

Section 2: Overview of progress

1. The HEFCE Restructuring and Collaboration Fund (R&CF) was introduced in 1997-98. It is used as a discretionary fund to support development projects which higher education institutions (HEIs) could not, or would not, fund for themselves. Its focus is organisational and institutional restructuring to improve teaching and research and to meet new demands, and collaborative projects between HEIs and with other partners.
2. We published in May 1999 our first annual report summarising the objectives and progress of projects supported through the fund (HEFCE report 99/34). The second annual report was published in July 2000 (HEFCE 00/30), covering projects approved up to the end of 1999. This third annual report summarises the objectives of new projects approved during the calendar year 2000, and the progress made by new and continuing projects up to the end of that year.
3. This section gives an overview of developments, and identifies the categories of projects being supported through the fund.

Key facts

4. Key aspects of the scheme, as it has operated up to the point of writing (end June 2001), are:
 - a. Since its introduction in 1997-98, we have approved 96 separate projects up to end of June 2001. This excludes projects relating to the expansion of medical intakes – see paragraph 26 below. It treats as separate projects those developments for which successive stages were separately approved – for example, an area demand study which subsequently informed a project to expand higher education (HE) provision. The profile of approvals (by academic year, depending on when the project commences) is:
 - 1997-98: 4
 - 1998-99: 14
 - 1999-2000: 28
 - End of Dec 2000: 23.

Since the end of December 2000 we have approved a further 27 projects.

- b. We have spent the following sums (again, by academic year):

- 1997-98: £1.637 million
- 1998-99: £5.239 million
- 1999-00: £17.522 million
- End of Dec 2000: £27.162 million.

Since the end of December 2000 we have approved further projects, representing total grant commitments of £34 million up to 2004-05.

5. The main categories of activity we are now supporting are as follows.

Mergers and strategic alliances

6. There has been a continuing flow of merger projects supported through the R&CF. This is one end of the spectrum of inter-institutional partnerships and collaborations. The number of full mergers is very small. But it remains an important mechanism for securing the continuance, in a new form, of valuable provision, particularly in cases where an institution concludes that it cannot sustain its academic or financial viability as a separate HEI. The HEFCE's position remains that we will not seek to compel any institution to merge against its will. For a merger to be successful, the institutions have to conclude for themselves that it is the right path to follow. But where institutions reach that conclusion, the R&CF can play an important part in smoothing the way by meeting the transitional costs, which can be substantial. These may include refurbishment of buildings, costs of merging programmes and new programme development, IT connections between the campuses, rationalising support services, and staff restructuring.

7. Examples of recent mergers and strategic alliances being supported through the fund are:

- Canterbury Christ Church University College with the College of Guidance Studies
- Hull University with North Riding College
- Imperial College with Wye College
- Leeds University with Bretton Hall College
- Oxford Brookes University with Westminster College Oxford.

Restructuring to meet changes in demand

8. A growing theme during the year has been action by HEIs to restructure their provision in the light of changes in student and employer demand. The HEFCE looks to all the institutions we fund to keep recruitment trends and employer needs under careful review, and continuously to adjust their course offer accordingly. That is part of normal good management.

9. For some HEIs, however, the scale or speed of the restructuring needed to adapt to new student and employer demands, and to position themselves to meet future requirements effectively, is such that the institution could not afford it within normal revenue funding while sustaining high quality current activity in teaching and research. We welcome HEIs taking the initiative to forecast future demands, to review the implications for their course offer, teaching approach and departmental structure, and to take action in good time, seeking R&CF support where necessary.

10. Projects in this category include:

- Chester College of Higher Education
- Cranfield University
- Keele University
- Lincolnshire and Humberside University
- Ripon and York St John College
- Salford University
- Staffordshire University
- Sunderland University
- Teesside University
- Wolverhampton University.

Development of the physical infrastructure

11. We seek to support the capital needs of HEIs for investment in their estate and physical infrastructure through a number of programmes. The poor estates programme has selectively allocated capital funds to those HEIs that inherited the worst estates. The previous Joint Infrastructure Fund, and the current Science Research Investment Fund, are allocating substantial capital funds to support upgrading of the infrastructure for research. The teaching formula capital programme seeks to provide some help for all HEIs towards investment in their teaching and IT facilities.

12. From time to time, however, HEIs identify strategic opportunities to restructure their estate which do not fit easily within these other programmes – for example, because the project did not meet poor estates criteria, or its scale is beyond what could be afforded with the institution's formula share of teaching capital. These projects are designed to achieve some strategic step-change in the HEI's use of its estate, particularly to improve facilities for students.

13. Examples of projects in this category are:

- Goldsmiths College
- Hertfordshire University
- King Alfred's College
- Northumbria University at Newcastle
- Ripon and York St John College
- Royal Academy of Music.

Regional developments

14. During the year, awareness of the importance for higher education within the regional agenda continued to grow. This was reflected in a range of R&CF projects:

a. The fund continued to support the operation of a regional association of HEIs in each of the nine regions of England. Separate progress reports on each of those associations are in this publication. We believe the associations are demonstrating their value as mechanisms for HEIs to collaborate in appropriate activities, and for HE collectively to work with other regional players, such as Regional Development Agencies and Government Offices.

b. To improve understanding of the full range of regional contributions made by HEIs, the Centre for Urban and Regional Development Studies at the University of Newcastle (CURDS) has been co-ordinating an R&CF project to produce reports for each region prepared under the aegis of the regional HE association. These were published in June 2001. They are also producing a national overview report and a report on a methodology for HEIs to benchmark their regional activities.

c. The fund has supported several regional HE demand studies, including a new study approved in 2000 in the Bournemouth area. Given the widely recognised constraints on qualified student demand, we expect it to become the norm that plans for significant expansion should be robustly based on regional demand studies. The fund has also supported several projects to expand HE provision, in the light of previous demand studies, particularly to widen participation by offering better local access for under-represented groups. These projects include:

- Canterbury Christ Church University College in Thanet
- Combined Universities in Cornwall
- Essex University in Southend
- Southampton University New College.

d. An important regional initiative in London has been the review of engineering provision, involving all the HEIs with engineering programmes within the M25 area. This is a good example of a regional association of HEIs identifying a common need and collaborating to address it – in this case, to review the range of provision in the London area in the light of changing student recruitment and employer demand.

HEI-led collaborative projects

15. The fund is supporting an increasing range of collaborations initiated by HEIs, either with other HEIs or with a range of partners outside the HE sector. We welcome this. Higher education remains in important respects highly competitive, for example in student recruitment and in the pursuit of research excellence. But we believe there is a lot of scope to increase collaboration for the benefit of students, staff and other partners.

16. Projects illustrative of the many forms of collaboration include:

- a. Bradford University's joint project with the National Museum of Photography, Film and Television to develop a new form of digital media lab.
- b. Bradford University's partnership with Bradford College, covering both academic collaboration and joint provision of administrative services.
- c. The Council of Church Colleges
- d. The Enhanced PhD project, through which a group of 10 universities is developing new approaches, combining a programme of formal coursework with a research project.
- e. Essex University's merger with East 15 Acting School, a specialist independent drama college.
- f. Law Libraries Collaboration, to improve library and information support for law researchers, initially focused in the Yorkshire and Humberside region.
- g. Sheffield University's project with Sheffield Women's Hospital to create a new academic and clinical teaching and research facility, bringing together the two academic departments of obstetrics and gynaecology based in the Jessop Hospital for Women and the Northern General Hospital.

National collaborative projects

17. We are using the fund as a mechanism for pump-priming national projects which we believe will be of general benefit to the HE sector, and which involve collaboration with HEIs and sometimes other partners. This category of projects includes:

- support for the governor training, information and development activities of the Council of University Chairmen
- the e-University project
- the new HE web portal, 'Higher Education and Research Opportunities'
- The Institute for Learning and Teaching.

Expansion of medical intakes

18. Over the past three years, we have been undertaking, jointly with the Department of Health, a succession of exercises to expand medical training places in universities, in order to meet the NHS's future need for doctors. In last year's R&CF progress report (HEFCE 00/30) we included several projects associated with the expansion of medical places which were being funded through the R&CF. But the funding for the programme is now on such a scale that we have decided to create a separate budget line to cover it, because otherwise it would have distorted the R&CF programme. For this report, we have therefore removed all of the previous R&CF projects associated with medical intakes. The progress of the exercise overall has been reported separately in HEFCE reports 99/42 and 01/31.

19. This is a good example of the way the R&CF can be used to pump-prime the initial stages of new developments, until they reach a point at which their size justifies separate treatment. The e-University project is another example. Its design and start-up costs have been funded through the R&CF, but its implementation involves a different order of magnitude of spending. The Government has allocated £62 million to support implementation of the project over the three years 2001-02 to 2003-04. That is being assigned to a separate budget line.

Future prospects

20. The pace of change in higher education remains unrelenting. All universities and HE colleges need to keep under review their structure and approach, making changes as necessary to ensure that teaching and research activities are kept aligned with current and future needs. Many of those changes apply at the margin, and are funded from mainstream teaching and research grant.

21. But from time to time more fundamental changes are required, to re-shape the institution's structure or the pattern of its partnerships. The Restructuring and Collaboration Fund exists to support such step-function changes, where a benefit can be demonstrated for students, staff and the wider community. We remain happy to consider any proposals which institutions may wish to put forward, where they meet the criteria and requirements set out in Section 5.

22. As a result of the Government's July 2000 spending review, the size of the R&CF programme has been increased to £30 million a year. That funding will be available particularly to support restructuring of research. As Section 1 and paragraph 12 show, the number of projects being approved, and the scale of funding being allocated, has risen rapidly. We have now reached a stage where we shall not be able to fund further increases in demand. We shall therefore be introducing a more competitive element into the consideration of proposals.