Evaluation of Collaboration in the Higher Education Sector

A Report from Evaluation Associates

December 2002

Contents

S1. Introduction to the Evaluation

This report is the result of a study carried out by Evaluation Associates, on behalf of the Higher Education Funding Council (HEFCE) in 2001-02. The purpose of the evaluation was to examine and analyse a small number of collaborative projects funded by the Restructuring and Collaboration Fund, drawing out evidence of the drivers for collaboration, benefits and costs, and the barriers to future collaboration. (The detailed objectives of the study are shown in Figure 8 on page 19.) Sections one and two of the report cover the findings of the evaluation. The detailed case studies, which form the evidence for the findings are included in section three.

S2. The Context for the Evaluation

HEFCE established the Restructuring and Collaboration Fund in 1997 as a discretionary facility to support strategic change in higher education institutions. The Fund has sponsored approximately 80 projects at a cost of more than £100 million; just over half of these involved collaboration between institutions. Our evaluation examined 12 projects as case studies of collaboration, with the aim at drawing out general lessons for the sector.

S3. The Environment for Collaboration

In committing itself to increased funding of higher education after a long period of decline, the government has set challenging ambitions for the sector: including increased student participation, widened access and internationally excellent research. These demands are creating unprecedented pressures on institutions to deliver in different ways. As a result, the historic model of competition for resources between autonomous and monolithic institutions is beginning to fragment. Institutions are responding to the new ambitions and opportunities in a variety of ways that include collaboration. Collaboration is not, and should not be, an end in itself. It is a mechanism for strategic change to allow institutions to respond to fluctuating markets and changing policy initiatives.

S4. Drivers for Collaboration

Our study identified three sets of drivers that impact on collaboration:

♦ **policy** drivers from government and funders; these are principally aimed at widened access and increased participation

♦ **market** drivers are important, especially student choice of courses and institutions, but often prove unpredictable

♦ **global and regional** drivers provide particular challenges, especially for larger institutions, which must balance the centrifugal forces of globalisation with the centripetal forces of regionalisation.

Institutions need to respond to these complex and often contrary drivers strategically, rather than with short term tactics. In many cases, but certainly not always, the best response is increased collaboration with complementary institutions.

S5. Costs and Benefits of Collaboration

The benefits of successful collaboration are potentially immense. Much will depend on the aims and type of collaboration but achievable benefits include:

♦ financial savings

♦ greater inclusivity, participation and student choice

♦ critical mass in research

♦ greater leverage on external funds

♦ stronger regional and national voice.

There are two main costs from collaboration that need to be balanced against these:

♦ administration costs

♦ staff time and opportunity costs.

S6. Modes of Collaboration

The degree of intensity of a collaboration will depend on a range of factors and our study defined five broad modes of collaboration to illustrate the range of collaboration potential:

♦ **merger:** collaboration at its most intense where:

  ♦ similar sized institutions amalgamate

  ♦ a larger institution assimilates a smaller one

♦ **transfer:** transfer of subject staff between institutions

♦ **federation:** institutions agree to meet shared goals under a common umbrella; including joint departments and centres, and federal universities

♦ **cooperative:** institutions or departments cooperate on delivering teaching or research but remain constitutionally unchanged

♦ **alliance:** a loose confederation of institutions or departments that pursue common agendas and interests.

S7. The Role of Funders in Collaboration

The ways in which funders such as HEFCE can successfully intervene to promote collaboration are limited by the:

♦ cocktail of factors affecting decisions to collaborate

♦ diversity of circumstances in which it can occur

♦ complexity of costs and benefits for individual institutions.

However, they can encourage collaboration through:

♦ **developing drivers:** by altering funding formulae and advice to institutions to encourage collaboration

♦ **sponsoring pilots:** trial projects through which institutions can explore the costs, benefits and viability of collaboration

♦ **funding change:** providing targeted funding for operationalising collaboration

♦ **providing guidance:** by providing principles of good practice and examples of experiences—both good and bad.

A golden principle is that funders should refrain from supporting collaboration as an end in itself but promote it to enable institutions to take better advantage of new opportunities or respond more easily to external threats.

S8. Good Practice in Collaboration

In collaboration, institution history meets the reality of UK geography and the incessant change in the higher education environment. The collaborations that are underway in the higher education sector vary from subject-based alliances to full merger of institutions. There are, however, common factors that improve the likelihood of success of projects. We urge potential and practising collaborators regularly to ask themselves ten questions:

1. Is the collaboration prudent?
2. Is the collaboration strategic?
3. Does it have the right leadership?
4. Is effective governance in place?
5. Are expectations and agendas agreed?
6. Is the structure right?
7. Are partners treated equitably?
8. Are stakeholders committed?
9. Are communications effective?

10. Are sufficient personnel assigned?

S9. The Restructuring and Collaboration Fund

The study found that the R&CF had been successful in enabling institutions to take small risks in rationalising or developing their provision, which they could not fully fund from their own resources. Although institutions had some immediate concerns about the transparency of the R&CF, overall, they unreservedly welcomed the fund, and flexibility in supporting innovative proposals. Part two of this report discusses the range of collaborative projects funded by R&CF, and makes recommendations to HEFCE for possible improvements to the fund.

**Part One:
Collaboration in Higher Education**

The Growth of Collaboration

The Environment for Collaboration

1. Challenging the System

In committing itself to increased funding of higher education after a long period of decline, the government has set out challenging ambitions: including for increased student participation, widened access and internationally excellent research. These demands are creating unprecedented pressures on institutions to deliver in different ways. As a result, the historic model of competition for resources between autonomous and monolithic institutions is beginning to fragment. Institutions are responding to the new ambitions and opportunities in a variety of ways that include collaboration. Their impetus toward collaboration has been reinforced by:

♦ funding incentives from HEFCE, including the Restructuring and Collaboration Fund (R&CF)

♦ the current policy agenda, which is emphasising the benefits of collaboration.

2. The Role of Collaboration

Collaboration is not, and should not be, an end in itself. It is a mechanism for strategic change to allow institutions to respond to fluctuating markets and changing policy initiatives. At present, most institutions react to changes in the external environment through internal change, including expansion and contraction. Arguably, the current funding formulae encourage institutions to do similar things, and this has resulted over the last decade in a trend to homogeneity. Collaboration has potential for countering this, through building greater diversity within new alliances, higher education federations and, in some cases, merged institutions. But it also brings with it unique challenges for institutions, which will need to:

♦ adapt to working in partnership

♦ evolve common values

♦ ensure equity of partners.

We review below a number of constraints that inhibit the potential for collaboration. However, with suitable funding models and astute decisions by higher education institutions, there is potential for a more collaborative higher education system that is more able to respond to changing demands.

3. The Constraint of History

Any consideration of collaboration cannot ignore the complex historic structure of the English higher education system:

♦ **location**: institutions are not evenly distributed around England, and there are significant gaps and concentrations

♦ **ancestry**: the sector mixes centuries-old institutions with much newer institutions

♦ **culture**: institutions have widely varying origins, values and systems of governance

♦ **research intensity**: while some institutions conduct little or no research, others see themselves as 'research-led'

♦ **size**: the size of institutions varies considerably.

This historic framework cannot be swept away or quickly redesigned; neither would that be desirable. The framework creates constraints on the forms that collaboration can take but, at the same time, it provides a wide variety of opportunities for innovation in higher education provision.

4. The Constraint of Geography

Our fieldwork shows that geography also places physical constraints on deeper regional collaboration. Geography is:

♦ an absolute constraint on student mobility: 30 minutes is the upper limit on student travel between collaborating institutions

♦ a lesser constraint on staff mobility:

  ♦ staff will travel to meetings integral to the collaboration, such as joint working groups

  ♦ they are much less likely to travel for less essential meetings, such as joint seminars or social events.[1]

Longer distances make it harder to break down cultural barriers between institutions and inculcate a common sense of values.

> **Insight from case studies**
>
> In the Essex collaboration, the on-going transaction costs in course and staff development, and quality assurance are increased by the relatively high travel time between the two institutions. (Page 43)

5. The Constraint of Competition

Collaboration does not come easily to staff or institutions in a sector founded on competition. Historically, institutions have competed for both teaching and research income, and current collaborations are grafted onto that competitive model. Many university managers and researchers argue that this model, especially its RAE component, inhibit their ambitions to collaborate. While there is no fundamental reason why collaborating regionally or nationally to attract students should be a barrier to achieving international excellence in research, it is inevitable that institutions will encounter obstacles arising from the cultural legacy of a competitive system. In the long term, embedding collaboration in institutional and sectoral thinking may require major change—of the kind that HEFCE is already considering—to the way that institutions are funded to teach and research. In the short term, our evaluation shows that:

♦ where collaboration has a strong rationale, there are significant benefits to be gained

♦ where there is a genuine will to succeed, institutions are finding imaginative and pragmatic ways around the structural and funding hurdles.

As the external incentives to collaboration increase, it is likely that more imaginative forms of collaboration will emerge organically from within and between institutions.

6. The Demands of the Student Market

The 1997 Dearing Report into higher education, recommended that collaboration should be encouraged where there was a strong academic or financial rationale. In the absence of external interventions, institutions collaborate:

♦ in a declining student market, to maintain or safeguard existing provision

♦ in a stable market, to reduce unit costs or improve provision

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1 JM Consulting reached similar conclusions in their study for HEFCE of 'The nature of higher and further education sub-contractual partnerships.' HEFCE circular 98/58.

- in an expanding market, to create new geographical or subject provision.

Higher education is not, however, a pure market system and there is a complex interplay of factors driving decisions to collaborate; especially:

- internal agendas, based on the history, mission, culture, finances and geography of institutions and personal contact between individuals
- strategic or tactical responses to a variety of external drivers, especially funding initiatives.

7. The Role of Funders

The ways in which funders such as HEFCE can successfully intervene to promote collaboration are limited by the:

- cocktail of factors affecting decisions to collaborate
- diversity of circumstances in which it can occur
- complexity of costs and benefits for individual institutions.

The Funding Bodies can encourage collaboration through:

- **developing drivers:** altering funding formulae and advice to institutions to encourage collaboration
- **sponsoring pilots:** funding trial projects through which institutions can explore the costs, benefits and viability of collaboration
- **funding change:** providing targeted funding for operationalising collaboration, particularly where there is financial risk for the institutions and collaboration might not proceed without external support
- **providing guidance:** developing principles of good practice and examples of experiences—both good and bad.

A golden principle is that funders should refrain from supporting collaboration as an end in itself. Funders should support collaboration to enable institutions to take better advantage of new opportunities or respond more easily to external threats.

Drivers for Collaboration

8. Drivers

We identify three sets of drivers that impact on collaboration:

- **policy**: of government and funders
- **market**: especially student choice of courses and institutions
- **global and regional:** including the priorities of the Regional Development Agencies and, for Scotland and Wales, the national legislatures.

9. Policy Drivers

The policy drivers currently shaping institutions' willingness to collaborate principally relate to student provision:

- **widening access:** the pressures and incentives for social inclusion of disadvantaged students
- **increasing participation:** the government has set an ambitious target of 50% participation in higher education by 2010 by 18-30 year olds
- **reducing unit of resource:** although funds are available for specific initiatives, the unit of resource to teach students remains under pressure.

For example, many universities are finding it necessary to collaborate with further and higher education colleges to deliver the widening participation agenda as financial limitations and their sometimes elitist image restricts their ability to meet government targets on their own.

10. Market Drivers

Market drivers prove unpredictable and sometimes contrary. On the one hand, overall demand for higher education is being stimulated, boosted by government policy initiatives. At present, the funding mechanisms still largely encourage institutions to 'go it alone' in rising markets, except where there is specific initiative funding. But a buoyant student market can encourage institutions to be outward-looking and to collaborate to increase provision. When resources are expanding, institutions with otherwise diverse missions can work well together. They seek:

♦ mutual strength through being able to operate across a greater range of the further and higher education markets

♦ economies through larger-scale operations and shared administration.

Should the overall market shrink, however, or institutions face difficulties in recruitment, collaborators are prone to retreat into their distinctive missions and cultures, and return to competing with each other. At subject level, experience varies widely. While some subjects are accelerating in popularity, others are struggling to recruit. In the face of a decline in their student markets, institutions have traditionally restructured provision by closing departments. Increasingly, however, collaboration is emerging as an alternative to rationalisation. Departments and subject centres are taking a more strategic view, to optimise resources, secure national or regional provision and maintain student choice.

Insight from case studies

An ambitious example of collaboration to preserve subject coverage is the University Council of Modern Languages project. (Page 49)

The transfer of physics from Staffordshire to Keele has strengthened the position of physics in the region. Elsewhere unilateral closure of physics departments has led to regional variation in provision. (62)

11. Global and Regional Drivers

The centrifugal forces of globalisation and the centripetal forces of regionalisation provide particular challenges, especially for larger institutions, which need to play on an international stage as well as discharge their responsibilities to their hinterlands. The trend to globalisation has long been felt in research while regionalisation has been more strongly associated with business and community links. The picture is, however, becoming more complex. At a regional level:

♦ the dynamics of regional development mean that collaboration is the main way HEIs can get a voice on the Regional Development Agencies and influence regional economic strategy

♦ collaboration gives small specialist institutions a higher profile and a regional voice.

On a global scale:

♦ the gradual rise of e-learning and the slower fall in world trade barriers in education, is beginning to create a global market place for students; this creates additional dimensions to competition but also new opportunities for international collaboration

♦ most research already operates on an international stage, and the advances in communication technologies and the demands of large-scale science are increasing this.

Insight from case studies

The Government Office for the South-West took the lead in developing the inclusive plan for the present Combined Universities of Cornwall. (Page 39)

Unis4ne estimates that, since 1989, it and its predecessor have helped to lever £13 million of extra funding into the region's universities. (Page 72)

The Costs and Benefits of Collaboration

12. The Benefits of Collaboration

The benefits of successful collaboration are potentially immense. Much will depend on the aims and type of collaboration, and achievable benefits include:

- financial savings
- greater inclusivity and wider participation
- wider student choice
- critical mass in research
- increased flexibility in responding to external drivers
- greater leverage on external funds
- strengthened institution brand
- stronger regional and national voice.

13. The Costs of Collaboration

There are two main costs from collaboration that need to be taken into account:

- administration costs
- staff time and opportunity costs.

We concentrate on the first of these. A report by Brian Ramsden for Universities UK[2] found that:

- there is generally a correlation between the administrative cost per student FTE and the size of institution, though it did not conclude that this was a causal relationship
- there is scope to reduce the overhead costs of the higher education sector through consolidation or collaboration.

There are two separate issues here:

- where collaboration has finite aims, objectives and timescales driven by resource pressures, it is likely in the long run to lead to reduced costs
- where the primary aim of collaboration is to achieve benefits beyond those available to a single institution and partners are not motivated primarily by financial gain, the costs of collaboration will be on-going and there may be no administrative savings.

The model in Figure 1 illustrates the potential trade-offs between costs and benefits in different forms of collaborative venture. For example, an alliance may increase effectiveness but will rarely achieve economy or efficiency gains because of its high transaction costs. Here, there is a much finer judgement about whether the benefits outweigh the costs.

> **Insight from case studies**
>
> Keele felt that it had underestimated the costs of transferring physics staff from Staffordshire. (Page 62)

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2   'Patterns of higher education institutions in the UK.' Report by Brian Ramsden for Universities UK, October 2001.

Constitution	Level of Collaboration	Return on Investment	Expenditure	Economies
Physical restructuring	Merger	Long-term	High	High
	Transfer			
	Federation			
	Cooperative			
Networked partnerships	Alliance	Short-term	Low	Low

Figure 1. Models and costs of collaboration

The Nature of Collaboration

14. Institution and Subject Collaboration

Much of the focus in policy at present is on collaboration between institutions. Collaboration between institutions thrives where it:

♦ builds on diverse missions and complementary strengths, and the institutions have more to gain from working together than competing

♦ involves the whole institution

♦ is driven by senior management

♦ is based on a new joint vision.

Institutions collaborate in the student market but less often in the research market. As we have shown, collaboration between departments and subjects is also important. Some subjects are faced with a falling teaching market and are finding it increasingly difficult to provide national or regional coverage as critical mass evaporates. Collaboration offers two ways of resolving this:

♦ staff transfers between institutions to create critical mass

♦ collaboration between departments across institutions.

15. Modes of Collaboration

The degree of intensity of a collaboration will depend on a range of factors, including the strategic aims of the partners, the size of the potential threats or opportunities and existing organisational cultures. We define five broad modes of collaboration to illustrate the range of collaboration potential:

♦ **merger:** collaboration at its most intense where:

   ♦ institutions amalgamate

   ♦ a larger institution absorbs a smaller one

♦ **transfer:** transfer of subject staff between institutions

♦ **federation:** a less intensive mode of collaboration that sees institutions agree to meet shared goals under a common umbrella

♦ **cooperative:** institutions or departments cooperate on delivering teaching or conducting research but remain constitutionally unchanged

♦ **alliance:** a loose confederation of institutions or departments that pursue common agendas and interests but do not undertake joint provision under the alliance.

16. Merger

Collaboration is at its most intense where institutions merge or, whether explicitly acknowledged or not, one institution takes over another. Mergers

can be extreme responses to extreme pressures; for example, financial instability. Or they can be longer-term strategic developments based on complementarity. There have been a number of mergers between universities and higher education colleges, eliminated the financial instability of the smaller institution but not substantially changing the character of the larger. In contrast, the major mergers are currently at different stages of discussion and completion between London Guildhall and North London; Bradford University and Bradford College; and Manchester University and UMIST. These will present significant challenges to managers, staff and students. Mergers often draw intensive publicity and tensions can quickly build up between and within institutions. For a variety of reasons, not all mergers proceed; for example, the recent proposal to merge Bath University and the University of the West of England.

Example case studies

None of our case studies involved full merger, though Bradford University and College are now proceeding to investigate merger. (Page 30)

17. Transfer

Transfer might be regarded as merger below the level of institution, usually involving transfer of staff from one institution to a department at another. As universities concentrate on their strengths, transfers may increase especially to provide critical mass in research and/or teaching. Transfers are an important tool for rationalising and maintaining subjects under threat but can be destabilising for staff if different cultures and long distances are involved.

Example case studies

Transfer of physics from Staffordshire to Keele. (Page 62)

18. Federation

The Federal model, as originally typified by the Universities of London and Wales, has often been considered to be under threat. The colleges of the University of London, for example, have gained considerable independence, while the Welsh Assembly has recently questioned the rationale for the University of Wales. Smaller federations, however, hold considerable potential for flexible models of collaboration that can evolve and adapt to changing circumstances. These federations do not limit in any way the status of the institutions. They retain their separate funding, staff and legal identities, while working under a common umbrella and agreement to deliver complementary provision.

Example case studies

The Federal University of Surrey. (Page 66)
Combined Universities of Cornwall. (Page 39)

19. Cooperative

In a cooperative institutions or departments collaborate on delivering teaching, conducting research or sharing resources but remain constitutionally unchanged. These can be very varied in their ambitions and structures:

♦ some aim to protect subjects in decline, for example, modern languages

♦ others aim to rationalise and improve infrastructure; for example, Sheffield Women's Library and Leeds Law Library

♦ yet others aim to boost provision to students through collaboration; for example, Leicester Warwick Medical School and the Essex collaboration.

20. Alliance

An alliance is a loose confederation of institutions or departments that pursue common agendas and interests but do not undertake joint provision under the alliance. There are, for example, several regional consortia of universities sponsored by R&CF; Unis4ne is used as a case study here. The arts and design consortium CADISE is a closer collaboration that has the potential to develop into a federation, whereas many of the members of the Council of Church Colleges are being absorbed by larger institutions.

Good Practice in Collaboration

21. Defining Success

We define a successful collaboration as one in which:

- ♦ stakeholders see clear benefits, especially students and staff
- ♦ those benefits clearly outweigh costs
- ♦ institutions' financial stability is maintained or improved
- ♦ institutions and subjects are better able to respond to market and policy drivers.

Success criteria will, however, vary between collaborations.

22. An Emphasis on Good Practice

In collaboration, institution history meets the reality of geography and the incessant turbulence in the higher education environment. There is no one model for successful collaboration. The diversity of the sector and the broad range of potential ways to collaborate means that best practice needs to be carefully tuned to the particular circumstances of the institutions and the rationale for their partnership. Success will depend on a range of factors, not least the degree of previous contact, the attitudes and commitment of potential partners and the culture of collaborating institutions. In this context, the most useful way to distil best practice and spread it more generally through the sector, is to identify the factors that underpin successful collaborations—whatever their size, purpose or legal form. While it is difficult to foresee the precise forms of future collaborative responses, and wrong to prescribe those forms, the presence or absence of these factors is likely to be the most useful predictor of the success of a collaboration. They can be used:

- ♦ by institutions: in determining the scope of a collaboration
- ♦ by HEFCE or other funders, where they are contributing resources to the costs of collaboration.

But like any advice on best practice, they will need to be applied with wisdom and caution by institution managers.

Questions to Collaborators

23. Ten Questions to Collaborators

The collaborations we have considered and that are underway in the higher education sector vary from subject-based alliances to full merger of institutions. Despite this wide variety, there are common factors that improve the likelihood of success of projects. We urge potential and practising collaborators to repeatedly ask themselves ten questions:

1. Is the collaboration prudent?
2. Is the collaboration strategic?
3. Does it have the right leadership?
4. Is effective governance in place?
5. Are expectations and agendas agreed?
6. Is the structure right?
7. Are partners treated equitably?
8. Are stakeholders committed?
9. Are communications effective?
10. Are sufficient personnel assigned?

The importance of these questions varies according to the circumstances of the collaboration.

24. Question 1: Is the Collaboration Prudent?

In a climate of uncertain funding, changing markets and increasing costs, collaboration can look attractive but still not be prudent. Collaboration should not be an aim in itself or a shot in the dark. It needs clearly articulated goals, weighed against the costs and risks. The new partnership, at whatever level, has to make sense to all the key participants and they need to be motivated to make it work. Collaboration, especially mergers, can cost not just financial and management resources but also staff morale and commitment—and individual and institution reputations. The need to survive and balance the books can be an essential reason to collaborate but is unlikely to lead to long-term success, unless it is underpinned by a clear rationale and vision. Institutions need to carefully assess prudence by weighing up the potential benefits, probable costs and possible risks.

25. Question 2: Is the Collaboration Strategic?

Senior managers in institutions recognise that the higher education environment is subject to constant change, whether driven by policy, markets, global and regional pressures or internal factors. It is inevitable, and sometimes appropriate, for institutions to use collaboration as a tactical response to change. Often, they must react quickly to a decline in student numbers, or a new funding opportunity. In those circumstances, collaboration is a valid tactical weapon. But collaboration will only be sustainable if it is pursued within the context of an institution's strategic vision for change. Institutions need a strong sense of purpose, identity and strategy to cope with the constantly changing world of higher education; and collaboration needs to be embedded within that strategy. Senior managers should ask:

♦ whether a collaborative response is strategic or tactical

♦ if the latter, will it enable us to better deliver our goals over the medium to longer term?

26. Question 3: Does the Collaboration Have the Right Leadership?

Academic institutions have been ambivalent about the value of leadership. In older institutions, a tradition of collegiate working and decision-making means that academics have a strong voice in determining policy and setting priorities. In other institutions, especially those incorporated from the former

polytechnic sector, academics are more accustomed to strong central management. It is clear from our fieldwork that strong visionary and strategic leadership is a critical factor in the success of collaborations between institutions. For the most intensive collaborations, especially mergers, leaders need to underpin their commitment with the strength of personality to guide staff through the inevitable complexity and inherent concerns over jobs and values. Here, personalities matter as much as institution history. Leaders need to take risks with reputations, not just their institutions but also their own. And they need a personal chemistry to work with new partners and cope with inevitable tensions within their own institutions. Because of these demands, some institutions have only been able to proceed with increased collaboration after a change of head of institution.

Insight from case studies

For CADISE, HEFCE funded a Good Management Practice Project specifically to develop managers' collaboration skills. (Page 26)

In the Essex collaboration, the College has a stronger management ethos and sees this as a strength, while the University questions whether the tight centralised focus of the College's management culture acts reduces the flexibility needed to respond to the challenges and demands of HE. (Page 43)

The joint vision between Bradford University and College has been strengthened by the appointment of new heads at both institutions. (Page 30)

Leaders who were trusted and respected in the language community were key to the success of the Modern Languages programme. (Page 49)

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27. Question 4: Is Effective Governance in Place?

There are varying definitions of governance. We use the term to refer to the decision-making framework within which managers operate. In most institutions, significant decisions will need to be debated or approved by bodies such as a council, board of governors or senate of academics. The character and effectiveness of these mechanisms varies but all are designed to control decision-making. There is no doubt from our case studies that a major factor in successful collaboration is identifying and resourcing the governance and legal structure that will deliver the aims of the collaboration.

Insight from case studies

The structure of the Federal University of Surrey facilitates the collaboration's objective of academic cooperation without damaging the existing management and governance of either Surrey or Roehampton. (Page 66)

Conversely, while the Leicester and Warwick Medical School has been hugely successful in achieving its operational objectives, it is hampered in reaching its broader aim by the legal and cultural problems which stem from an inappropriate structure. (Page 55)

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28. Question 5: Are Expectations and Agendas Agreed?

A powerful barrier to successful collaboration is securing alignment between the agendas of differing groups. The academic world operates on a high degree of trust between individuals. Whereas many commercial organisations would insist on legally binding heads of agreement at an early stage, collaborations between academics and institutions are often initiated with little formality. However, personal agreement between senior staff is a necessary but not sufficient condition to sustain collaboration. The vision of senior managers needs to be translated early in the process into a formal document clarifying:

♦ the expectations of each partner

♦ the structure, aims and objectives of the partnership

♦ the direct costs of collaboration and overhead costs, including management and academic time

- ♦ the benefits to each party—and potential risks
- ♦ provision for mediation and arbitration, and what happens if costs begin to outweigh benefits

The development of a written compact or contract between collaborators should be one of the first actions in any significant collaboration.

29. Question 6: Is the Structure Right?

Many collaborations, especially mergers, are between only two partners. But larger federations and alliances face the question: when and where do you stop adding partners? The higher education system constantly faces tensions between inclusivity and exclusivity. We are not advocating either but stress that getting the right critical mass for collaboration is central to the success of partnerships. A collaboration involving too many partners can become unwieldy. There are three dangers:

- ♦ gaining agreement on sensitive issues becomes difficult and the collaboration loses momentum
- ♦ the collaborative group splits into leaders and laggards of change
- ♦ the transaction costs of securing agreement may begin to outweigh benefits.

> **Insight from case studies**
>
> Tensions of this type can be seen in the Council of Church Colleges project. (Page 34)
>
> Conversely, the smaller number of partners in the Unis4ne collaboration and their strong regional identity has fostered successful joint working. (Page 72)

30. Question 7: Are the Partners Treated Equitably?

In a system of diverse institutions and values, there is considerable potential for lack of respect between collaborating organisations and their staff. There are, for example, different values between higher and further education; strong and weak research departments; and the old and new university sectors. For collaboration to be successful, its structures and funding need to embody:

- ♦ parity of esteem
- ♦ mutual trust
- ♦ equitable distribution of resources.

Where strategic collaborations draw on a history of association, they have the significant advantage of pre-existing trust between senior management. New partnerships will need to invest in equity through:

- ♦ representation on governance structures
- ♦ a fair and agreed basis for distributing income and costs
- ♦ respect for strengths in teaching as well as research.

Collaboration must also be about change in all the collaborators, not just absorption of one group by another.

> **Insight from case studies**
>
> The collaboration between South East Essex College and the University of Essex seeks to overcome these difficulties by embodying parity of esteem in its structures, for example, through equal representation of both institutions on the Management Board. (Page 43)
>
> Parity of esteem has also been firmly established at Bradford, this largely grounded in the long association between the University and College. They also employ a simple and effective mechanism for allocated resources: split MASN. (Page 30).

31. Question 8: Are Stakeholders Committed?

University staff are highly motivated and the majority have high aspirations for their teaching and research. Motivation can, however, be undermined by the uncertainty that inevitably accompanies change. While collaboration will often provide as many opportunities as threats for staff, many worry about losing control of their jobs or even losing them altogether. The perceived threats will vary between different types of collaboration and different staff position. They also depend on individuals: some have a lower 'uncertainty threshold' than others and are more easily worried by the processes of change. Communication is vitally important here but can be seen as propaganda. There is a need for the managers who are driving collaborations to invest as much ownership of the change process in the staff affected as early as possible. There are many mechanisms for doing this, including:

♦ surveying and listening to staff opinion

♦ involving staff at all levels in discussions and decisions about change

♦ in the case of mergers: creating space for the units to be merged to get to know each other and establish mutual respect and common values; for example, through away-days.

Students are also stakeholders in many collaborations. For example, during mergers, they may be faced with different matriculation and exam regulations; or find themselves being taught by different staff. The same principles apply as to staff: if students are consulted and valued during a period of change, they are less likely feel that institutions are acting against their interests.

Insight from case studies

The Leeds Law Library project has invested in both staff ownership and reassuring academics about the impacts of change. (Page 58)

Physicists transferred from Staffordshire to Keele are used to different working styles which will be addressed during an away day. (Page 62)

New students in the Essex collaboration benefit from access to the University's Library, Sports Centre and social facilities—entitlements not open to students in traditional franchise arrangements. (Page 43)

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32. Question 9: Is Communication Effective?

Poor vertical communication within institutions can lead to real or perceived inequities in treatment of staff at different institutions and create long-term resentments, including a lack of ownership of a project by staff. Reliance on informal meetings can also lead to a lack of clarity when those staff depart. Collaborators need to put in place structures to open up and maintain channels of communications at the beginning of a project:

♦ **management:** horizontal lines of communication between senior strategy staff, including minuted meetings held on a regular basis and chaired jointly or in rotation by partners

♦ **staff:** vertical lines of communication within each institution between senior strategy managers and academic and administrative staff

♦ **students:** information for students who, as we have noted above, are stakeholders in most collaborations.

Collaborators also need to think about external communication. For example, differences in image consciousness between collaborating institutions can lead to difficulties in:

♦ **branding:** most universities are conscious of the prestige and attractiveness of their brand; any collaboration that would seem to weaken this would be regarded as a threat by some partners and their staff

- ◆ **marketing:** some universities have limited experience of marketing, relying on their prestige and image to attract students, but for new collaborative provision this is insufficient.

33. Question 10: Are Sufficient Personnel Assigned?

Many collaborative projects are geared to producing major cultural or strategic change and many institutions underestimate the time needed for collaboration:

- ◆ for senior managers, time for collaboration will need to be balanced with other corporate objectives
- ◆ for academic staff, collaborative activity has to be fitted alongside existing teaching, research and administrative duties.

Faced with this challenge, industry would build dedicated project teams to manage the change process. This option is not available to most institutions. They do not have:

- ◆ the resources to build dedicated project teams which they can maintain for the duration of the collaboration
- ◆ professional expertise in-house which can be committed to the collaboration.

In these circumstances:

- ◆ institutions should ensure senior management time, perhaps with a dedicated pro-VC
- ◆ appointment of dedicated 'collaboration project managers' in the administration is also a key ingredient for success.

Insight from case studies

The North West Centre for Linguistics recognises that staff are being overloaded by extra teaching and managerial responsibilities and a number of the resources needed for the programme are not being directly funded. (Page 49)

Part Two:
The Restructuring and Collaboration Fund

The R&CF Fund and its Projects

34. The Restructuring and Collaboration Fund (R&CF)

HEFCE introduced the Restructuring and Collaboration Fund (R&CF) in 1997/98. The Council has used the Fund as a discretionary facility to support development projects that higher education institutions might not fully fund from their own resources. R&CF was designed to be a flexible resource and has supported a wide range of projects under its five objectives (Figure 2). Its focus has been on securing strategic and innovative change at the organisational level. Over time, its emphasis has moved from single institution restructuring to supporting collaborative working (Figure 3). HEFCE commissioned Evaluation Associates to evaluate these collaborative projects and to consider the opportunities and barriers for collaboration.

The overarching purpose of the fund is to facilitate constructive development at a strategic level in relation to the structure and organisation of higher education institutions and the sector. Five criteria have guided project selection:

A.   Major changes to the academic portfolio.

B.   Major constitutional change, particularly merger.

C.   Institutional restructuring with sufficiently innovative aspects to be of general benefit to the sector.

D.   Structural realignments within institutions.

E.   Collaborative arrangements between higher education institutions.
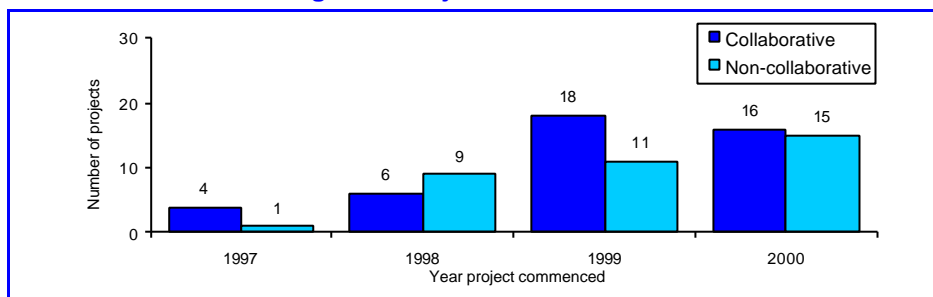
Figure 2. Objectives of R&CF[3]

Figure 3. Type of R&CF projects[4]

35. Selection of Projects

R&CF is an unusual initiative in the current higher education environment in not seeking competitive bids for funding. There is no annual bidding round, allowing HEFCE to respond quickly to proposals and opportunities. Bids are usually developed with the advice of a HEFCE regional consultant, and some we examined were submitted on the suggestion of the HEFCE chief executive. Arrangements for assessing proposals have evolved over the course of R&CF and are due to change again. Proposals are approved by Council officers, with the larger grants requiring approval of a panel of HEFCE Board members.

36. R&CF Projects

Projects have varied from smaller consultancy grants to pilots, staff transfers and major institutional restructuring costing more than £1 million (Figure 4). By August 2001:

♦   79 projects were approved

♦   at a total cost of £106 million

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3   HEFCE circular 01/55: Progress report on approved projects in 2000.

4   Projects funded to end August 2001.

♦ 44 projects were collaborative (56%)

♦ 40% of R&CF funding was spent on these 44 projects.

There are variations in the distribution of funding by region (Figure 5). The large expenditure in the South West reflects the presence of two large collaborative projects.[5]
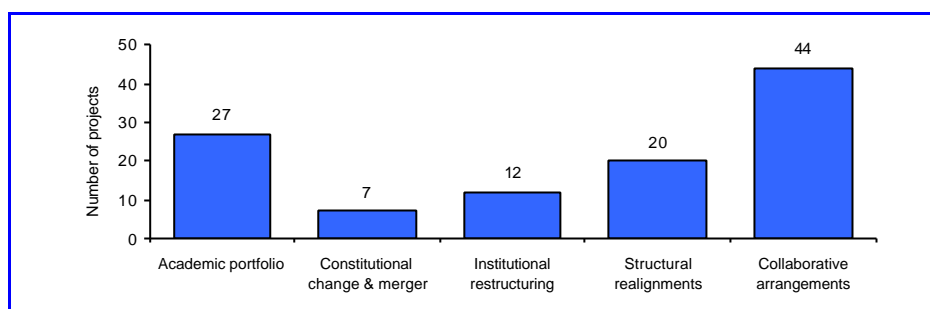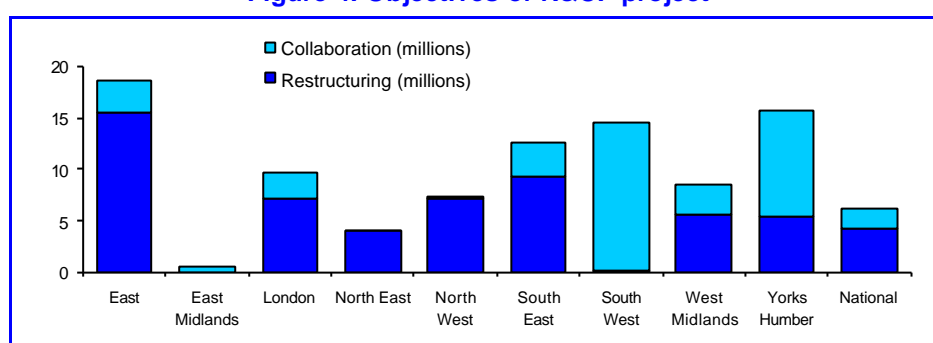

Figure 4. Objectives of R&CF project

Figure 5. Distribution of R&CF funding by region

37. Collaborative R&CF Projects

For the purposes of the evaluation, all projects involving two or more institutions were classified as collaborative. These included some projects, notably staff transfers, which were based primarily around the restructuring of a single institution. The collaborative projects are listed in Figure 6. We classified collaborative projects by:

♦ type of collaboration: structural, for example, a new medical school, or virtual, a regional university consortium

♦ form of collaboration: bilateral or multilateral

♦ basis for collaboration: subject-led or regional.

Figure 7 shows our analysis of collaborative projects against these criteria. Of the 44 collaborative projects:

♦ 65% were structural, 35% were virtual

♦ 51% were bilateral, 49% were multilateral

♦ 47% were geographically based, 53% were subject based.

Less than half the collaborative projects were complete at the start of our evaluation. Completed projects differ from those in progress:

♦ the 17 completed projects average 11 months in length and included pilots, business development and consultancy studies

♦ the 27 projects in progress during the evaluation average 36 months and include the large regional consortia.

To cover the full range of collaborations, we included in our evaluation a number of projects in progress.

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5   The Combined Universities of Cornwall and the new Peninsula Medical School.

Figure 6. R&CF collaborative projects

| Region	Project	Funding from R&CF
East	Transfer of physics from Essex University to York University	£64,000
East	Association of Eastern Region Universities	£75,000
East	Merger of Essex University with East 15 Acting School	£869,000
East	Essex University and KPMG study of demand for HE in Southend	£70,000
East	Essex University collaboration with South East Essex College	£2,000,000
East Midlands	Loughborough University and Loughborough College of Art & Design	£512,000
East Midlands	Ufl pilot project at De Montfort University	£12,000
East Midlands	East Midlands Universities Association	£75,000
London	King's College London Access to Medicine Program Business Plan	£50,000
London	Birkbeck College science restructuring and transfer of physics to UCL	£1,892,000
London	London HE Consortium	£113,000
London	New language University at School of Slavonic and East European Studies	£496,577
London	City University review of engineering provision in London	£30,000
North East	Universities for the North East (Unis4ne)	£75,000
North West	Advisory group for HE in Cumbria demand study	£16,000
North West	North West Universities Association	£75,000
North West	Higher Education North West	£75,000
South East	Southampton University and La Sainte Union merger	£470,000
South East	Consortium of Art and Design Institutes in Southern England (CADISE)	£116,500
South East	Canterbury Christ Church College and College of Guidance Studies merger	£625,000
South East	Oxford Brookes University and Westminster College merger	£1,824,000
South East	Higher Education South East	£112,500
South West	Demand study for Combined Universities in Cornwall	£20,000
South West	Transfer of physics from Bath University to East Anglia University	£185,935
South West	Higher Education Regional Development Association South West	£75,000
South West	Peninsular Medical School implementation costs	£1,383,900
South West	Peninsular Medical School Business Plan	£50,000
South West	Combined Universities in Cornwall working capital	£326,000
West Midlands	Leicester Warwick medical school start-up costs	£840,000
West Midlands	West Midlands Consortium	£79,500
West Midlands	Keele and Manchester medical school start up costs	£840,000
Yorks/Humber	Leeds Metropolitan University and Harrogate College merger	£455,000
Yorks/Humber	Yorkshire and Humberside Universities Association	£78,800
Yorks/Humber	University of Bradford and Bradford College collaboration	£184,000
Yorks/Humber	University of Hull and North Riding College merger	£1,356,000
Yorks/Humber	Transfer of chemistry from Lancaster University to Sheffield University	£820,000
Yorks/Humber	University of Bradford Icon Laboratory	£30,000
Yorks/Humber	University of Leeds and Bretton Hall College merger	£8,599,000
Yorks/Humber	University of Leeds Law Library collaboration	£160,304
Yorks/Humber	Sheffield Women's Hospital teaching and research facility	£1,500,000
National	Council of Church Colleges	£75,000
National	Higher Education Environmental Partnership	£600,000
National	HE contribution to the regions	£152,000
National	Enhanced PhD project	£1,061,697
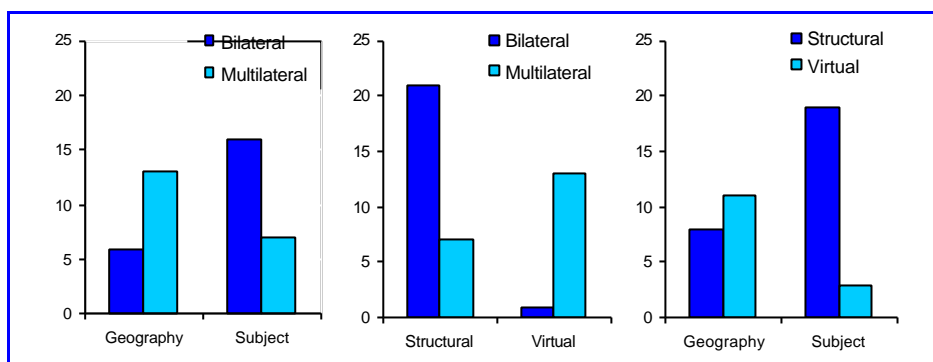
Figure 7. Collaborative projects by type of collaboration

The Evaluation

38. The Evaluation

Our evaluation began on 1 August 2001. We had six objectives (Figure 8). This report is primarily based on 12 case studies of collaborative projects (Figure 9). We also:

♦ ran a workshop with the sector, to outline our initial case study findings and seek input from institutions to our developing conclusions and recommendations

♦ held background interviews, including with HEFCE regional consultants and heads of non-R&CF funded institutions.

We based the case studies on structured, face to face interviews with:

♦ heads of institution or senior strategy staff from all collaborating institutions

♦ project managers or equivalent

♦ a sample of other staff where relevant, for example, finance or personnel directors.

We conducted all interviews against a topic list communicated to interviewees in advance, and gave case study institutions the opportunity to review and comment on the case study text. HEFCE's Sector Strategy Committee acted as the steering group for the project (see Annex).

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1. To examine and analyse a small number of collaborative projects as case studies, setting out the method, objectives, outcomes, costs and benefits of each project.

2. To draw out any evidence of the particular and generic benefits of collaboration; any costs/drawbacks; and obstacles which the HEIs concerned had to overcome.

3. To analyse and assess how HEIs make decisions concerning proposed collaborative projects, and identify any common factors or circumstances shown to support successful collaboration.

4. To draw out any evidence for, and the extent of, any particular and generic opportunities for greater collaboration within the sector, and how they might best be exploited.

5. To draw out any evidence for, and the extent of, any particular and generic obstacles to greater collaboration within the sector, and how they might be overcome.

6. To recommend how HEFCE's Restructuring and Collaboration Fund might be developed to better support collaboration in the future.

Figure 8. Evaluation objectives

> **1 Consortium of Arts and Design Institutions in Southern England (CADISE):** subject-based, virtual collaboration between HE colleges.
>
> **2 Collaboration Programme in Modern Languages:** innovative collaboration in teaching a subject in declining student popularity
>
> **3 Combined Universities in Cornwall (CUC)**: collaboration to set up new provision.
>
> **4 Council of Church Colleges**: national collaboration by institutional mission type.
>
> **5 Leeds Law Library Collaboration**: innovative, subject-based collaboration.
>
> **6 Leicester Warwick Medical School**: a new joint faculty, with collaboration in teaching and, ultimately, research.
>
> **7 University of Sheffield and Sheffield Women's Hospital**: collaboration with the NHS.
>
> **8 Staffordshire and Keele**: transfer of science staff: a physical solution to teaching a declining subject.
>
> **9 Universities for the North East**: example of a regional association.
>
> **10 University of Bradford and Bradford College**: far-reaching collaboration between a university and a HE college.
>
> **11 University of Essex and South East Essex College**: university/college collaboration on new teaching provision.
>
> **12 Federal University of Surrey**: a federal solution.

Figure 9. Case studies for the evaluation

39. Acknowledgements

40. Success of R&CF

The Fund was set up to meet a particular need: to enable institutions to take small risks in rationalizing or developing their provision, which they could not fully fund from their own resources. It has met that need well and institutions have unreservedly welcomed:

♦ the operation of R&CF: its minimal bureaucracy and conditions have enabled HEFCE quickly to intervene to pump-prime developments

♦ support from HEFCE staff, in particular regional consultants, has been invaluable in developing many proposals

♦ the symbolic value of HEFCE support for innovative provision or infrastructure investment has levered additional significant external funding.

The success of many of the projects we examined can only be judged in the longer-term. Institutions had some immediate concerns about:

♦ the lack of transparency in project selection and assessment

♦ the perceived lack of equity in the treatment of different types of project.

As the Fund matures and the pressures on it grow, HEFCE will need to adopt more robust and transparent processes for allocating funds.

41. Developing and Assessing Proposals

Institutions praised the role of the regional consultants in developing their proposals and presenting them to HEFCE. But they recognised that ambiguities in the consultants' role could lead to perceptions of unfairness among other institutions:

♦ it is part of the consultants' role to help institutions develop proposals and they are naturally seen to favour institutions within their own region

♦ at the same time, there is a lack of clarity about the consultants' role in assessing and approving proposals from their region

♦ this leads to perceptions of unfairness and institutions questioning whether institutions in other regions win more than their 'fair' share of R&CF funding.

Although the consultants have sector-wide and subject responsibilities, their primary loyalty is perceived as being to their own region. There is a danger that nationally based collaborations may not have the same access to funding as regional ones. HEFCE will need to clarify the role of the regional consultants in relation to R&CF.

42. The Value of R&CF to Institutions

There is wide variability in the value of R&CF to institutions:

♦ in some cases, it is clear that a project would not have gone ahead without R&CF funding; for example, Leeds Law Library

♦ in others, particularly the regional university associations, institutions conceived projects specifically in response to the Fund; for example, Unis4ne

♦ other institutions would have collaborated in the same way without R&CF but additional funding has oiled the wheels of a difficult process and may have led to greater benefits; for example, Bradford University and Bradford College.

This illustrates the flexibility of R&CF. It owes part of its success to the way it has responded quickly to local circumstances. We make recommendations below on introducing greater rigour into the selection and funding process but HEFCE will need to ensure that this is not at the price of flexibility and responsiveness in funding.

43. Future Strategy

The focus of the Fund has moved over its lifetime from supporting single institution restructuring to collaborative projects. This reflects current HEFCE policy, which has been to promote collaboration as a route to cost savings and academic benefit. Some institutions have viewed collaboration as an end in itself and have not analysed the trade-off between costs and benefits before applying for funding. Our evaluation shows that the trade-off is a complex one. Success in collaboration is not assured and the costs may in some cases outweigh the benefits. In considering the future of R&CF, we believe that HEFCE should re-position the Fund so that money is channelled only to those projects which:

- ♦ meet HEFCE objectives for the sector
- ♦ reflect institutions' own strategic objectives
- ♦ can demonstrate that the probable benefits of the collaboration:
  - ♦ exceed its likely costs
  - ♦ are greater than if institutions were to continue to act independently.

44. Meeting Institutions' Needs

While a future Fund should contribute more directly to sector objectives, it is also clear that it must be driven by ideas from institutions for new forms of cooperation, rather than by any model advocated by HEFCE. Collaboration is the product of a complex web of personal links, strategic drivers, shared history and external pressures. It works best where institutions drive it themselves, based on existing contacts and recognition of a common external threat or opportunity. HEFCE is currently examining its funding models to see if it can lower barriers to collaboration and create new incentives.

45. National Versus Regional Capacity

With some exceptions, the drivers behind the collaboration supported by R&CF have been largely regional and there is a perception among institutions that the preferred collaborative model is a regional one, though R&CF also funded national projects. HEFCE policy statements and the mechanics of developing proposals largely through regional consultants have reinforced this perception. At the same time, national collaborations involving several, geographically distant partners face higher obstacles:

- ♦ geography: meetings are more costly in time and travel
- ♦ number of partners: is likely to be greater
- ♦ rationale: is likely to be subject driven; institutional commitment may be lacking.

There is no evidence from our case studies or elsewhere, however, that regional collaborations are any more successful than national ones. Nor can regional collaborations address the issues of maintaining capacity and quality of provision in small or declining subjects. The strategy behind any future Fund and the mechanisms for its implementation should reflect parity of treatment of subject and regionally based collaborations, both in the development of proposals and their assessment.

46. Logistics

It is clear that the logistics of funding joint projects create major hurdles for some, though not all, institutions:

- joint initiatives are currently funded through lead institutions; for many this is unsatisfactory and:
    - creates administrative complexity and adds to the cost of collaboration
    - leads to lack of clarity about the precise allocation and use of HEFCE funding
    - delays decision-making: in several of our case studies, institutions only agreed the exact distribution of funds once collaboration was underway; this led to tensions that threatened to undermine the collaboration
- agreeing on an equitable method for splitting student funding between institutions has been difficult in some cases.

Bradford University and Bradford College have solved the last of these problems by adopting the simple but effective model of splitting the MASN between institutions to reflect their respective contributions. This obviates the need to take account of different salary levels, infrastructure costs and accounting regimes.

47. Fund Management by HEFCE

HEFCE needs to improve the rigour and openness with which it invites and assesses proposals. This need not be based on competitive bidding rounds but does require publicly documented criteria for assessment. The following proposals would also improve the quality of the grant process and potentially increase the likelihood of success outcomes:

- **small projects:** proposals requiring less than, say, £250,000 should be fast-tracked, especially when they are pilot or consultancy projects that examine the feasibility of collaboration or develop business planning
- **larger projects** should be subject to two-stage bidding:
    - **outline:** institutions bidding for funds should prepare a short outline proposal; if the outline is in line with HEFCE's sector strategy and has clearly taken into account the institution's objectives and market conditions, a full proposal should be submitted
    - **full:** the proposal should contain a detailed business plan, setting out all costs, including indirect costs, assessing risks and outlining contingency plans
- **assessment criteria:** HEFCE should consider what the rejection rate might be at each stage; it might be high at outline but minimal at full proposal; clear criteria will be needed, including those in Figure 10.
- **monitoring and evaluation:** HEFCE should introduce more systematic monitoring and reporting requirements so that it can take a strategic overview of the management and success of its investment. In all projects, HEFCE funding should be dependant on the existence of a formal written compact between the bidding institutions.

- Widespread support within the institutions involved.
- Realistic appraisal of the financial consequences.
- Recognition of the need to address staff and organisational cultural issues.
- Protection of important values to each institution; or development of new shared values: need for parity of esteem.
- Senior management focus and tenacity.
- A viable business plan.

Figure 10. Criteria for the right conditions for collaboration

Recommendations

48. Recommendations to HEFCE

Recommendation 1. HEFCE should reposition R&CF as a strategic fund to support innovative developments that fulfil sectoral and institutional objectives.

Recommendation 2. HEFCE should require planned collaborators to demonstrate that:

♦ the likely benefits will outweigh all costs of collaboration, including indirect costs

♦ the benefits will be significantly greater than if institutions continued to act independently.

Recommendation 3. HEFCE should revise its procedures for assessing, monitoring and evaluating funding proposals that combine rigour of selection with flexibility of administration.

Recommendation 4. In assessing proposals, HEFCE should determine whether collaborating institutions share the appropriate values and structures to support successful collaboration.

49. Recommendations to Institutions

Recommendation 5. Institutions should carefully assess whether collaboration is the best strategic option, taking account of their market position, funding pressures, institutional culture and potential partners.

Recommendation 6. Institutions should carefully design and document the partnership agreement to ensure agreed and effective allocation of resources.

Recommendation 7. Collaborative ventures should embed parity of esteem in their structures, governance and management.