the student's background were proposed: one on parental income, one on parental education, and one on the quality of the school the student attended.

41.     Overall, 61 per cent of respondents thought that the parental education indicator would be useful, while just under half of respondents thought that the other two would be useful.

42.     Among those who thought these proposed indicators would be useful, 10 sounded cautionary notes about the quality of the data, and how the indicators could be used. Many felt that none of the three would be applicable to mature students, so could not have the desired aim of enabling comparison between young and mature. In addition, it was pointed out that there were potential flaws in all the data sources, in that none of them would necessarily be complete. Three commented that although they agreed with the proposals in principle, they would need to ensure the data quality for their own students before endorsing them unreservedly.

Replacement 'postcode' indicator

43.     Two options were put forward for the replacement for the current low participation neighbourhood indicator. Respondents were asked to say whether they preferred either one of these indicators, or both of them, or neither. Just over half of those responding to this question thought that producing two indicators would be helpful. Of those who thought just one indicator was needed, two-thirds preferred the indicator based on IMD, the remaining third preferred the POLAR-based indicator.

44.     Both of these responses varied by type of institution and by country of institution. None of the responses from Scottish or Welsh institutions preferred POLAR on its own, although six of them would be happy with both indicators. Nearly half of the English institutions opting for just one indicator preferred POLAR. The post-1992 universities were more in favour of having two replacement indicators than the other institutions.

Job quality

45.     The proposal to use a measure of job quality, rather than just employment, as the basis for an indicator was thought to be useful by 43 per cent of respondents. However, two of these qualified their response by noting that this assumed the survey would be changed to take place at a later stage. Eight answered that a job quality indicator would not be useful, unless the survey took place more than six months after graduation.

46.     Two respondents suggested that an even longer-term view of employment prospects would be useful, suggesting we look at employment after 5-0 years.

**Other comments and suggestions**

47.     Eight respondents commented that the indicators should be kept 'concise' and 'meaningful', although two felt that there was no need to limit the number produced. Several respondents said that in considering proposed indicators we should ensure continuity, as they use them in time series. There were also a few comments expressing concern about the possible burden of the proposed indicators.

48.     Some respondents commented that there was too much focus on 'traditional' undergraduate students, and suggested that existing indicators should take more account of those with vocational qualifications, part-time students, and others felt to be 'non-traditional'.

49.     Many institutions put forward suggestions for other indicators. Some of these were completely new, while others suggested new ways of looking at existing indicators.

50.     The commonest request, from 10 respondents, was for a measure of 'value-added'. One respondent commented that a value-added indicator would be hard to achieve for universities because of the diverse nature of their entry qualifications and the variations in degree outcomes.

51.     Seven respondents wanted 'third stream' indicators to be considered.

52.     Indicators either taking account of, or about, gender and ethnicity were also mentioned. Thirteen respondents said an indicator of ethnicity would be useful, and another four wanted indicators split by gender and ethnic group. It was noted that the new duty under the Race Relations (Amendment) Act for institutions to monitor ethnicity would make such indicators very helpful.

53.     Seven respondents asked for 'outcome' indicators, for example employment and retention rates, to be split by the various widening participation categories, or by ethnicity or gender. There were also requests for subject splits for some of the indicators.

54.     The need for separate indicators for students on foundation degrees was mentioned by six respondents, and one or two suggested splitting existing indicators so that foundation degree students could be identified. It was felt that with the increasing importance of such degrees, this would be useful.

55. Most of the other suggestions came from just one or two respondents. These included:

- an indicator concerning applications
- an indicator on staff characteristics
- an indicator on how 'local' an institution was.

**Benchmarks**

56. As with the other questions, there was a section with pre-coded responses, followed by space for comments.

57. Over 80 per cent of respondents thought that the benchmarks were helpful or very helpful. Three-quarters thought that they provided the sort of information that was intended, and over 60 per cent were content with the factors, and their groupings, currently used. However, more than half of those who responded to this question felt that using the extra information from more detailed entry qualification data would be helpful.

58. Comments on the benchmarks covered a wide range of areas, and were often contradictory. The location-adjusted benchmark was mentioned by 10 respondents, two of whom felt it should be excluded completely, and two that it should be the only benchmark used. Two Scottish institutions suggested it should be extended to cover them, particularly if it could be based on regions smaller than country. One English institution also mentioned that the use of areas smaller than regions would improve this benchmark. A few suggested that it should be extended to other indicators.

59. While there was no overwhelming evidence that the tariff categories, in particular, were causing concern, there were a number of comments about this aspect. Again these tended to be contradictory, from those who felt the tariff was too crude to use at all, to those who wanted it to cover all qualifications and be the only way in which entry qualifications were categorised. There seemed to be particular concern in Scotland that some of their qualifications were not included in the tariff when equivalent English ones were: for example HNC/HND in Scotland against BTEC in England was mentioned, as were the Standard and Intermediate Scottish Highers. Concerns were also raised that non-traditional students were discriminated against by the groupings used.

60. A number of respondents suggested that benchmarks should include some WP or other social factors, for example ethnicity, gender and social class, as well as disability type and age in the disability indicator.

61. Other suggestions for inclusion in the benchmarks were:

- subject-grade combinations on entry
- number of qualifications on entry (for example 4 A-levels)
- more detail about age on entry, particularly for Scotland (it was pointed out that entrants in Scotland may be younger than those in England)
- year of study on entry to degree
- size of institution.

62.     There were a number of comments on the methodology used. Some of these suggested that a simpler method would be useful. Others suggested that the ratio of indicator to benchmark should be published, instead of showing the two values separately, to ensure that users of the indicators take note of the benchmark as well as the indicator.

**Transfer of PIs to HESA**

63.     Nearly all respondents were happy with the move to HESA. About a fifth said that their perception of the PIs had changed, but in most cases this was positively, for example in noting earlier access to their own indicators, and in being able to check some of them before data submission.

64.     Question 19 was about the use made of the extra details provided by HESA to help institutions. Nearly half of respondents said they used this information, while a quarter said they did not know about it.

65.     A number of respondents mentioned other data they would like to see provided. Data at sector level and data at course level once the new student record is introduced were two suggestions, as was information about transfers.

66.     There were also requests for the data to be provided automatically (rather than on request as at present); for all the indicators, not just some of them, to be provided in the check documents together with notional benchmarks; for a detailed description of the algorithms used; and for a narrative of the possible causes of change. One respondent suggested training events to help institutions use the data more effectively.

**Other comments**

67.     There were a variety of comments about issues such as presentation, clarity, timing and data burden.

68.     Under presentation, quite a few commented that a printed version of the indicators would be helpful. Apart from that, there was concern that the media showed no understanding of the indicators and benchmarks, and better presentation could help to get round this.

69.     Some respondents noted that the time taken to publication, while an improvement on previous years, still meant the indicators were very out of date. They felt that earlier publication would be helpful, even if this meant that the employment indicators had to be published separately at a later stage.

70.     There were some comments about the data burden. Most were more concerned with the burden of the proposed indicators, but three were worried about the current burden. There was a suggestion that much of the information on the HESA record was unnecessary and could be dropped.

## Summary of non-institutional responses

71.     There were 15 responses from non-HEI bodies, many of which concentrated on a single indicator or group of indicators. Nevertheless, the responses showed some common themes, which are drawn out here.

72.     Four of the responding bodies are involved with widening participation in the sector, and mainly commented on the WP indicators generally or on specific WP indicators. In addition, one commented only on the state school indicator. Two of these bodies made comments on relating WP to the other indicators.

73.     Two bodies commented just on the employment indicators. One body was only concerned about entrants to HE from access course; and one commented only on the research PIs.

74.     The Royal Statistical Society was specifically asked to comment on statistical aspects relevant to the indicators. In this regard, it covered most of the indicators currently published, as well as commenting on some of the proposals.

75.     The remaining responses all covered most of the indicators.

### General comments

76.     Four responses mentioned aspects of presentation. One of these suggested that a hard copy version of the indicators would be more useful than the web only version, and that indicators for each institution should be brought together, for example by having one page for each institution.

77.     The remaining three each suggested that more should be done to present the indicators and benchmarks in a way that would encourage the media to interpret them more intelligently. The headlines emphasising the 0.2 per cent decrease in the state school indicator were cited as a recent bad example, suggesting figures should only be published to the nearest whole percentage point.

78.    Two responses mentioned timing: while pleased that publication had been brought forward since HESA took over, both felt that even earlier publication should be considered. They noted that publication in July meant that figures were being published at the end of one academic year relating to the previous academic year, for widening participation indicators, and two years previously for non-continuation rates. They recognised that this would mean publishing the employment indicator separately, but suggested that this should at least be considered by the PISG.

**Widening participation indicators**

79.    Four respondents commented on the state school indicator, while DELNI pointed out that it was not relevant in Northern Ireland. Three of the four wanted a finer split than the current state/independent school, either by type such as grammar, or by school quality. The fourth suggested scrapping this indicator completely.

80.    Only two commented on the current NS-SEC indicator. One felt that the process for determining social class was too subjective, and that students did not always supply sufficient details to allow occupation to be coded accurately enough for this purpose. The other pointed out that the underlying population figures were not supplied, but were essential in order to interpret the results properly. It was also suggested that if possible this indicator should be extended to part-time and mature students.

81.    Eight respondents commented on the postcode indicator, either the existing one or those proposed. Three accepted the idea of both IMD and POLAR methodologies being used for indicators, four felt that just the IMD method should be used, and one that just POLAR should be used. One respondent thought that the IMD indicator could replace the NS-SEC indicator as well as the low participation neighbourhood indicator.

82.    Other suggestions were that the neighbourhood types used should be more readily available, and one felt that they should be updated more often.

83.    Four commented on the disability indicator. All felt that we should use the DISABLE field instead of DISALL, which they felt significantly under-counted the numbers of disabled students. There was also some concern at the fact that we omit those who are part-time studying less than 50 per cent of the time.

**Non-continuation**

84.    Only six of these responses mentioned the non-continuation indicators.

85.    Three respondents suggested that these indicators should be split, at least at the sector or regional level, by factors such as socio-economic background, school type, disability, ethnicity and gender.

86.    There was a suggestion that the sector figures for projected outcomes, which treat transfers to another institution as continuing within the sector and so provide just three outcomes, should be re-introduced. (These were published until the transfer to HESA.)

87.    Two other suggestions were that the non-continuation indicators should take into account movement from an HEI to study at HE level in an FEC; and that the module pass rate indicator should be extended to all institutions once information on modules became available on the new HESA record for 2007-08.

88.    Two respondents felt that the projected outcomes indicator was not helpful, and should be scrapped.

**Employment**
89.    Eight respondents commented on this indicator. Most felt that a survey at six months was too soon to obtain realistic information about graduate destinations. They suggested that the situation had changed in recent years, making this timescale much less helpful than it had been in the past.

90.    The 80 per cent target response rate was mentioned as an unnecessary burden on institutions, and it was suggested that it could readily be dropped to about 60 per cent without affecting the results adversely.

91.    Three respondents suggested that the indicator should be split by the categories suggested above for the non-continuation indicator, namely socio-economic background, disability, ethnicity and gender.

92.    There was one suggestion to rename it as the First Destination PI, as it is not only concerned with employment.

93.    Two respondents mentioned the possibility of producing a new indicator for work-based/distance learners, or employer engagement.

**Research**
94.    There were three responses here, one in considerable detail.

95.    There was a general feeling that research quality was missing from this suite of indicators. One respondent suggested that the current indicators were actually misleading, one felt they were too narrow, and the third suggested ways of making them more meaningful.

96. There was also a suggestion that the balance and diversity by subject area (science/social science/humanities) within an institution should be measured, to provide some context.

**Proposed indicators**

97. Eight responses mentioned the proposed new indicators. All accepted the proposals for an indicator of parental education, seven were happy with the proposal for an indicator of parental income, six accepted the proposal for the indicator based on school quality. The postcode indicator responses are given above, in paragraph 81.

98. The job quality indicator was not mentioned as frequently. However, most of those mentioning it did accept that such an indicator would be useful; several added the caveat that a survey much later than six months after graduation would be more helpful.

99. Three respondents suggested that new indicators of ethnicity or gender should be introduced – this was in addition to the suggested sector breakdown for the outcomes indicators.

**Benchmarks**

100. Some respondents felt that more detail was needed in the entry qualification categories than was currently available. In particular, it was suggested that we should split foundation course and access course entry qualifications into two groups, rather than one; and that more details of previous HE level might be helpful.

## Response from Royal Statistical Society

101. Where the responses from the Royal Statistical Society fit with the paragraphs above, they have been included there. But many of its comments were more specialised, and in particular it commented on issues of data collection and quality, and on the presentation of statistical data.

102. The statistical underpinnings of the indicators were noted in passing, in particular that the benchmark was a weighted average of the values across the sector with weighting designed to take account of important cofactors, and that a shrinkage-based standard deviation was computed to measure the disparity between the indicator and its benchmark.

103. On data issues, the society was critical of the way some of the questions in the consultation were phrased, as they suggested that no analytical approach had been taken to choice of indicators or co-factors (for benchmarks). It also noted that the requirements for data need to be considered both in terms of whether it is ethical to ask for the information (such as parental education) and in terms of the costs and benefits (for example is the cost of carrying out the DLHE survey worthwhile).

104.   A further suggestion was that the relationship between different indicators, in particular between those of widening participation and non-continuation, should be analysed, as there was a danger that the two sets of indicators could lead to contrary objectives if they were treated separately.

105.   This response also touched on some presentational issues. In particular it was felt that more emphasis should be given to the standard deviations, and guidance given on how to compare not just an institution with the sector value (benchmark) but also two institutions.

## Responses from individuals

106.   In addition to the responses from various bodies, three individuals provided responses. One of these suggested that all indicators should be scrapped; while the other two provided papers about the widening participation indicators. Also, one institution submitted a paper on WP indicators prepared by two of its staff; and two or three institutions referred to a report by the Committee of University Chairmen (CUC) on the use of PIs in monitoring institutional performance. The main points of these papers are summarised here. We are grateful to the contributors for supplying them.

107.   The CUC report was published in November 2006, and is designed to guide governors of HEIs in using a variety of performance measures. These include some of the indicators produced by the PISG, as well as information from other sources. It is hoped that the recommendations in this review will provide further information of use to governors.
(The report is on the CUC web-site at www.shef.ac.uk/cuc under Publications.)

108.   Three respondents provided papers they had written about widening participation indicators. Two were specifically about a replacement for the postcode indicator, written for this consultation, while the third was a published paper, 'Performance indicators and widening participation in UK higher education', published in January 2005 in the Higher Education Quarterly.

109.   The first paper considered HE participation rates and rates of deprivation as measured by the IMD. It showed that super output areas with high levels of deprivation have low participation rates, while those that are not so deprived tended to have higher rates of participation in HE. However, the study also found that the socio-economic classification of students from areas with different levels of deprivation was very variable, with all areas containing people from all NS-SEC groups.

110.   The second paper about the 'postcode' indicator suggested that the Office of National Statistics census-based national classification of output areas could be used to

split the country into appropriate area units. The participation rates for these areas could then be used to classify them as low participation or not. The classification is similar in concept to the classification from Super Profiles currently used, but was not developed for a specific marketing purpose and is not commercial.

111.   The third paper explained the background to the widening participation indicators, and the advantages and disadvantages of such indicators generally. It noted that for all the perceived difficulties of any measure relating to HEIs to be addressed, applications, acceptances, retention, completion and employment should all be monitored. It recommended that the potential polarising effects of widening participation should be investigated, and that retention, completion and employment data should be provided for various under-represented groups.

**Other papers**

112.   In considering the proposals for a measure of 'value-added', we noted two articles from Timothy Rogers. One was published in Quality Assurance in Education, volume 13, 2005, entitled 'Measuring value-added in higher education', and the other in Education Economics volume 15 in March 2007, entitled 'Measuring value-added in higher education: a proposed methodology for developing a performance indicator based on the economic value added to graduates'. In both, the author concluded that it would not be possible to produce a simple measure of value-added for HE, and that any such measure would need to be based on a complex methodology. In the more recent paper, he put forward a suggested value-added performance indicator which combined expected degree classification based on student characteristics, graduate premiums based on degree classification and course characteristics, and the actual degree classifications obtained.

**Annex E**

# Summary of indicators proposed in the First Report

Tables 1-5 below list the performance indicators proposed in this report. Under the heading 'aggregation', we show the sub-groups for which the indicator will be calculated. For example, the first indicator in Table 1 has 'institution x level', because for each institution the participation is calculated for degree, sub-degree and all undergraduate young full-time students. The number of indicators is given as 3. Note that this includes the 'total' represented by 'all undergraduates'.

**Table 1 Institutional learning and teaching indicators**

| Indicator | Aggregation | Number of indicators | Context statistics |
|---|---|---|---|
| Participation of young full-time (FT) students from Social Classes IIIm to V | Institution x level | 3 per institution | Adjusted sector benchmarks. |
| Participation of young FT students from less affluent neighbourhoods | Institution x level | 3 per institution | |
| Participation of young FT students from state schools | Institution x level | 3 per institution | Number of comparison institutions in adjusted sector. |
| Participation of students without HE qualifications | Institution x mode x level (for FT) x age (for part-time, PT) | 5 per institution | Proportion of institution's students in adjusted sector. |
| Participation of students without HE qualifications from less affluent neighbourhoods | Institution x mode x level (for FT) x age (for PT) | 5 per institution | |

**Table 1 Institutional learning and teaching indicators (continued)**

| Indicator | Aggregation | Number of indicators | Context statistics |
|---|---|---|---|
| Progression of FT first degree entrants to second year of study | Institution x age x socio-educational grouping | 7 per institution | As above. |
| Resumption of studies of FT first degree entrants after a year of inactivity | Institution x age | 3 per institution | None. |
| Learning outcomes of FT first degree students | Institution | 1 per institution | Adjusted sector benchmarks. |
| Learning efficiency of FT first degree students | Institution | 1 per institution | |
| Module completion for PT undergraduate students | Institution x level | 5 per institution | Number of students with module results. Number of modules per student. FTE per module. |
| Qualifiers seeking employment | Institution x level x sex x age x socio-educational grouping | 28 per institution | Adjusted sector benchmarks. |

**Table 2 Sector learning and teaching indicators**

| Indicator | Aggregation | Number of indicators | Context statistics set |
|---|---|---|---|
| Participation of young people in HE by neighbourhood type | Region x sex | 33 | None. |
| Progression of FT first degree entrants to second year of study | Age x socio-educational grouping | 7 | None. |
| Resumption of studies of FT first degree entrants after a year of inactivity | Age | 3 | None. |
| Learning outcomes of FT first degree students | Entry qualifications | to be decided | None. |
| Learning efficiency of FT first degree students | Sector | 1 | None. |
| Cost per graduate | Course length x subject group | 16 | None. |
| Qualifiers seeking employment | Level x sex x age x socio-educational grouping | 28 | 3 |

**Table 3 Institutional research indicators**

| Indicator | Aggregation | Number of indicators | Context statistics set |
|---|---|---|---|
| RAE quality rating | Subject | 69 * per institution | FTE staff submitted |
| Share of PhDs awarded per share of academic staff costs | Cost centre | 1 per institution | Number of research-active cost centres. Percentage funds for research. Difference between institutional and sector input profile. |
| Share of research contracts per share of academic staff costs | Cost centre | 1 per institution | |
| Share of PhDs awarded per share of notional funding allocation | Cost centre | 1 per institution | |
| Share of research contracts per share of notional funding allocation | Cost centre | 1 per institution | |

* In theory institutions could have more than this, since they are able to make more than one submission to an area of assessment.

**Table 4 Sector research indicators**

| Indicator | Aggregation | Number of indicators | Context statistics set |
|---|---|---|---|
| Academic staff in RAE submissions rated 5 or 5* | Sector | 1 | None. |
| Average RAE grade | Sector | 1 | None. |
| Number of research PhDs awarded per £1 million public funds for research | Cost centre | 1 | None. |
| Value of private research income per £1 million public funds for research | Cost centre | 1 | None. |
| HEI publications and citations | Subject groups | 42* | |

\* The exact number will depend on the subject groupings or fields of research. This assumes that there are 20 fields of research (plus one overall set of figures), with one indicator based on publications and one on citations.

**Table 5 Sector wealth-generation indicators**

| Indicator | Aggregation | Number of indicators | Context statistics set |
|---|---|---|---|
| Value of research projects commissioned by industry | Sector | 1 | Number of projects or companies. |
| Value of research projects in collaboration with industry | Sector | 1 | |
| Value of consultancy projects commissioned by industry | Sector | 1 | |
| Turnover of higher education companies commercially exploiting research results | Sector | 1 | |
| Income from licences/options (not software) for HE institutions and companies | Sector | 1 | None. |
| Income from software for HE institutions and companies | Sector | 1 | None. |

**Annex F**

# Decisions made by the PISG

The decisions made by PISG are listed here. Further details are in the main report.

Each change to an indicator, or new indicator, agreed has been given a priority level. These are based on how quickly the changes could be implemented or the new indicators introduced, and how important they are felt to be.

Some of the suggestions for new or amended indicators could be implemented fairly easily, and so could be included in the indicators to be published in 2008, based on 2006-07 data. In general these will be extensions or modifications to existing indicators where there is no difficulty with data quality. Such indicators are in category A.

Other recommendations will be relatively straightforward to implement, possibly based on existing indicators but extended to a new area of the population, or based on research that has been carried out but not made operational. In such cases it may be advisable to postpone their introduction until the 2009 publication, giving institutions a preview of their own results in 2008, to allow comments to be taken into account and possible modifications made. These will be category B indicators.

The remaining proposals will be category C, where work is still required or data quality needs to be improved before implementation. Such indicators will be published once any issues surrounding them have been resolved, and again not before institutions have been able to comment on the indicator as it affects them.

In addition, indicators of high importance will be rated 1 and those of medium importance 2. So, for example, a new indicator assessed as B1 will be very important and can be implemented for the 2009 publication after previewing the results with institutions.

Several of the decisions recommend that further work is carried out. This is summarised in paragraphs 163-168 of the main report.

**General**

1. Coverage of PIs. The PIs should mainly concentrate on indicators relating to teaching and learning. This implies that the current research indicators should be dropped. However, because of the move towards at least partially replacing the RAE with metrics, it was felt that they should not be dropped until the investigations into research metrics were complete.

2.      All indicators should be applicable to the whole of the UK. It was noted that there were already some indicators that breached this principle. It was agreed that in future such differences would have to be fully justified.
*Priority A1*

**Existing indicators**

3. The state school indicator should be retained.

4. Low participation neighbourhood indicators should be replaced as soon as possible. There are two suggested replacements, and it was agreed that both should be produced, subject to satisfactory definitions becoming available.
*Priority B1*

5. Disability indicator. The robustness of the self-certified disability variable should be investigated again, with a view to producing a new indicator alongside the existing one.
*Priority C2*

6. Non-continuation indicator and 'return after year out' context statistic. These should be extended to (some) students studying part-time after preliminary work to establish feasibility.
*Priority C1*

7. Investigate whether a similar non-continuation measure for students on postgraduate taught courses would be feasible.
*Priority C2*

8. Consider extending the projected outcomes indicator to full-time other undergraduates using progression from 2007-08 to 2008-09, for publication in 2010.
*Priority C1*

9. Provide sector-level projected outcomes (assuming no transfers) immediately.
 *Priority A1*

10. Investigate feasibility of splitting sector-level projected outcomes by ethnic group, sex and other widening participation categories.
*Priority B2*

11. Extend the module completion rates indicator to cover all UK institutions after the new student record has become established, if feasible.
*Priority C2*

12. Research indicators. Retain these at present until research metrics are more fully developed.

13. Extend the employment indicator to other full-time undergraduates, part-time undergraduates, and (some) postgraduates. This should take effect for the 2009 publication based on 2007-08 qualifiers.
*Priority B1*

**Proposals for new indicators**

14. Parental income. Work should continue to assess the robustness of data for this indicator, and to investigate the most appropriate definitions for both the indicator and a benchmark. If feasible, the aim is to produce the indicator using 2007-08 data in 2009.
*Priority C1*

15. Parental education. The quality of data to be collected for this indicator (through HESA in 2007-08 and via UCAS from 2008-09) is to be assessed. If suitable, the indicator should be produced at an institutional level, for UCAS entrants only, from the 2008-09 data in 2010, after consultation with the sector using the 2007-08 data.
*Priority C1*

16. School quality. This indicator should not be produced.

17. Job quality. Before working further on this indicator, the outcomes of the longitudinal DLHE survey should be obtained. Further work should also be carried out into how a 'graduate job' should be defined. A job quality indicator should be developed if the results of these studies are satisfactory.
*Priority C1*

18. Ethnicity and sex. Institutional indicators of ethnicity or sex should not be produced.

19. Value-added indicator. A measure of value-added should not be produced as an indicator.

**Changes to benchmarks**

20. The benchmarks should be retained with broad definitions as at present.

21. The definitions of categories of entry qualification to be used in defining the benchmarks should be reconsidered once the new-style entry qualification data become available.
*Priority B1*

22. The relevant factors for benchmarks for postgraduate indicators, where these are introduced, need to be determined. Following work on this, proposals should be brought to the PISG.
*Priority C2*

**Sector summaries**

23. Sector tables. A new section of the PI publication should be produced, containing sector values. This should include all existing supplementary tables, and sector values split by country from Tables T1a, T2a (first degree), T2b (all ages), T3a, T7 (full-time undergraduate) and E1. It should also include the new tables agreed at paragraphs 9 and 10 above, as well as those in paragraph 24 below.
*Priority A1*

24. Additional tables of sector values should be produced as follows:
*Priority B1*
- tables based on the indicators in Tables T1 to T3 by ethnic group and sex
- a table based on the employment rates by disability status

*Priority B2*
- a table based on the non-continuation indicator by NS-SEC classification and/or area measure of deprivation
- a table based on the non-continuation indicator by disability status
- a table based on the employment rates by NS-SEC classification.

25. For non-continuation rates and projected outcomes sector tables, investigate if these could be enhanced by the inclusion of benchmarks, or by splitting further by (broad) entry qualification groups.
*Priority B1*

26. The sector tables should be split at least by country, and if feasible, for example if the numbers are sufficiently large, by region.
*Priority B2*

**General presentation and interpretation**

27. The definitions of indicators, and their coverage, should be clear and readily available.

28. Changes to the sector figures from the previous year should be emphasised and explained, in a summary format accessible to the general public and the press. Efforts should also be made to show the links between the various indicators.
*Priority B1*

29. Some of the PI results should be made available in a format suitable for printing. Proposals for the content of this printable version should be brought to the autumn meeting of the PISG.
*Priority B2*

30. Representative bodies (Universities UK, Universities Scotland, GuildHE) should be asked to look into setting up a 'PI Forum', which could organise discussions and training sessions on the use of PIs and the associated data. The funding bodies and HESA should support this by providing speakers and information for such events.
*Priority B2*

# List of abbreviations

| AMOSSHE | Association of Managers of Student Services in HE |
|---------|--------------------------------------------------|
| CUC | Committee of University Chairmen |
| DELNI | Department for Employment and Learning, Northern Ireland |
| DfES | Department for Education and Skills |
| DH | Department of Health |
| DLHE | Destination of Leavers from Higher Education survey |
| DSA | Disabled Students Allowance |
| FEC | Further education college |
| FT | Full-time |
| FTE | Full-time equivalent |
| HE | Higher education |
| HEFCE | Higher Education Funding Council for England |
| HEFCW | Higher Education Funding Council for Wales |
| HEI | Higher education institution |
| HEMS | Higher Education Management Statistics Group |
| HESA | Higher Education Statistics Agency |
| IMD | Index of Multiple Deprivation |
| JACS | Joint Academic Coding System |
| NS-SEC | National Statistics Socio-economic Classification |
| NUS | National Union of Students |
| OSI | Office of Science and Innovation |
| PI | Performance indicator |
| PISG | Performance Indicators Steering Group |
| POLAR | Participation of Local Areas |
| PT | Part-time |
| RAE | Research Assessment Exercise |
| RSS | Royal Statistical Society |
| SFC | Scottish Funding Council |
| TDA | Training and Development Agency for Schools |
| TQI | Teaching Quality Information |
| UCAS | Universities and Colleges Admissions Service |