RESEARCH

OECD Thematic Review of Tertiary Education Country Report: United Kingdom

Tony Clark

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Author's Note

This report was prepared for the Department for Education and Skills as an input to the OECD Thematic Review of Tertiary Education. It was prepared in response to guidelines provided by the OECD to all participating countries. The guidelines encouraged the author to canvass a breadth of views and priorities on tertiary education issues. The opinions expressed are not necessarily those of the Department for Education and Skills, the OECD or its Member countries.

The content of the report was steered by a Steering Committee with the following terms of reference and membership:

OECD Thematic Review of Tertiary Education: Steering Group

Terms of Reference

The Steering Group has been set up to oversee the production of a background report on the UK's higher education system in accordance with guidelines set by the OECD. The Steering Group's role is to ensure that the completed report reflects the views and perspectives of the different key stakeholders involved in higher education in the UK. It will determine the broad direction of the report but without being involved in the detailed drafting which will be undertaken by an independent report writer.

The members of the Steering Group will:

1 provide the report writer with advice and guidance relating to their own areas of expertise including, where necessary, participating in bilateral discussions with him on particular topics to be covered by the report;

2 make available to the report writer (or facilitate his access to) any relevant data and publications, including key facts and figures, making clear the context of these and how they should be interpreted;

3 comment on drafts of the report, in particular identifying any factual inaccuracies or omissions, as the review progresses. However, the role of the Steering Group is not to act as a drafting committee;

4 participate in Steering Group meetings which it is envisaged will take place 3 or 4 times over the course of the review.

Steering Group Membership

The following were members of the Steering Group

Name	Organisation
Rachel Green (Chair)	Department for Education and Skills
Celia Chambers Jill McCann	Department of Employment and Learning, Northern Ireland
Ann McVie	Scottish Executive
Judith Cole	Welsh Assembly
Sue Hayday	Association of Colleges
Prof Robin Sibson	Higher Education Statistics Agency
Dr Cliff Hancock	Higher Education Funding Council for England
Caroline Kempner	Learning and Skills Council
Chris Duke Prof Bill Jones	National Institute for Adult and Continuing Education
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Pat Langford	Office of Science and Innovation
Carolyn Campbell	Quality Assurance Agency
Patricia Ambrose	Standing Conference of Principals
William Locke	Universities UK
Mary Gurteen Ian Mitchell Tom Nicholls Jonathan Piggins	Department for Education and Skills
Tony Clark	Report Writer

CONTENTS **Page**

CHAPTER 1: THE NATIONAL CONTEXT OF TERTIARY EDUCATION

1.1 Constitutional issues

1. The United Kingdom of Great Britain and Northern Ireland comprises England, Scotland, Wales and Northern Ireland. The UK Parliament in Westminster is responsible for legislation in England and for legislation in specified (but different) reserved matters in Wales, Scotland, and Northern Ireland. Different levels of devolved responsibilities apply to Scotland, Wales, and Northern Ireland.

2. Under the Scotland Act 1998, the Scottish Parliament can pass primary legislation in all but those areas reserved for Westminster. Under the Government of Wales Act 1998, powers previously exercised by UK Ministers have been delegated to the National Assembly for Wales. The Assembly can make delegated or secondary legislation in devolved areas but primary legislation in Wales remains a matter for the UK Parliament. Further powers are expected to be devolved to Wales under the Government of Wales Bill currently before Parliament. In Northern Ireland, the progress of devolution is inextricably linked with the peace process. In principle, the Northern Ireland assembly can make primary and delegated legislation in devolved areas. However, the Assembly and its Executive have been suspended since 2002 and responsibility has passed to UK appointed Ministers.

3. The UK Government is responsible for general taxation and allocations of public spending to the four countries. These allocations are determined by reference to a long-standing formula (the Barnett formula) which takes account of population and other factors.

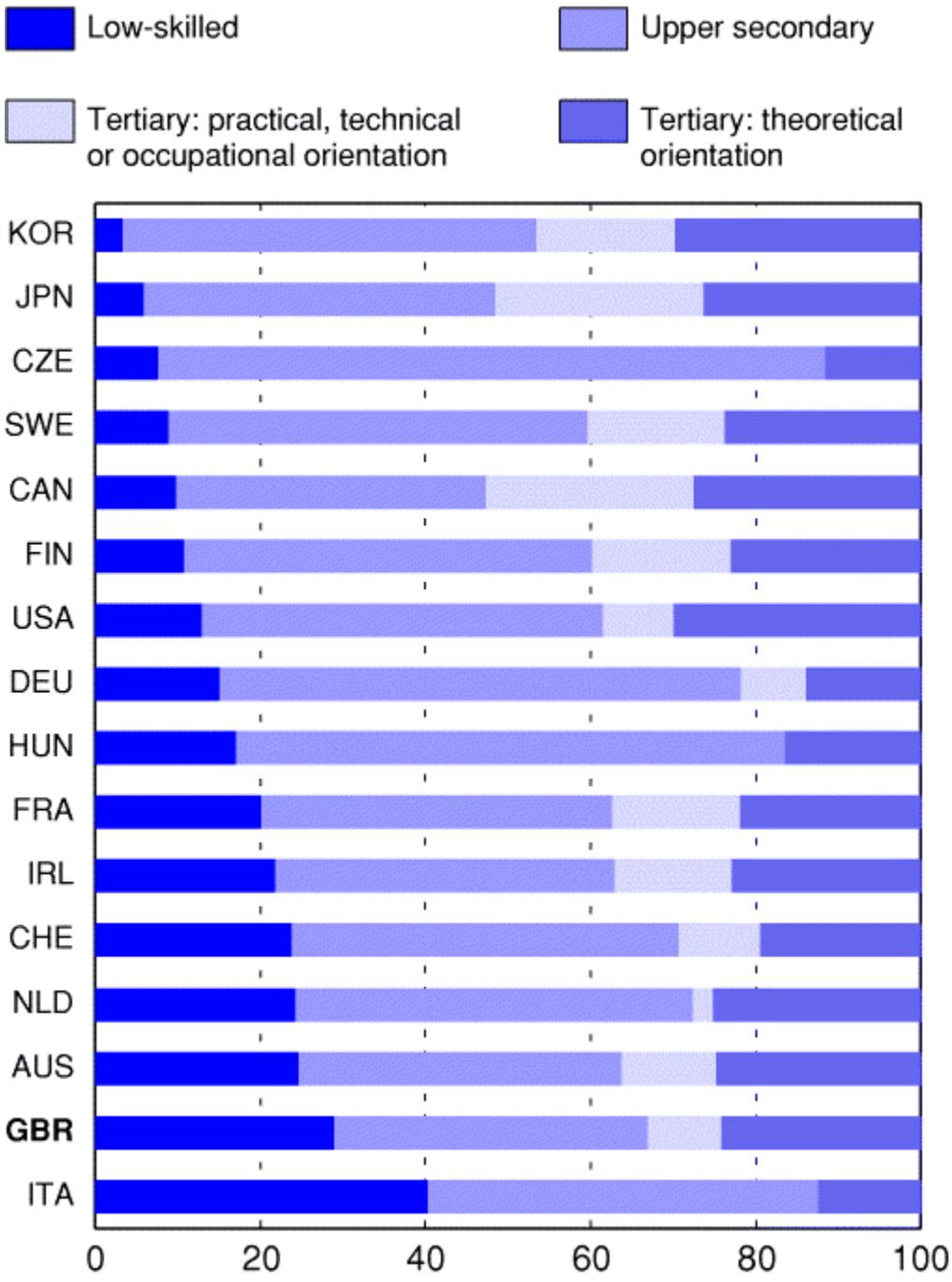
4. Education and training are devolved under the legislation for all the devolved countries. One anomaly for Wales has been rectified. Student support in Wales had been retained for the UK Parliament but has now been devolved under recent legislation for implementation from 2006-07.

5. In practice, there are significant differences in policies in Scotland where support for education has always been strong. There are some differences also in Northern Ireland and differences developing in Wales. Participation in higher education has been greater in Scotland and Northern Ireland than in England and Wales. Within Great Britain, there are significant flows of higher education students across national borders. The impact has been broadly neutral between England and Wales, with a net inflow of English students into Scotland. This report concentrates on policies in England but identifies significant differences in Scotland, Wales and Northern Ireland. The Welsh Language Act, 1993 has had a significant impact on higher education management and provision in Wales.

1.2 Economic background

6. The OECD Economic Survey of the United Kingdom, 2005 notes that the stability and resilience of the UK economy has been impressive. Labour and product markets are among the most flexible in the OECD but structural economic performance judged against a range of indicators can be further improved. GDP per capita ranks only just above the median across all OECD countries. While policies in place are showing some results, key challenges for policy makers include raising the general skills of the workforce so as to boost productivity and the apparent mediocre innovation performance:

Fig 1.1 Educational attainment of the population aged 25-34 years
2003

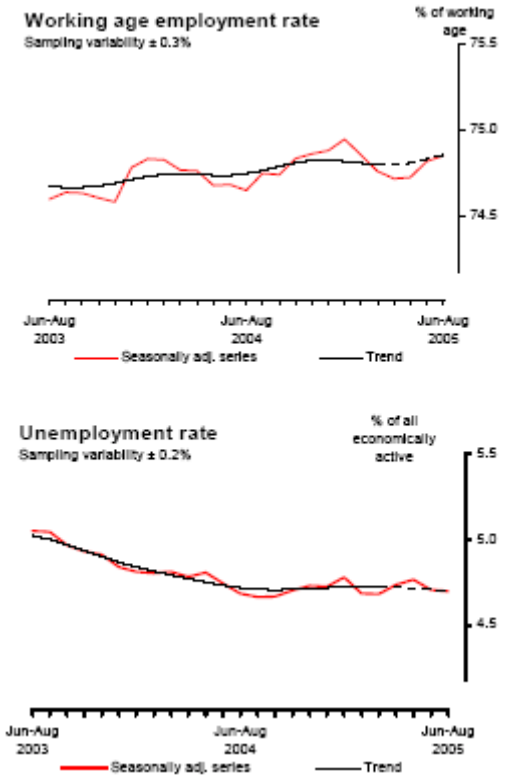


"Low-skilled" comprises persons having primary school, lower secondary school or ISCED 3C short programmes as their only formal qualification. Upper secondary includes post secondary non-tertiary programmes. Tertiary type A includes type B for Czech Republic, Hungary and Italy.
Source: OECD (2005), *Education at a Glance*.

7. Current features of the UK economy include:

- High levels of foreign investment;
- Rising levels of import penetration;
- Structural change in industries – with loss of manufacturing industries and growth in the services sector;
- Increasing competitive pressures;
- Low unemployment.

Fig 1.2



Source: Office for National Statistics 2005 (on-line)

8. The structural changes and increasing competition increase the need for investment in high value goods and services, especially in advanced technology and knowledge-intensive service sectors.

9. As explained in detail in Chapter 3, there is already a shortage of skilled labour in certain sectors.

1.3 Population composition and trends

10. The population of the UK is shown in the table, Fig 1.3, overleaf:

Fig 1.3

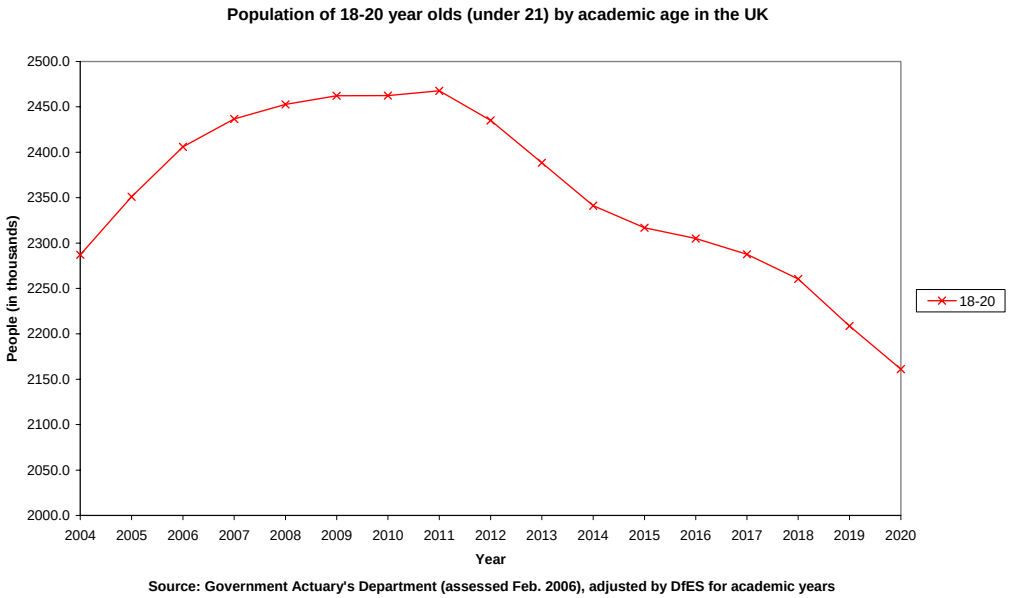
	Total population		Minority ethnic population
	Count	%	%
White	54153898	92.1	n/a
Mixed	677117	1.2	14.6
Asian or Asian British			
Indian	1053411	1.8	22.7
Pakistani	747285	1.3	16.1
Bangladeshi	283063	0.5	6.1
Other Asian	247664	0.4	5.3
Black or Black British			
Black Caribbean	565876	1.0	12.2
Black African	485277	0.8	10.5
Black Other	97585	0.2	2.1
Chinese	247403	0.4	5.3
Other	230615	0.4	5.0
All minority ethnic population	*4635296*	*7.9*	*100*
All population	58789194	100	n/a

Source: Office for National Statistics, 2005 (on-line)

The largest area of sparse population is the Highlands and Islands of Scotland. Generally, as described later in this report, participation in higher education by those from minority ethnic groups is higher than participation by the White population.

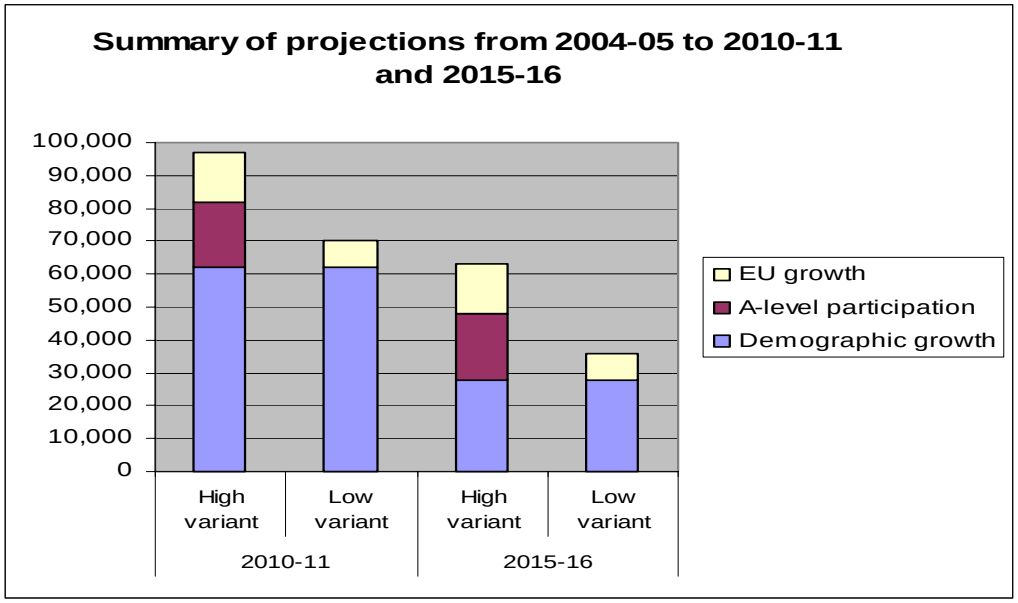
11. Demographic trends for home and EU students in English higher education institutions are illustrated in the following graph:

Fig 1.4



12. The following chart shows projections prepared by the Higher Education Policy Institute (HEPI) of predicted future additional full-time home and EU students in higher education in English institutions after allowing for demographic effects, increased levels of A level and equivalent participation, and growth in the number of EU students:

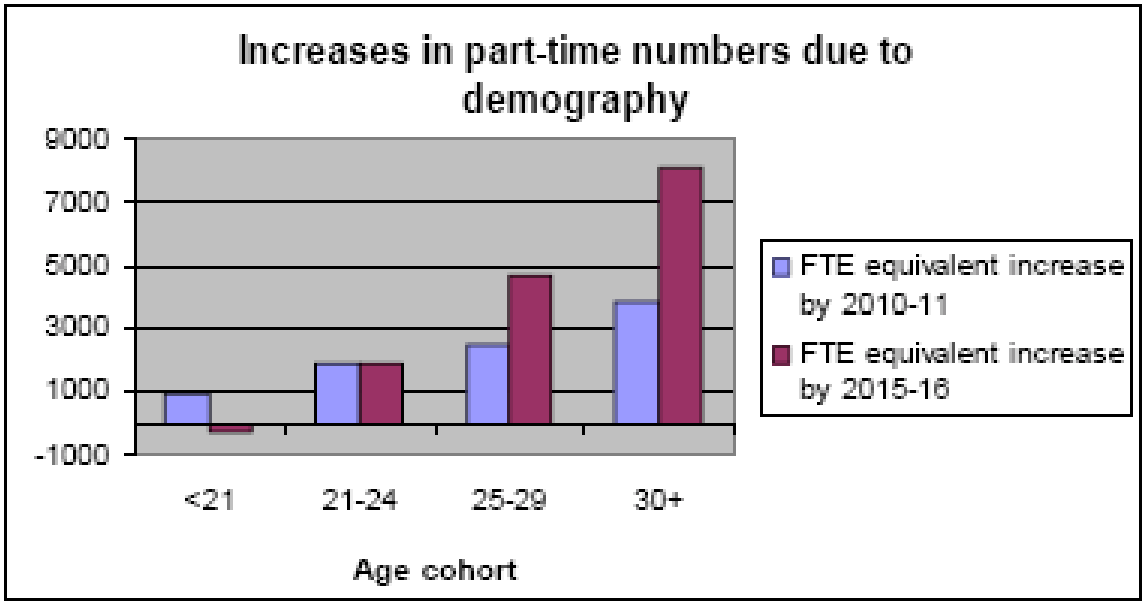
Fig 1.5



Source: Higher Education Policy Institute 'Demand for Higher Education to 2015-16'
The low variant assumes no growth in the Higher Education Initial Participation Rate (HEIPR) and the high variant assumes only a limited increase in HEIPR.

13. There are many uncertainties. Higher tuition fees in England from 2006 (see details in Chapter 2 and Chapter 7) may have an impact on demand. Some potential English students may choose to study in other EU countries where teaching is in English and there are no tuition fees. Despite the higher fees, the indications are that more students from other European countries are applying for places in UK higher education. Although the fees will be similar for English students in Scotland and Wales, falling populations in Scotland and Wales (from 2007) may lead to aggressive recruitment of English students. The social make-up of higher education students is unbalanced reflecting achievements of young people at school. Greater participation by students from poorer families would affect total numbers of students. Greater participation by males (currently 37%) would also increase projected numbers. Finally, a shortage of highly skilled labour might encourage more mature students in work to enter higher education on a part-time or full-time basis, particularly if their employers were ready to assist with the costs. Demographic effects for older students studying part-time can in any case be expected to lead to some increase in the number of part-time students:

Fig 1.6



Source: Higher Education Policy Institute 'Demand for Higher Education to 2015-16' in England

CHAPTER 2: TERTIARY EDUCATION SYSTEM IN THE UK

14. In line with OECD guidelines, this report concentrates on higher education – defined in the UK as education beyond the level of Advanced Level (A level) examinations or equivalent. Higher education is provided mainly in universities and higher education colleges, but about 10% is provided by further education colleges. All these institutions receive public funds but are self-governing, independent, and classified as private sector for economic planning purposes. There is a very small group of private colleges, not publicly funded, which provide academic programmes for about 0.3-0.5% of all higher education students, mainly in medical-related, business or theological subjects. There is a reference to quality assurance for these colleges in Chapter 9 but the private colleges are not otherwise considered further in this report. The following paragraphs in this Chapter give a general account of higher education in the UK. The chapters which follow give a fuller account in the areas identified in the OECD guidelines.

2.1 Purposes of higher education

15. The purposes of higher education have been reviewed from time to time. (Some of the major developments of higher education in the UK since 1960 are listed in Annex B). In 1963, the Committee of Enquiry (the Robbins Committee), identified four main aims summarised as follows:

- Instruction in skills for employment;
- Promoting the general powers of the mind;
- Advanced learning; and
- Transmitting a common culture and common standards of citizenship.

16. The National Committee of Inquiry (the Dearing Inquiry) in 1997 set out the following purposes:

- To inspire and enable individuals to develop capabilities to the highest potential levels throughout life, so that they can grow intellectually, are well equipped for work, can contribute effectively to society, and achieve personal fulfilment;
- To increase knowledge, and understanding for their own sake and to foster their application for the benefit of the economy and society;
- To serve the needs of an adaptable, sustainable, knowledge-based economy at local, regional, and national levels;
- To play a major role in shaping a democratic, civilised, and inclusive society.

A condensed version of this has been adopted by the Government:

- To enable people to develop their capabilities and fulfil their potential, both personally and at work;
- To advance knowledge and understanding through scholarship and research;
- To contribute to an economically successful and culturally diverse nation.

17. Each of these definitions has been drawn up after taking into account views within higher education. The main point to note is that since 1963, it has been specifically recognised that higher education has an important role in preparing people for employment, alongside their traditional roles in teaching and research. There is recognition too in the two more recent

definitions that higher education has a responsibility for the transfer of knowledge for the benefit of the economy. The reference to transmitting a common culture in 1963 has been overtaken by the reality of a culturally diverse nation.

2.2 Structure of institutions and Funding Arrangements

18. The following key facts (Fig 2.1) give a broad picture of higher education in the UK:

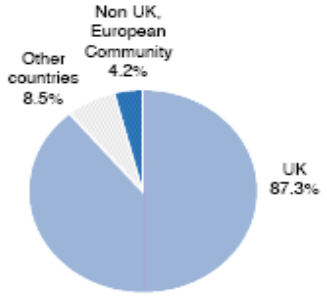
Fig 2.1

Key facts about higher education

Students

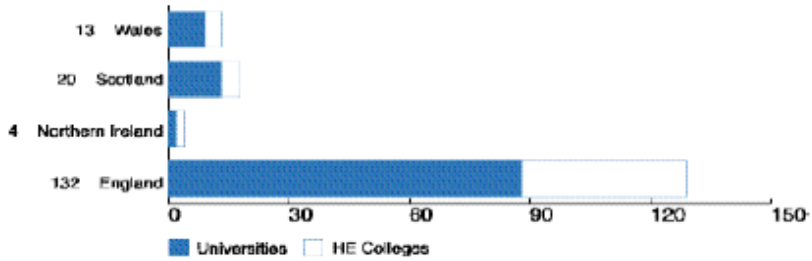
Over 2 million HE students in UK higher education institutions*. Where do they come from?

There are also around 198,000 higher education students in further education colleges.



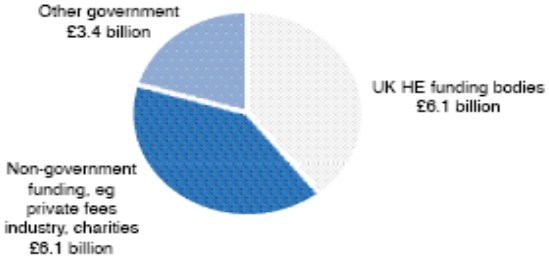
Institutions

169 universities and HE colleges in the UK



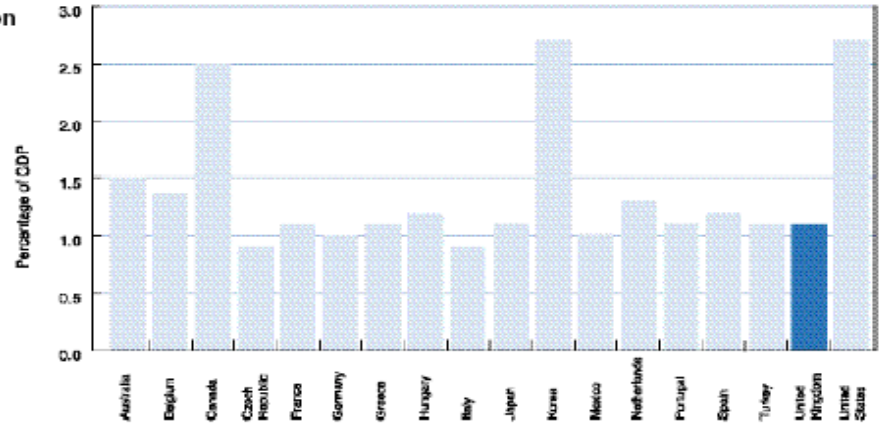
Sources of income

Universities and colleges receive £14.5 billion in funding. Where does it come from?



How much do we spend on HE compared to other countries?

(expenditure on tertiary educational institutions as a percentage of GDP 2001)



HEFCE publication 2005/10
Source: HESA student record, 2002/03, HESA Higher Education Statistics for UK 2002/03, and HESA finance record 2002/03.
Final chart: OECD Education at a Glance, 2004

19. In 1970, a new sector of 30 polytechnics was established in England and Wales, mainly based on long-standing colleges providing academic programmes with a vocational emphasis. Until 1988, higher education was divided between polytechnics and colleges, mainly funded by local education authorities in England and Wales, and universities funded in Britain from central government funds through a non-statutory University Grants Committee (UGC). The concept of the UGC was to form a buffer between individual universities and the Government thus preventing political influences on the funding of individual universities. That concept has been retained in the statutory funding arrangements which followed (except in Northern Ireland). From 1988, the polytechnics and colleges in England became self-governing and funded by a new statutory Polytechnics and Colleges Funding Council. The universities in Great Britain became funded by a new statutory Universities Funding Council. In Northern Ireland, the only polytechnic, the Ulster Polytechnic, merged with the New University of Ulster in 1984 to create the University of Ulster and a single sector (as followed later in Great Britain) as part of a rationalisation of higher education in Northern Ireland.

20. In the 1991 White Paper 'Meeting the Challenge', the Government announced the abolition of the binary line on the grounds that there was significant overlap in the academic work of the two sectors (with many polytechnics offering research degrees). It was generally agreed that a single sector of universities (and colleges) with diverse aims and objectives would better serve the interests of students and society. It was expected that direct competition between a wider range of institutions would lead to increased efficiency and effectiveness.

21. With plans under discussion for devolution more generally, it was decided also that universities would in future be funded by their home country – England, Wales, Scotland and Northern Ireland. The plans were brought into effect by the 1992 Further and Higher Education Act, which established a new Higher Education Funding Council for England (HEFCE). Similar councils were established in Scotland and Wales (where vesting from local authority control for the polytechnic and colleges also occurred). In Scotland, a single funding council for both higher and further education has just been established. In Wales, there had been a single secretariat serving both the higher and further education funding councils; but these functions were separated in March 2006. In Northern Ireland, no separate higher education funding authority was established and the institutions continued to receive funding directly from the department responsible for higher education - now the Department for Employment and Learning (DEL). In this report, the 3 Funding Councils and the DEL are referred to as the Funding Bodies. The abolition of the binary line (the division between polytechnics and colleges with a vocational emphasis from universities with an academic emphasis) led to the creation of 30 new universities. Criteria were set for higher education colleges to gain their own powers for awarding degrees and for gaining university status.

22. The pattern for the most significant changes has been consultation with sector representatives, the publication of a White Paper by the Government, followed by the submission of any necessary legislation to Parliament, followed by guidance to the Funding Council with an appropriate level of funds. Compared with some other countries, legislation is often permissive in the sense that it leaves the Executive with powers to develop new strategies without further primary legislation. Consultation has on two occasions since 1960 taken place as part of the work of a Committee of Inquiry (the Robbins committee in 1963 and the Dearing Committee in 1997). The Dearing Committee report [1] formed the background for the new Labour Government's

1 Higher Education in a Learning Society, Report of National Committee of Inquiry into Higher Education. July 1997. HMSO

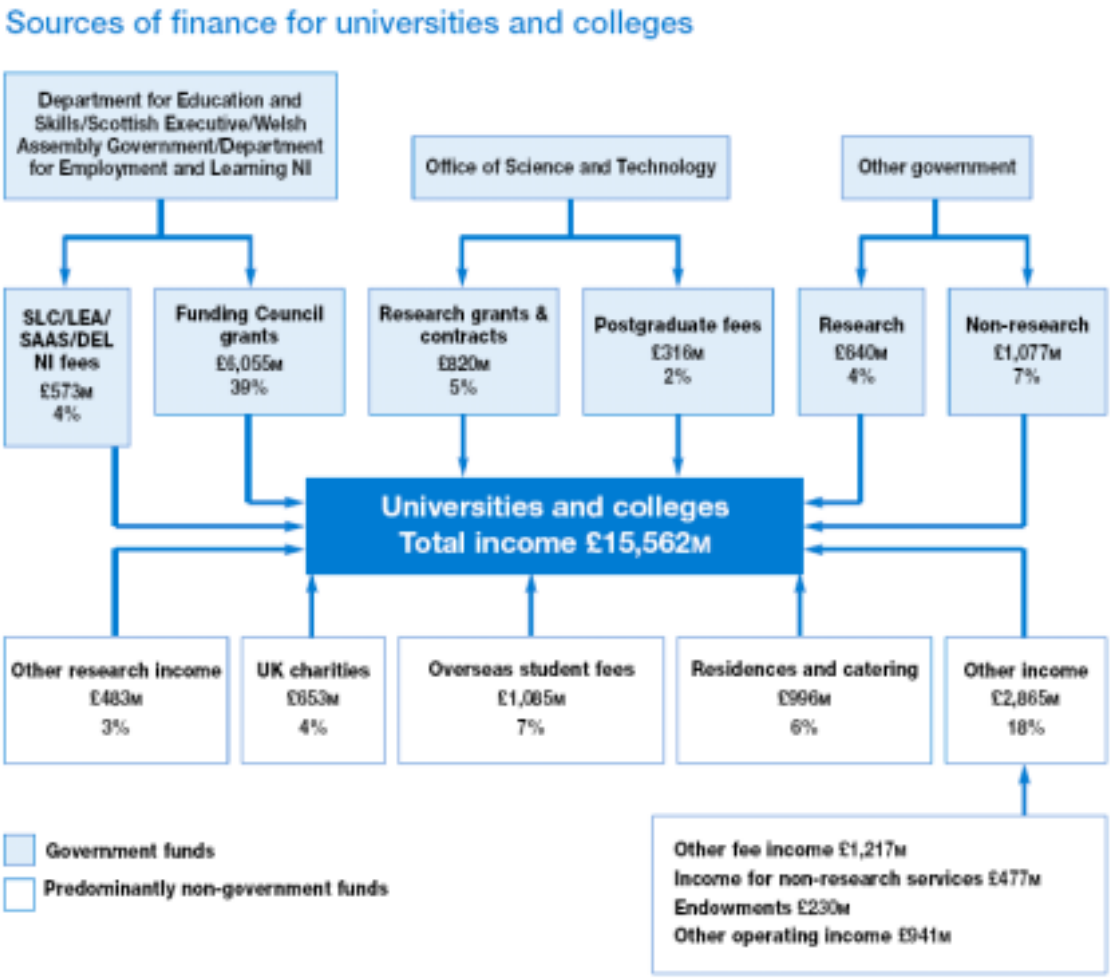
substantive review of higher education, culminating in the reforming 2003 White Paper [2] for England which included plans for variable tuition fees of up to £3000, and the passage of subsequent legislation - legislation which proved highly contentious in Parliament but which was supported in principle by Universities UK. The legislation also provided additional powers in respect of these issues for the Welsh Assembly. The White Paper needs to be read alongside this report. Some extracts are included in subsequent chapters of this report. The chronology for the major developments in UK higher education since 1960 is listed in Annex B. A list of all higher education institutions is given in Annex C.

23. Higher education institutions have always charged tuition fees for part-time undergraduate students and postgraduate students. There have been tuition fees also for full-time home undergraduates for over 50 years. The full-time fees varied between some 10-20% of the average costs of tuition and were paid in full for most students as part of the student maintenance grant. Because the Government set the maximum fee eligible for reimbursement (a kind of voucher) the level of fees for full-time students was controlled. In 1998, the Government decided to set a tuition fee of £1000 (on average 25% of teaching costs) for full-time undergraduate students. For the first time, these fees would be paid by students or their parents. There were however means tested grants available to meet all or part of the fees according to parental income. Because of this means-testing, less than half of all students have paid the full fee. For 2006, the maximum tuition fee for home full-time undergraduates in England has been increased to £3000, representing over half of the average teaching costs. Institutions charging higher fees than at present are required to use part of the extra income to support wider access. Subsidised loans will be available to meet the cost and will be repaid after graduation according to a graduate's income. Further details, including the arrangements in Scotland, Wales and Northern Ireland are given in Chapter 7 on resourcing.

24. The main point to note here is that block public funds in support of teaching and learning are now being supplemented by significant privately funded tuition fee income from home undergraduates (in addition to the continuing income from fees for overseas students). The present pattern of income from all sources is shown in the diagram overleaf. Income from tuition fees will increase significantly from 2006 onwards.

2 The future of higher education, White Paper presented to Parliament. January 2003.HMSO

Fig 2.2



HEFCE publication 2005/10
Source: HESA Financial Statistics 2002-03

2.3 Governance and regulatory framework

25. The Further and Higher Education Act, 1992 (and the corresponding Act in Scotland, and subsequent Acts) set out the respective roles of the Governments, the Funding Councils, and individual institutions. The Government sets the total funding for universities and has the power to set conditions to the Funding Councils covering national developments which it wishes to promote. The Government is not however able to determine the general (or block) grants to individual universities or to intervene in such areas as the content of academic programmes, the appointment of staff (including Vice-Chancellors), or the admission of students. The position is different over the determination of grant in Northern Ireland where there is no separate funding authority, but again there are no powers over the curriculum, appointments and admissions.

26. The Funding Bodies advise the Government on the needs of higher education and allocate available funds for teaching and research. They also have responsibility for promoting

and monitoring value for money. They promote high quality teaching and research, encourage interactions with business and the wider community, promote widening access and increasing participation, inform students about the quality of higher education available, and ensure the proper use of public funds. The Funding Bodies work in partnership with other organisations such as higher education representative bodies (Universities UK - UUK and the Standing Conference of Principals of Colleges of higher education - SCOP), the Higher Education Statistics Agency (HESA), and the Quality Assurance Agency for Higher Education (QAA).

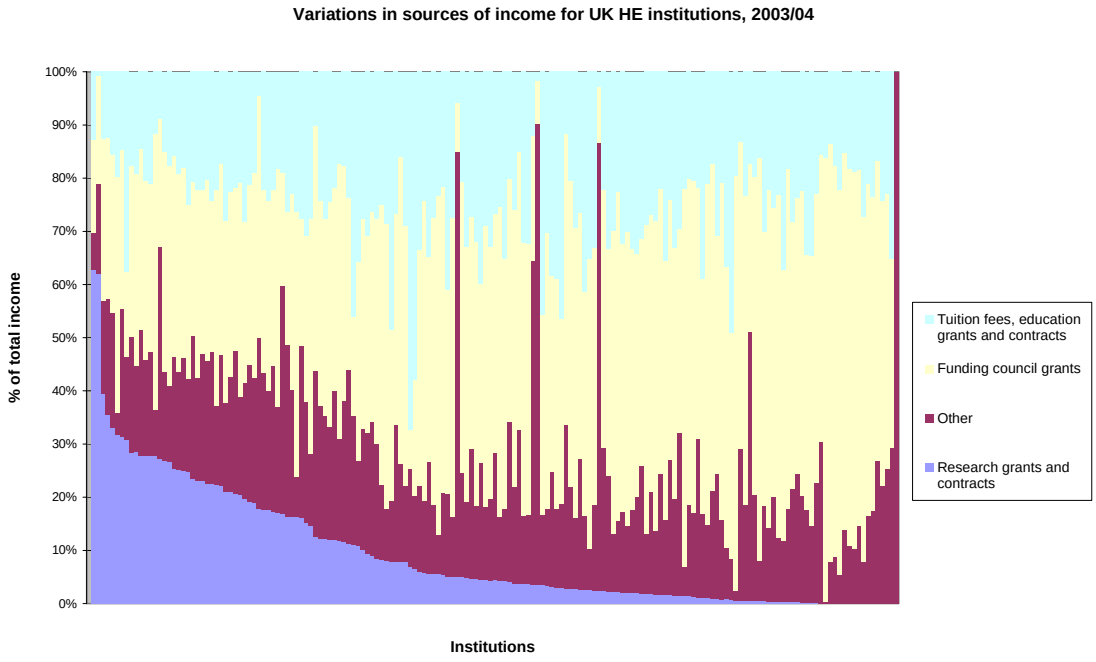
27. Each institution has a governing body comprising some 15-35 members, of whom the Chairman and about half of the members are drawn from outside the institution. The governing bodies set the mission and strategic plans for each institution and also monitor, support (and, if necessary, challenge) the performance both of the institution, and of the Vice-Chancellor and senior colleagues. The governing bodies provide the first line of accountability in terms of ensuring that institutions meet the needs of students, local communities, and society (including employers) at large. Members are limited to a maximum term of office of about 8 years. New members are appointed by the governing body.

28. The National Audit Office (NAO) audits the expenditure of higher education institutions (except in Scotland). As nominated Chief Executives, Vice-Chancellors and their equivalents in higher education colleges are responsible to Parliament for the spending of public money. If the NAO reveals concerns about particular spending, the relevant Vice-Chancellor or equivalent in higher education colleges is summoned to appear before Parliament's Public Accounts Committee. The Chief Executive of the Funding Council also usually attends. If the matter of concern involves national policies, the Permanent Secretary of the Government's Department for Education and Skills (or the relevant devolved Department) may also be summoned. In Scotland, the only audit requirement is for higher education institutions to provide the Funding Council with annual audited accounts.

29. The advantage of the existence of Funding Councils is that decisions about funding for individual universities are kept at arms length from the Government and are not subject to political pressures. The main funds are allocated by the Funding Councils (and by DEL in Northern Ireland) as block grants for teaching and research. The main factor for assessing funds for teaching is the number of students completing a specified element of their programme. Funds for research are linked closely with the assessed quality and volume of research. Hence the allocation of funds will influence significantly the relative emphasis on teaching and research in individual universities. Even though the respective roles of the Government and the Funding Councils are set out in legislation, one potential disadvantage of the separate Funding Bodies is that both the different arms of Government and the Funding Bodies may impose requirements on universities and colleges which many believe leads to excessive bureaucracy. The complexity of higher education and the breadth of its activities mean that many different bodies may have the right to make regulations and other bureaucratic demands on institutions. This can lead to overlap and duplication as well as uncoordinated visits and demands. The UK Government has an active policy toward reducing the burden of externally imposed bureaucracy on public institutions. The Department for Education and Skills (DfES), England has established independent 'gatekeeper groups' of practitioners to help them monitor bureaucracy and find ways of reducing it. For higher education the HE Regulation Review Group (HERRG) was established in summer 2004 (replacing an earlier Better Regulation Review Group). It has been estimated by HEFCE that the cost of bureaucracy for English universities and colleges has been cut by 25% in the four years to 2004 and there is a similar target for the next four years.

30. In addition to the block funds and some specific funds from the Funding Bodies, institutions may apply for research grants from the Research Councils, the European Union, the medical charities and other bodies. They are also encouraged to raise their own funds, for example through the recruitment of overseas students, the development of short professional courses, the setting up of science parks for external companies, the creation of university companies, or donations from alumni. The proportion of block funds to total income varies significantly according to levels of private income and the eligibility of programmes for support from public funds:

Fig 2.3



Source: HESA 2003/04 finance record (UK institutions)

2.4 Size of higher education sector and targets for growth

31. The charts on the following pages show the growth of the sector in recent years and the distribution of students by age and by mode of study. There was a particularly rapid growth in the period 1988 to 1993, reflecting in part the introduction of a new examination (GCSE) for all pupils (except in Scotland) at the age of 16. Prior to the introduction of the GCSE, there had been two main examinations designed for some 60% of the age group. The age participation rate (API), based on the number of 18 and 19 year olds entering full-time higher education in Great Britain, increased from 5% at the beginning of the 1960s to some 36% in 2001/02. Between 1988 and 1993, the participation rate doubled.

32. Participation rates vary considerably between the four home countries. Although the API is calculated on a different basis in Scotland, it can be said – UniversitiesUK, summer 2005 [3] – that the participation rate for young people in Scotland (and Northern Ireland) is about 50%

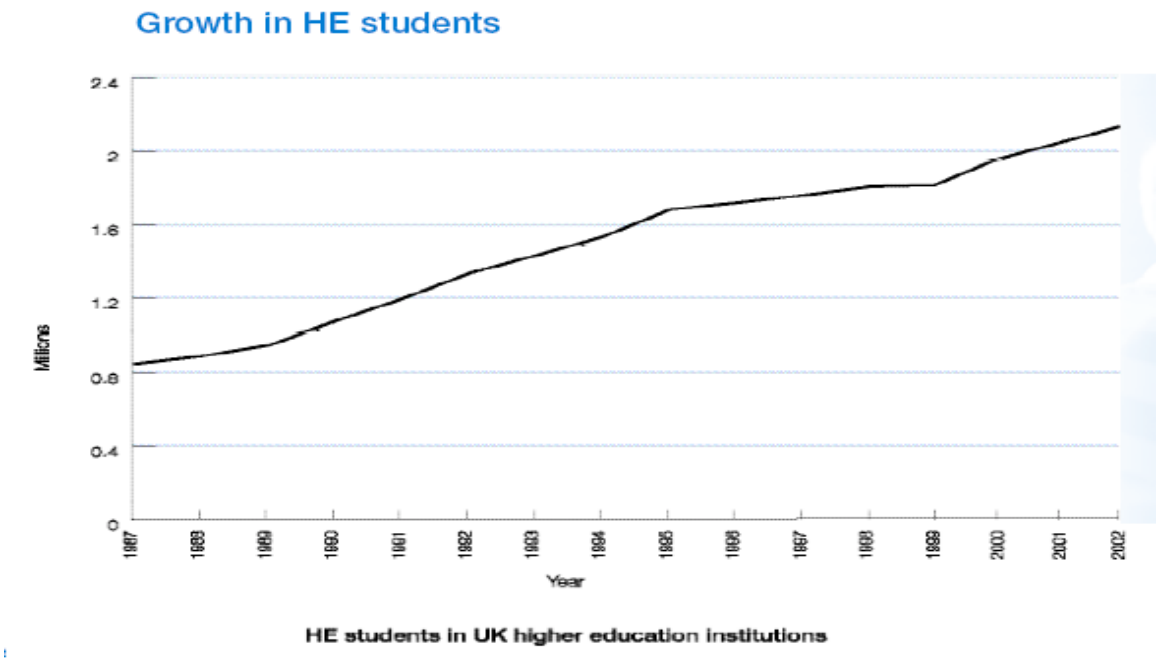
3 Final report of Working Group on 14-19 reform. DfES-097-2004.pdf

which suggests an API for England and Wales of 35%. This reflects stronger support for higher education in Scotland and Northern Ireland as well as a more coherent pattern of provision for 16-19 year olds in Scotland.

33. The API does not allow for the substantial number of students entering higher education between 19 and 30 years of age. Nor does it allow for part-time students. A new rate has been designed to allow for all those participating in higher education up to the age of 30. On this basis, the current participation rate is about 43% in England. The Government has set a target for England of towards 50% by 2010. This target is based on the perceived needs of the labour market in a competitive global economy. Much of the further expansion is expected to be realised though the expansion of two year (on a full-time basis) Foundation Degrees with a vocational bias. Many students will take part in these new degrees on a part-time basis whilst in employment.

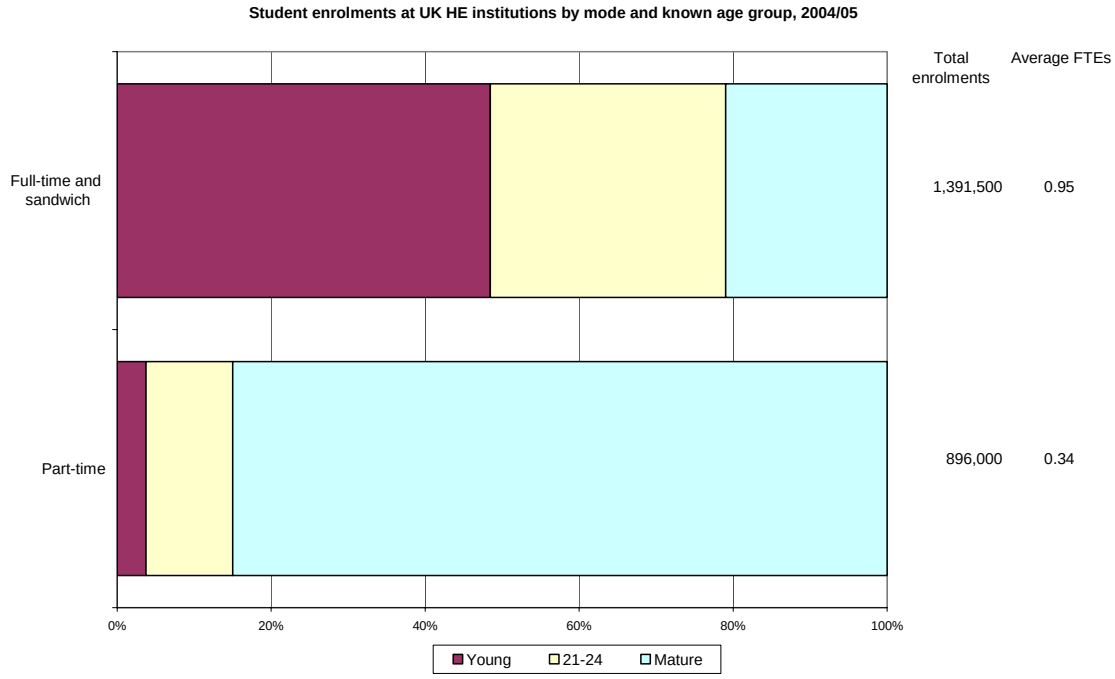
34. There is a need also, not reflected in the target, for older people in the labour force to engage in further education and training. A substantial proportion of students are mature students studying part-time. Although the Government has sought to promote further expansion of life-long learning, the impact on higher education has so far been limited.

Fig 2.4



Source: HEFCE guide 2005/10

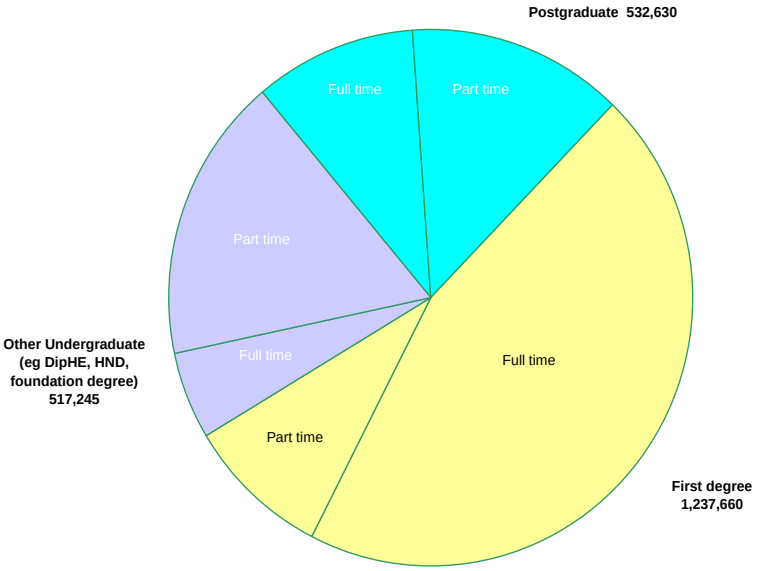
Fig 2.5



Source: HESA student record 2004/05. Figures are on a standard registration population basis

Over 100,000 students enrol for sandwich or similar courses which incorporate up to one year's work experience.

Fig 2.6



Source: HESA data for 2004/05

2.5 Institutions – universities and colleges

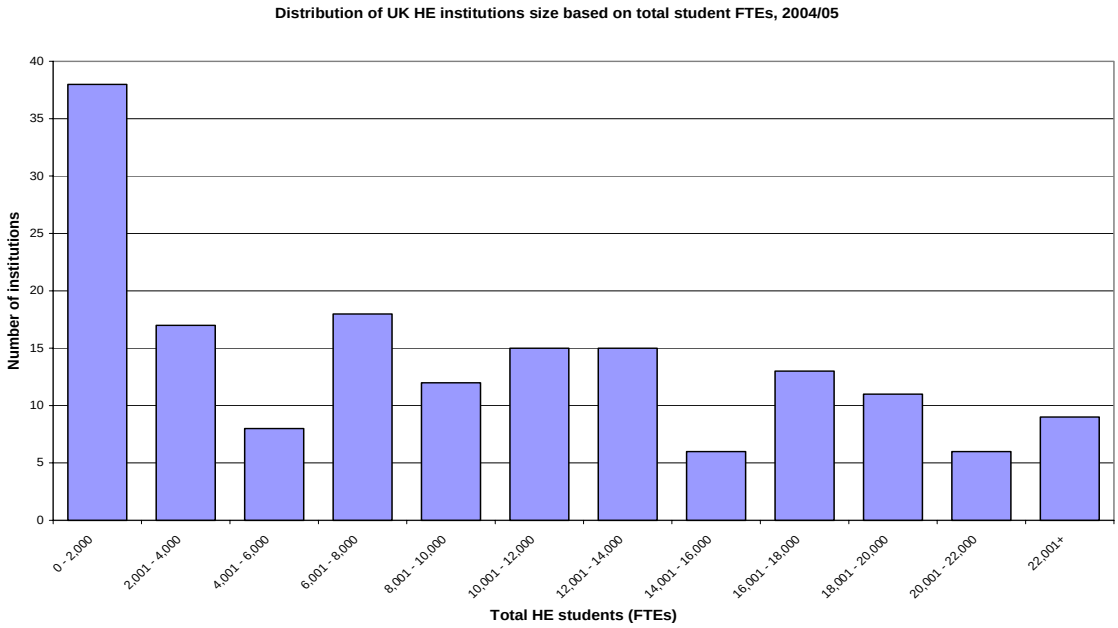
35. The key facts in fig 2.1 show the total number of institutions in each home country. The chart below shows the current distribution of institutions by size. Many of the smaller institutions are specialist colleges.

36. The number of universities has been increasing as more colleges achieve the specified criteria for size and quality. The Government has recently changed the criteria to allow for specialised universities and universities in England without research degree awarding powers. 10 additional universities have been established in 2005. The award of a university title remains onerous: the current criteria for university title in England and Wales are set out in Annex D. In Scotland and Northern Ireland, a university title continues to require research degree awarding powers.

37. All of the institutions have their own legal identity. There is one University, the Open University, providing mainly distance courses. Many other universities and colleges provide some courses through distance learning, including e-learning. Each institution reviews and determines its own set of academic programmes in line with the strategy which it has set itself and its assessment of demand from students. It also determines its emphasis on pure and applied research, having regard to its assessment of the scope for obtaining funds for research. There is no longer a dividing line between the former polytechnics and the pre-1992 universities. Nevertheless, former polytechnics have retained a vocational emphasis in their academic programmes because of their expertise in such programmes and the demand from students. A number of associations of institutions with a common approach have been established – the Russell Group for universities with a strong research interest, the 1994 Group which also has a significant emphasis on research, the CMU (Campaigning for Modern Universities), and SCOP (Standing Conference of Principals of Colleges of higher education). However, there is some overlap of membership between the first two groups and some 55 universities and colleges with different missions remain unaligned to any of these groups. Hence the sector is highly diverse and differentiated but without formal dividing lines.

38. For students, the rapid expansion of higher education has led to a wider choice of institution and subject of study. The introduction of tuition fees and loans to cover living costs has led to more employment during term time. The recent first National Student Survey has shown that a high proportion of students are generally satisfied with what higher education has to offer.

Fig 2.7



Source: HESA student record. Figures are on a standard registration population basis

2.6 Qualifications

39. There is a common qualifications framework for higher education in England, Northern Ireland and Wales developed by the Quality Assurance Agency which aligns with the framework for education at all levels prepared by the Qualifications and Curriculum Authority:

Fig 2.8

1 Certificate	**C** level	Certificates of Higher Education
2 Intermediate	**I** level	Foundation degrees, ordinary (Bachelors) degrees, Diplomas of Higher Education and other higher diplomas
3 Honours	**H** level	Bachelors degrees with Honours, Graduate Certificates and Graduate Diplomas
4 Masters	**M** level	Masters degrees, Postgraduate Certificates and Postgraduate Diplomas – Research and Taught
5 Doctoral	**D** level	Doctorates – Research and Taught

40. In Scotland, there is an integrated Scottish Credit and Qualifications Framework (SCQF), which includes higher education qualifications.

Fig 2.9
Levels and associated qualifications of higher education institutions and the main qualifications of other awarding bodies within the SCQF

SCQF level (SHE = Scottish higher education level)	National qualifications (units, courses and group awards)	Higher National qualifications	Qualifications awarded by higher education institutions in Scotland	SVQs**
12 (SHE D*)			Doctorates	
11 (SHE M*)			Masters/Postgraduate Diploma and Certificate	SVQ 5
10 (SHE H*)			Honours degree	
9 (SHE 3)***			Degree	
8 (SHE 2)***		Higher National Diploma	Diploma of Higher Education	SVQ 4
7 (SHE 1)	Advanced Higher	Higher National Certificate	Certificate of Higher Education	
6	Higher			SVQ 3
5	Intermediate 2/Credit Standard Grade			SVQ 2
4	Intermediate 1/General Standard Grade			SVQ 1
3	Access 3/FoundationStandard Grade			
2	Access 2			
1	Access 1			

*Labels H, M and D refer to Honours, Masters, and Doctoral used consistently across the UK.
** SVQs are in the process of having SCQF credit points formally allocated.
*** SHE levels 2/3 correspond to Level I in fig 2.8 above.

41. The two frameworks share many similar principles and components. Further details of the underlying principles for England, Wales and Northern Ireland are set out in Annex E. At Honours level and above, there is equivalence between the frameworks for England, Wales, and Northern Ireland, and for Scotland. Below Honours degree the differences reflect the need to link with other qualifications outside higher education (in particular at upper secondary level). The Scottish framework incorporates credits. In England, credit systems have operated widely, but on an institutional or regional basis. Recently, institutions have been consulted about the development of national credit arrangements. Similarly in Wales, there is ongoing development of a Credit and Qualifications Framework for Wales.

42. At upper secondary level, there have been differences in the level of specialisation and breadth of studies in schools and colleges. In England, the level of specialisation with 3 or 4 subjects taken at A level in upper secondary has enabled the honours degree to be completed in 3 years rather than 4 years as in Scotland. These differences are narrowing as Scotland introduces its Advanced Highers with an extra year at school or college and England develops AS levels which enable more subjects to be studied at school or college from 16-18.

43. In October 2004, the Tomlinson working group on 14-19 Curriculum and Qualifications Reform recommended wide-ranging changes in England bringing together both academic and vocational qualifications into an Advanced Diploma. This would replace A and AS levels and also accommodate level 3 National Vocational Qualifications (NVQs). The Government's response in 2005 [4] was to retain and strengthen A levels but also to introduce specialised Diplomas, including Diplomas at an advanced level, incorporating both academic and vocational material covering each occupational sector of the economy. In Wales, the Welsh Baccalaureate Qualification (the WBQ) is being piloted at levels 3 (Advanced) and 2 (Intermediate) of the National Qualifications Framework. A level 1 (Foundation) model is being developed for piloting from September 2006. The WBQ requires study of a compulsory core of learning and completion of optional qualifications, such as A levels, GCSEs, GNVQs or BTECs. Following external evaluation it is planned that the WBQ will be rolled out across Wales from September 2007. The WBQ[5] model is a flexible one, capable of adapting to or incorporating developments such as the Specialised Diplomas, if appropriate.

44. Qualifications offered by higher education institutions are generally in line with those recommended under the Bologna Agreement. The two year vocational Foundation Degree represents an addition to what is available in many countries but is seen as important in the further expansion of higher education. The existence of one year taught Masters courses alongside two year Masters programmes for research is also unusual. However, the provision of taught Masters courses has been beneficial for students, especially those who wish to prepare for a vocation having taken a non-vocational degree at Bachelors level.

45. The academic year for students normally begins in September/October and finishes by the end of July. There is no single specified requirement for admission to higher education. Admissions for full-time and sandwich course students are handled by a central admissions service (Universities and Colleges Admissions Service, UCAS). However, the decision on the admission of individual students is solely a matter for the institutions chosen by the student as part of the central arrangements. Admissions for part-time and postgraduate applicants are handled directly by the institutions. At present, admissions are initially considered early in the calendar year on the basis of school or college forecasts of a candidate's likely performance at A level or equivalent.

46. Alongside the review of the 14-19 curriculum, there have been proposals for reviewing the examination and admissions timetable to enable higher education admissions to be decided after the A level results have been announced (currently in August). The Government's aim is to ensure that the higher education application process provides potential students with good information about the choices open to them and offers them a fairer basis for admission.

4 14-19 Education and Skills, White Paper presented to Parliament. February 2005. HMSO
5 Further information on www.wbq.org.uk

CHAPTER 3: THE TERTIARY EDUCATION SYSTEM AND THE LABOUR MARKET

3.1 Skills needs and surveys

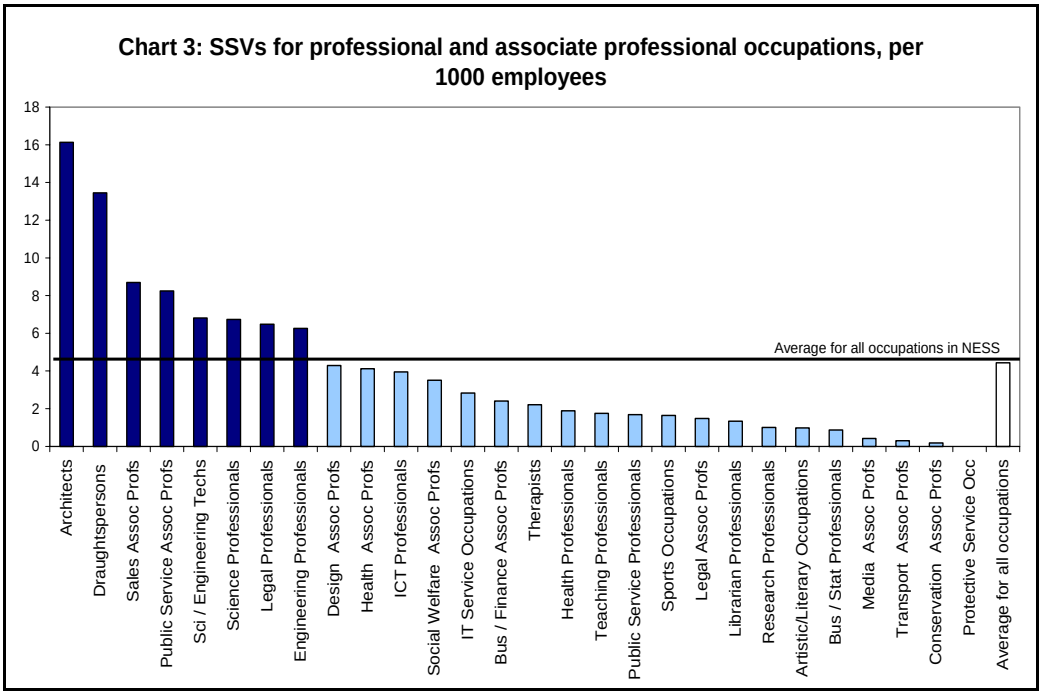
47. Some 24% of those in the labour force in the UK in 2002 had a higher education qualification. The figure for Scotland is somewhat higher at 28%, reflecting the higher output of graduates. There has been a significant increase in the number of women aged 25-29 with higher education qualifications in the labour force – from 19% in 1992 to 45% in 2002 in Scotland and 20% to 36% in the UK.

48. There is a regular survey of skills needs across a sample of employers in England (the National Employers Skills Survey). The survey covers the characteristics of the establishment, the types of workers it employs, and any skills problems faced. There is also a regular survey of the employment of graduates 6 months after graduation and other ad hoc surveys covering graduate employment over a longer period.

49. The skills survey seeks details of vacancies which are hard to fill. If the vacancy is deemed hard to fill because of a low number of applicants with the required skills, experience or qualifications, then it is categorised as a skills-shortage vacancy or SSV.

50. Skills shortages are most prevalent in lower-level occupations. Occupations most likely to recruit graduates have fewer skills problems and vacancies for management occupations have few skills problems. Shortages for graduates are mainly in occupations needing specific higher education skills. Science and engineering continue to be among the top skill shortage areas and there is a relative shortage in public sector associate professionals such as environmental health officers and careers advisers. The needs for media skills are being comfortably met by supply. Limited shortages in information technology skills have been achieved with the help of external recruitment, particularly from India. More generally, the international labour market has not yet had a major impact at graduate level. The following chart sets out the position for a range of professional occupations:

Fig 3.1



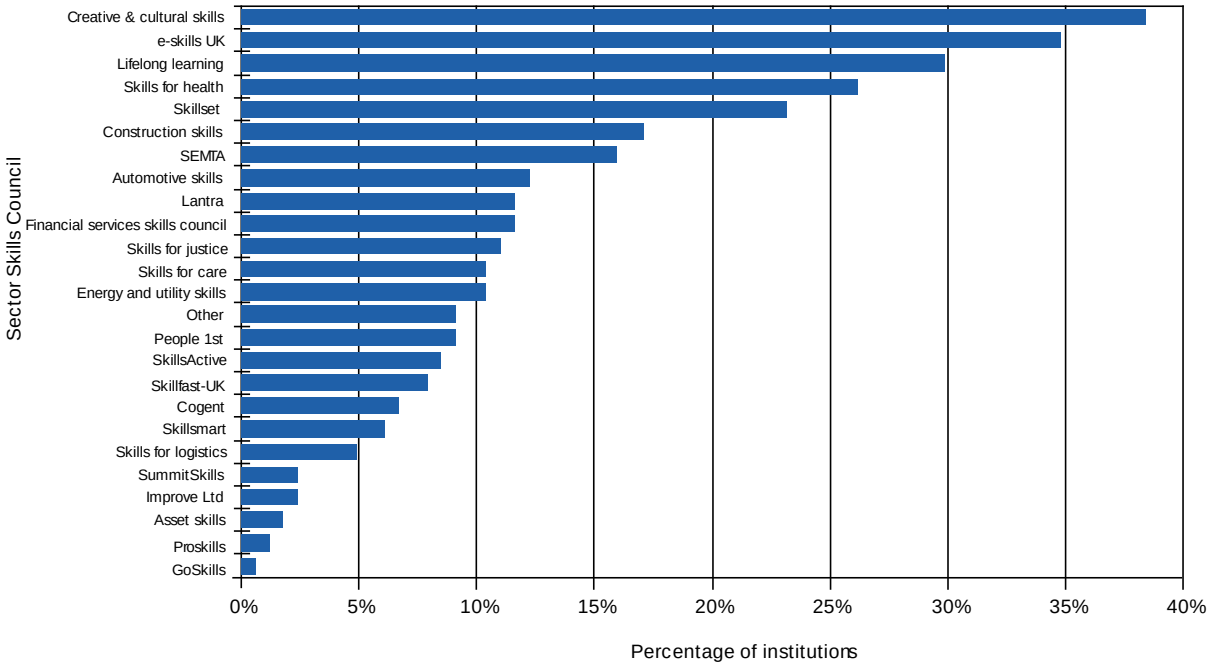
Source: DfES analysis of the National Employer Skills Survey, 2004, England

3.2 Planning new academic programmes, including Foundation Degrees

51. The planning of academic programmes is the responsibility of individual universities and colleges. They take into account labour market intelligence as well as demands from students. The introduction of new programmes or the closure of existing programmes is not regulated by the Government. Universities and colleges do however consult widely in planning or expanding academic programmes. Chapter 4 explains the links which exist with regional agencies. In addition, the Sector Skills Development Agency and sector skills councils are able to provide valuable advice on the supply needs of different business and industrial sectors. Sector skills councils will also engage employers with institutions on curriculum development, placements for students in industry, and the exchange of staff. The chart overleaf is taken from the latest business interaction survey and shows that a significant proportion (albeit, a minority and likely to be those with a vocational emphasis in their academic programmes) of institutions engage with sector skills councils in determining their institutional strategy: The level of engagement may well have increased significantly since 2002/03, because many councils were then only just starting.

Fig 3.2

Proportion of HEIs engaging with Sector Skills Councils as part of institutional strategy



Source: HEFCE business interaction survey 2002/03 HEFCE 2005/07, England

3.3 Foundation Degrees

52. New two year Foundation Degrees are being developed in England as employer-focused higher education qualifications validated by institutions with degree awarding powers. There are currently some 150 providers. These are mainly further education colleges in association with universities but some universities are also offering Foundation Degrees. One of their key features is that employers play a role in designing courses so as to ensure that graduates have the necessary skills for employment. DfES intends that further expansion of higher education to meet its target of towards 50% participation should be primarily through part-time and full-time programmes leading to Foundation Degrees. They are seen by the Government as having a key role in modernising both private and public sector workforces, complementing other two year higher education programmes (Higher National Diplomas and Certificates) which have been available for many years. Foundation Degrees are designed to be important qualifications in their own right. Successful graduates may however progress to a full undergraduate honours degree if they wish to do so. In Scotland, Higher National Diplomas and Certificates are provided mainly by further education colleges and are fully integrated into the Scottish Qualifications Framework (see Chapter 2) with progression routes available to degree level programmes. There is some development of Foundation degrees in Wales but not in Scotland.

3.4 Shortage subjects

53. If there is concern about a particular subject area, the Government or the Funding Councils may investigate for the purpose of ensuring that decisions taken by universities or colleges are soundly based. As an example of this, the Government asked Sir Gareth Roberts to undertake a review of the supply of people with science, technology, engineering and mathematics skills. Sir Gareth's report 'SET for success' was published in 2002 and emphasised

the need for high-calibre PhD students to develop into future academic or business researchers. This was seen to be a key ingredient in the future success of universities. The Government responded to Sir Gareth's report as part of its science strategy in 'Investing in Innovation'. In order to attract the best students into postgraduate study, the Government announced substantial increases in the stipend for PhD students funded by the Research Councils. There are nationally funded projects to encourage young people to study the natural sciences and engineering. Some universities offer week-end and vacation courses for secondary school pupils to promote their interest in science and engineering.

54. HEFCE set up an advisory group on strategically important and vulnerable subjects which reported in May 2005 (Report 2005/24). The group advised that HEFCE should guard against an overly interventionist role in the market. However, HEFCE is able to take an overall view of the system and identify where the aggregate individual interests of institutions do not match the national or regional interest. The group considered that it will be important for HEFCE to avoid raising expectations of action. HEFCE might however expect institutions to let them know when strategic and vulnerable subjects are at risk. HEFCE needs to ensure that one or more national centres remains open for strategically important and vulnerable subjects. It should continue to support those who promote informed demand for potential students. Finally, the group advised that HEFCE should enhance its efforts to ensure that employer demand is appropriately fed into the system, particularly though Sector Skills Councils and Regional Development Agencies. The report and its advice have been accepted by HEFCE and DfES. In Wales, HEFCW is currently engaged in investigation intended to identify those subjects of broader importance to Wales which might be at risk.

55. HEFCE has also established a special funding programme for minority subjects at risk. This was evaluated in 2005 by an external organisation (Veritas). The minority subjects initiative provides extra support for rare subjects, including minority languages. The evaluation found that 55 out of 59 units offering minority subjects were still available. However, minority subject funding may have led to a degree of academic isolation for the units supported.

3.5 Embedding key skills in academic programmes

56. There have been specific funds available from HEFCE in England to encourage institutions to embed the learning of key skills required by employers in academic programmes. Those institutions with a vocational emphasis in their programmes have placed particular emphasis on this. A feature of UK higher education is the number of institutions offering sandwich courses where students spend up to a year in employment having some relevance to their programme of study. About 125,000 students or 10% of all full-time and sandwich course students take courses of this kind. These courses are provided mainly in those institutions with a vocational emphasis in their programmes. However, some major research universities require or recommend a year's integrated work experience as part of all their academic programmes. These universities usually have good records for graduate employment. In some programmes, such as engineering, work experience during the summer vacation is often a requirement. In Scotland, a survey by Futureskills Scotland (which carries out skills surveys in Scotland) revealed that four out of five firms that employed a new graduate believed that they were well prepared for employment.

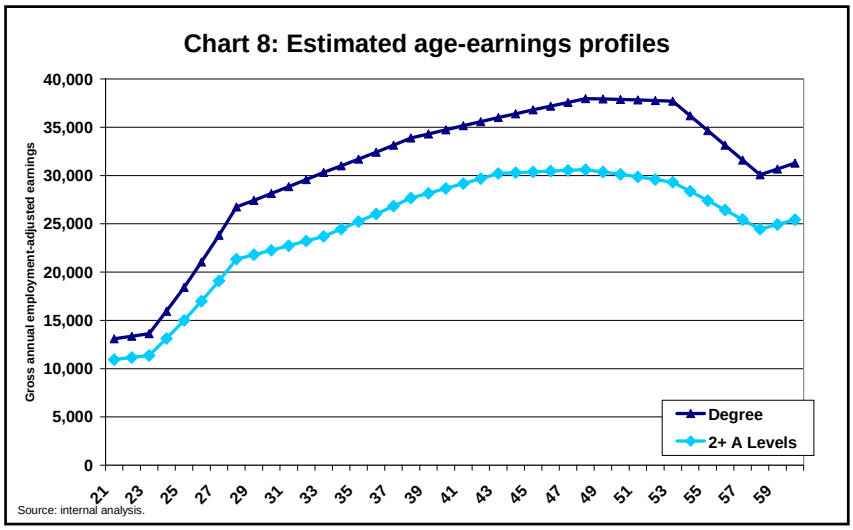
3.6 Demand for graduates, graduate salaries, and rates of return

57. Graduate starting salaries offer a useful indicator of whether demand for graduates is matching supply. The average starting salary for a fast-track graduate career in 2004/05 was £20-

21,000 while the average starting salary for a graduate job was about £18,000. Some graduates start in non-graduate jobs. But most soon find their way into graduate jobs: four years after graduation around 85% of employed graduates are in jobs using their university acquired skills in their current post.

58. The financial returns for graduates have been examined by reference to the returns for those with 2A levels or equivalent (ie those completing their studies after upper secondary education). The chart below shows the results after constructing hypothetical lifetime earnings.

Fig 3.3



Source: Internal DfES analysis of Labour Force Survey, England

59. There are some indications that the rate of return for graduates has fallen since 1995. Around four years after graduation, 1999 male graduates earned 10% less than 1995 male graduates after adjusting salaries for the latter for increases in average earnings. There was a reduction also for 1995 female graduates who, on average, earned some 8% less than males in 1999 and 19% less than males in 1995. However, graduates still earned more than non-graduates and there is nothing to suggest that graduate earnings are on a permanent downward trend.

60. Forecasts for future employment suggest that 50% of all new jobs needed by 2012 are in those higher level occupations most likely to demand graduates. This is supported also by longer term forecasts – Leith Review Team [6].

61. In Scotland, Futureskills Scotland are planning to publish some work on the graduate labour market in Scotland. The report examines the position of graduates in 1993/95 and 2001/03. The findings indicate that graduates are marginally more likely to be in employment now and that the wage premium for holding a degree is virtually unchanged.

62. There is an annual UK survey of the employment of graduates six months after graduation. This is one of the performance indicators which universities and colleges in the UK are required to make available to HESA (see Chapter 9). In addition, there are ad hoc surveys of

6 The Leith Review, HM Treasury

graduate employment over a longer period. A UK survey of graduates 3½ years after graduation is planned.

3.7 Careers guidance

63. In 2001, Sir Martin Harris (then Vice-Chancellor of the University of Manchester) reported on a review which he had led, at the request of DfES, on developing higher education careers services. This review looked, in particular, at students' entitlement to careers education, information and guidance, links with employers and the strategic role of careers services within their institutions. The review found that many institutions provided careers education, information and guidance through a dedicated careers service. Others provided a service through academic departments or other student services. Over half of the 41 recommendations were aimed at the institutions or their careers services and were designed to improve the effectiveness of these services. One important recommendation was that institutions should collect, analyse and disseminate labour market information to enable all parts of the institution to use it to best effect. Careers services should be closely involved in this exercise. Universities UK and the Standing Conference of Principals (of colleges of higher education) commissioned their own report in 2002 to evaluate the response of institutions to the report. While all institutions had plans to implement the recommendations, progress was patchy and institutions were asked to press forward with their implementation. It can be said however that all institutions have in place services to advise students on their future careers. Students offered work experience as part of their academic programme will often gain first hand knowledge of the labour market as part of that experience and many take up full-time employment with their employers on completion of their degree.

CHAPTER 4: THE REGIONAL ROLE OF TERTIARY EDUCATION

64. Higher education can make a significant contribution to regional economy in 3 main ways:

- Universities and colleges are often large employers within a local labour market. They require not only teaching and research professionals but also significant numbers of administrative staff, technicians and maintenance staff.

- Universities and colleges, especially those with a medium or high research profile, collaborate with industry in research.

- Universities and colleges engage in the transfer of knowledge and skills which is a key to innovation and commercial success.

4.1 Regional Development Agencies

65. There are 8 Regional Development Agencies (RDAs) in England together with the London Development Agency which receive funds from the Government. There are analogous development agencies in Scotland, in Wales, and in Northern Ireland. However, the Welsh Development Agency merged and its functions transferred to the Welsh Assembly Government on 1 April 2006.

Fig 4.1

Fig 4.1 Source: Regional Development Agencies

66. The primary role of the RDAs in England is to be strategic drivers of regional economic development in their region. The RDAs aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions.

67. Under the Regional Development Agencies Act 1998, each Agency has five statutory purposes, which are:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance development and application of skill relevant to employment;
- To contribute to sustainable development.

68. The RDAs' agenda includes regional regeneration, taking forward regional competitiveness, taking the lead on regional inward investment and, working with regional partners, ensuring the development of a regional skills action plan to ensure that skills training matches the needs of the labour market.

69. The RDAs are charged with drawing up the Regional Economic Strategies and keeping them under review. Each RDA develops a strategy which is owned by the whole region and draws on the resources of all the major partners in the region. Each RDA needs to provide a strategic vision for the region, backed by a firm evidence base which will help ensure its influence on other regional strategies. It needs to ensure that delivery is effective at all levels. And it needs to identify priorities and ensure that common goals are adopted.

4.2 Regional role of higher education

70. Higher education's contribution to regional development depends on forging partnerships between institutions and the RDA. Such partnerships are growing. One stimulant has been the Higher Education Innovation Fund (HEIF) administered by HEFCE, which has promoted some 124 awards of funding for the period 2004-06, including 46 awards for collaborative partnerships between institutions. A major factor in allocating the funds is the contribution to regional economic development. The RDAs are represented on the advisory boards which assess the proposals.

71. In Scotland, the Millennium Institute has been established as an educational partnership of 15 academic partners and associate institutions and a network of over 50 learning sectors across the Highlands and Islands where the population is sparse.

72. The Government's policy on the regional role of higher education in England was set out in the 2003 White Paper 'The future of higher education'.

3.12 The Government welcomes the moves that RDAs have made to build on the contribution of higher education to regional economies and is keen to support the strengthening of HE-RDA partnerships. We propose, in addition to RDAs playing a growing role in HEIF and other knowledge transfer programmes:

- an enhanced role for the RDAs in matching supply and demand for higher education. RDAs already have a direct input into determining new higher education provision in their regions to ensure it meets regional priorities;
- to involve RDAs further in the AimHigher campaign, to help address regional needs for access to higher education;
- to encourage RDAs to play a proactive role in developing the work of the New Technology Institutes (NTIs), including through funding; and
- to ask RDAs to take responsibility for galvanising the business community to work harder to make best use of the opportunities offered by higher education; and to play a particular role in helping small and medium-sized enterprises articulate their needs, and make links with higher education.

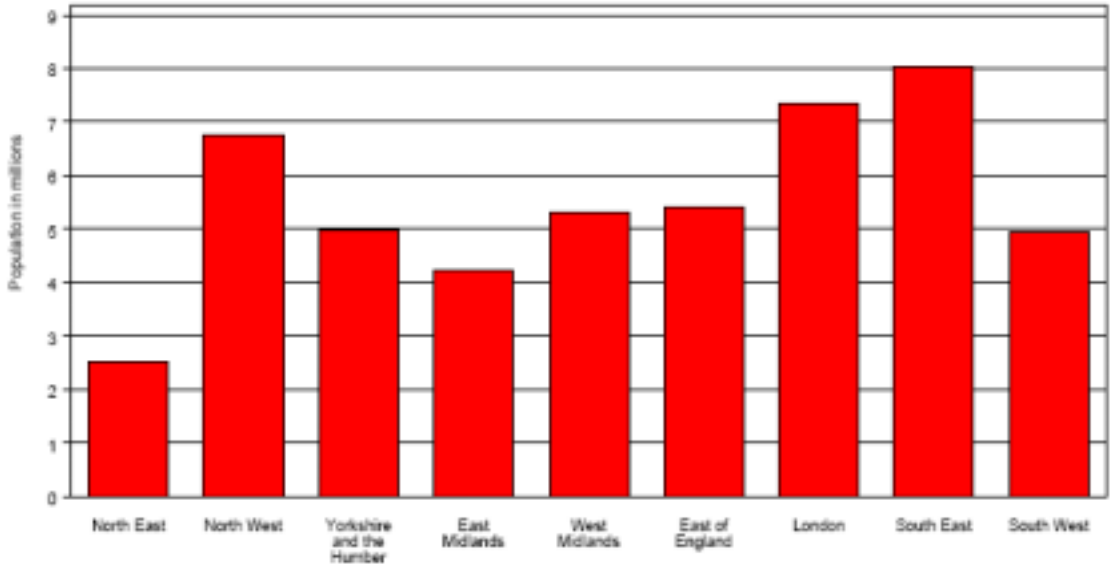
4.3 Regional distribution of institutions

73. HEFCE publishes profiles of individual universities and colleges and summaries of regional characteristics. A selection of summary charts from the guide 2004/48[7] is shown on the following pages. These indicate that participation in each region is not out of line with population, although participation rates are high in London, in part because of the number of medical schools located there. Percentage changes in recent years have benefited the North West and North East rather than London. The flow of young full time undergraduates has benefited Yorkshire and the North West with a significant flow away from East Anglia.

7 Profiles of Higher Education Institutions, 2004/48. HEFCE

Fig 4.2

Population by region (2002)



Population estimates include provisional results from the Manchester matching exercise, Table 3.1 of 'Regional Trends 38' Office of National Statistics.

Fig 4.3

Full-time equivalent HE student numbers* (2003-04)

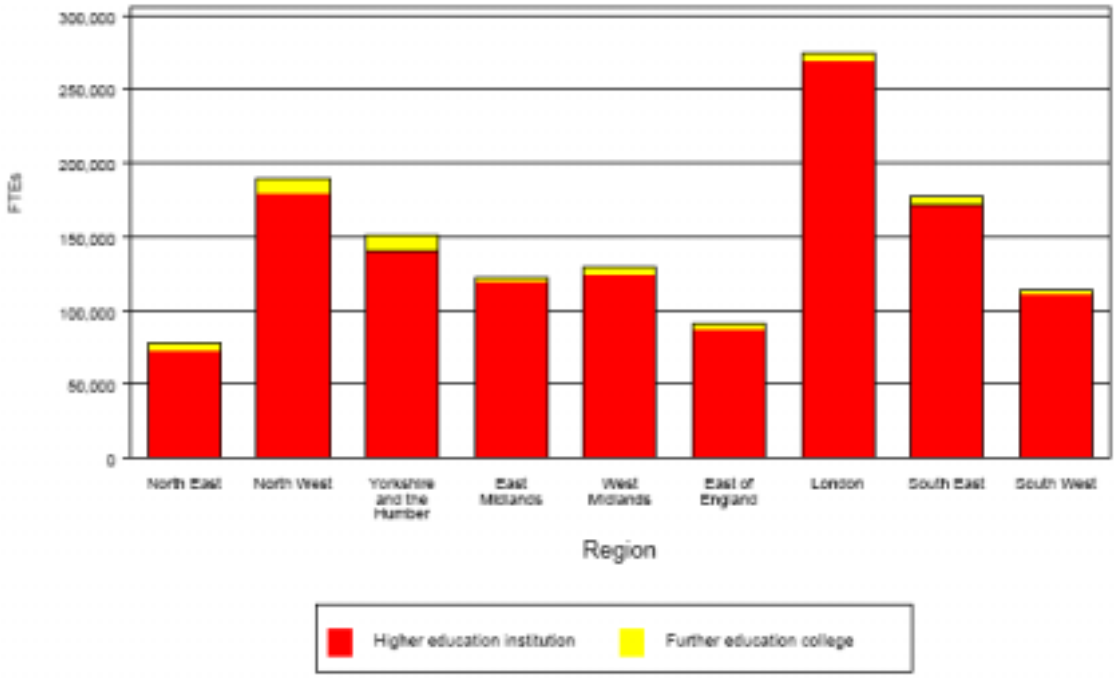


Fig 4.4

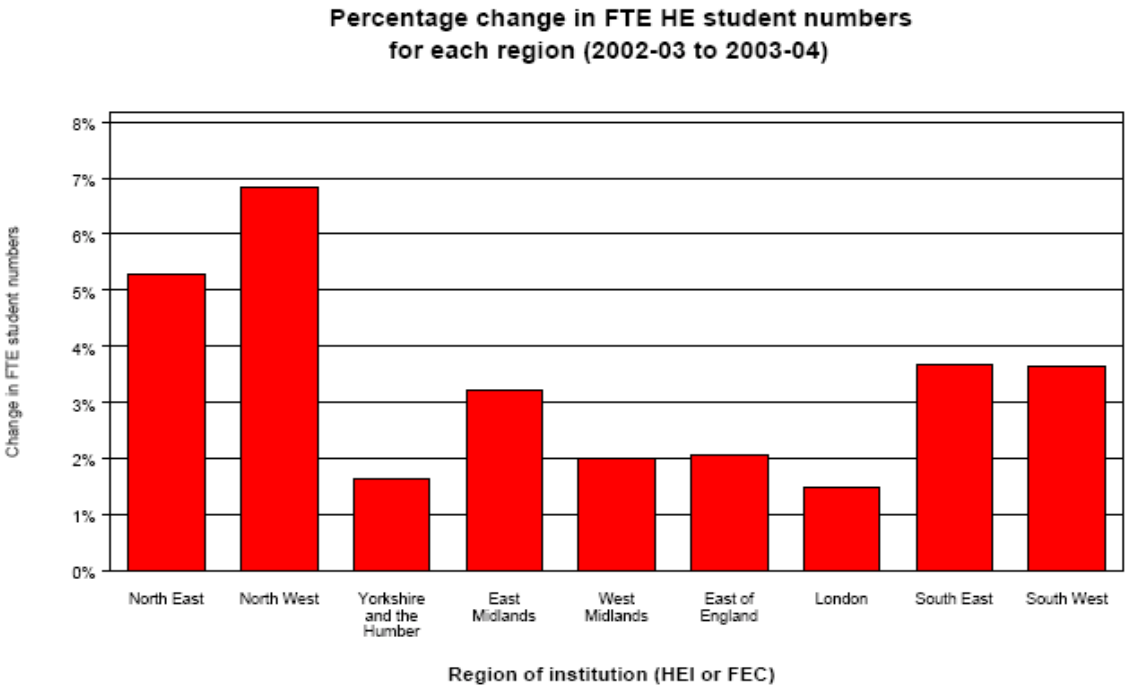
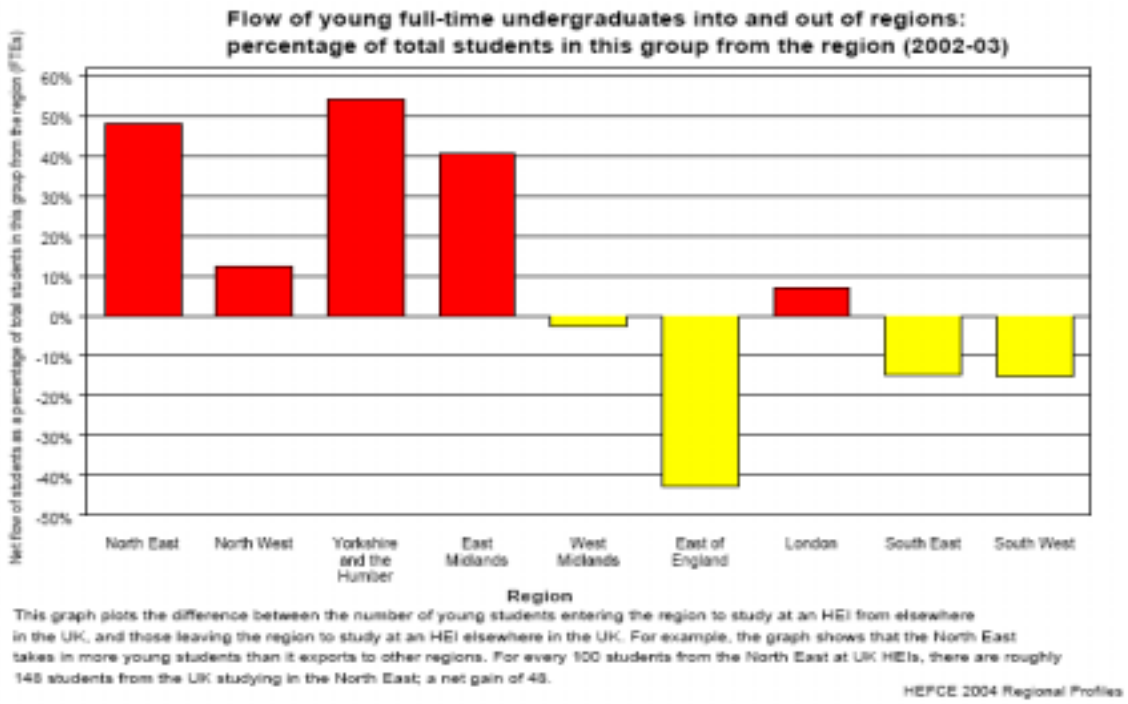

Percentage change in FTE HE student numbers
for each region (2002-03 to 2003-04)
Change in FTE student numbers
8%
7%
6%
5%
4%
3%
2%
1%
0%
North East
North West
Yorkshire and the Humber
East Midlands
West Midlands
East of England
London
South East
South West
Region of institution (HEI or FEC)

Fig 4.5


Flow of young full-time undergraduates into and out of regions:
percentage of total students in this group from the region (2002-03)
Net flow of students as a percentage of total students in this group from the region (FTEs)
60%
50%
40%
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
North East
North West
Yorkshire and the Humber
East Midlands
West Midlands
East of England
London
South East
South West
Region
This graph plots the difference between the number of young students entering the region to study at an HEI from elsewhere in the UK, and those leaving the region to study at an HEI elsewhere in the UK. For example, the graph shows that the North East takes in more young students than it exports to other regions. For every 100 students from the North East at UK HEIs, there are roughly 148 students from the UK studying in the North East; a net gain of 48.
HEFCE 2004 Regional Profiles

74. These charts illustrate that higher education institutions are distributed across the regions. This results mainly from historical developments linked with ease of communication between major cities. New universities established after the Robbins report of 1963 were however allocated sites, where necessary, having regard to regional considerations. As has been outlined above, the RDAs and HEFCE allocate some funds to developments designed to strengthen higher education provision within regions. Such developments are usually initiated by market demands being placed on existing institutions, and sometimes on the basis of approaches by institutions. Hence, at present there are plans by locally established organisations to develop higher education institutions in Cornwall, Cumbria, Swindon and Suffolk in collaboration with existing universities. Regional engagement is not imposed on institutions by the Government. Rather, the context within which universities and colleges determine and implement their missions provides a need for institutions to engage. Further details of plans to promote links between higher education and business in the regions are given in the next Chapter.

CHAPTER 5: THE ROLE OF TERTIARY EDUCATION IN RESEARCH AND INNOVATION

RESEARCH

75. Research leads to the development of knowledge and has always been a key objective of higher education. In the past, much of the research has been fundamental rather than applied. The application of new knowledge has been the responsibility of enterprises outside the universities.

76. Today in the UK, as in many other countries, the boundaries between universities and the outside world have become more flexible. Universities have been encouraged to look outwards, to collaborate with those creating wealth so as to benefit the economy, and to engage in both fundamental and applied research, including advanced technology. With the diversity of universities and colleges in the UK, some concentrate more on fundamental research, while others, and particularly those engaged in vocational academic programmes, may pursue applied research and consultancy. The newest universities in England do not have the powers to award research degrees and engage mainly in teaching. Their academic staff are however expected to engage in advanced scholarship, which may include research, in order to keep abreast of the latest developments for the benefit of their teaching.

77. Policy and public funding for research in the UK has been based on a dual support approach. The Funding Bodies, with funds for higher education, support research infrastructure, including academic salaries and some non-specific research in the universities and colleges. This funding comprises some 90% of HEFCE's funding for research and, at the behest of successive Governments since 1987, has been distributed selectively according to the assessed quality of research. In addition, HEFCE offers some specific funds to promote particular activity, for example a Research Capability Fund for emerging research in disciplines where the research base is not as strong as in traditional disciplines. In Wales, HEFCW also distributes its research funding selectively according to assessed quality of research. It also supports the sector in Wales by its Research Investment Fund which allows institutions to develop its research capacity strategically.

78. The Research Councils receive funds from the Office of Science and Innovation (formerly the Office of Science and Technology) of the Department for Trade and Industry. They support specific research and programmes across the UK, much of it on the basis of competitive bids from researchers in universities and colleges. A recent study [8], the transparency review, has agreed the basis for determining the funding of overhead costs in universities and colleges for projects funded by the Research Councils.

79. The Research Councils comprise:

Arts and Humanities Research Council (AHRC)

Biotechnology and Biological Sciences Research Council (BBSRC)

Engineering and Physical Sciences Research Council (EPSRC)

Economic and Social Research Council (ESRC)

8 Transparency Review of Research: a new uniform approach to costing of research and other activities in universities and colleges of higher education. June 1999. Report to the science and Engineering base Co-ordinating Committee. HMSO

Medical Research Council (MRC)

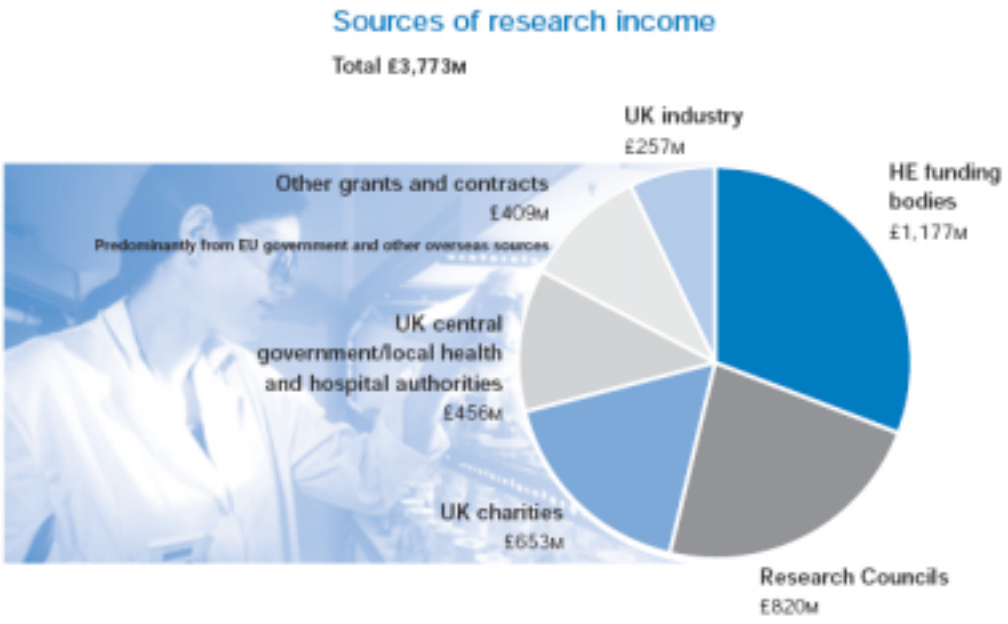
Natural Environment Research Council (NERC)

Particle Physics and Astronomy Research Council (PPARC)

Council for the Central Laboratory of the Research Councils (CCLRC)

80. The following chart gives a breakdown of the different sources of funding for research in universities and colleges in 2003/04

Fig 5.1



Source: HEFCE Guide 2005/10 Figures in £ million

In addition, the Research Councils allocate some £320m to postgraduate students for fees and living costs.

81. The Government's policy for research aims to maintain a strong research base in the UK so as to remain competitive with other nations. With one per cent of the world's population, the UK has an 8% share of the world's scientific publications and 13% of the world's most highly cited publications are British. The White Paper 'The future of higher education' describes the policy in detail. The key points and supporting resources are set out overleaf:

Key points and proposals

- The recent spending review will increase expenditure on science and research in 2005–06 by £1.25 billion a year compared to 2002–03 – around 30 per cent in real terms.

- We want to think carefully about the way research funding is managed and distributed, so that it works in the most effective way. To do this, we will take three important steps:

  – We propose to encourage the formation of consortia, provide extra funding for research in larger, better managed research units, and develop criteria to judge the strength of collaborative work.

  – As part of this process, we will invest even more in our very best research institutions, enabling them to compete effectively with the world's best universities.

  – And we will also make sure that the very best individual departments are not neglected, by making a clearer distinction between the strong and the strongest.

- It is important that new research areas and centres can emerge and flourish. We will support emerging and improving research and make sure that the system does not ossify.

- We will invest in developing and rewarding talented researchers. There will be rigorous new standards for government-funded research postgraduate places, and good researchers will be rewarded, through the extra investment in research in general, money earmarked for pay, and more time to concentrate on research.

- We will create a UK wide Arts and Humanities Research Council, to put the organisation of funding for the arts and humanities on the same footing as funding for science and technology.

82. Alongside the 2004 spending review, the Government published the 'Science and Innovation Investment Framework' [9] which demonstrated the comparatively low level of investment in research and development in the UK:

9 Science and Innovation Framework, 2004-2014. July 2004 HM Treasury HMSO

Fig 5.2

Table 1.1: Public and private sector investment in R&D as a percentage of GDP, 2002

% of GDP	UK	France	Germany	USA
Business	1.24	1.37	1.73	1.87
Public sector	0.62	0.83	0.78	0.80
Total	**1.86**	**2.20**	**2.51**	**2.67**

83. The Government set a long term objective of increasing investment to 2.5% of GDP by 2014 and set out expenditure for the science base (the Office for Science and Technology and DfES) consistent with that objective:

Fig 5.3

	2004-05	2005-06	2006-07	2007-08
DTI Office of Science and Technology				
Departmental expenditure limits[3] (£ million cash)	2,575	2,913	3,067	3,282
Average annual real growth rate since 2004-05				5.6%
DfES funding for research and knowledge transfer in English universities				
Departmental expenditure limits (£ million cash)	1,326	1,465	1,589	1,709
Average annual real growth rate since 2004-05				6.0%
UK Total science spending[4]	4,201	4,701	4,998	5,356
Average annual real growth rate since 2004-05				5.7%
UK science spend as a proportion of GDP (per cent)[5]	0.36	0.378	0.382	0.390

[3] Full resource budgeting basis, net of depreciation

[4] Actual outturns are subject to spending decisions by the devolved administrations. In Scotland, Wales and Northern Ireland, funding other than that provided by Research Councils is a devolved matter for their respective administrations. Total funding by the devolved Funding Councils in higher education research and knowledge transfer totalled £354 million in 2004-05, some 21 per cent of the UK total.

[5] Excludes non cash items

84. The planned funds for higher education will be complemented by the following initiatives:

a. Growing emphasis on engaging with business and other partners in the design and delivery of Research Council research programmes;
b. Support for business innovation though the Regional Development Agencies with targets for the interaction of business with the UK knowledge base;
c. R&D tax credits available to businesses where R&D is contracted out to universities and colleges;
d. Other complementary schemes including Government supported enterprise venture capital funds.

5.1 Funding of research by the Funding Councils – the Research Assessment Exercise (RAE)

85. In the 1970s and early 1980s, funds for research infrastructure were allocated across all universities. The polytechnics, maintained by local authorities up to 1988, received minimal funding specifically for research. In the late 1980s, the Government introduced a policy of targeting infrastructure funds within the university sector. The University Grants Committee, a forerunner of the Funding Councils devised an exercise – now the Research Assessment Exercise (RAE) - to provide the basis for allocations of funding linked with the quality of research in each university. The successor body to the University Grants Committee, the Universities Funding Council carried out a Research Assessment Exercise in 1991. Subsequent RAEs in 1996 and 2001 were carried out jointly by the Funding Councils for England, Scotland, and Wales together with the Department for Employment and Learning in Northern Ireland (referred to in this report as the Funding Bodies).

86. The RAE has two purposes. First, it provides comprehensive information on the quality of UK research in every subject area. Secondly, it provides a basis for the allocation of funds in line with the government's policy. It is a massive exercise. Some have argued that its costs do not justify the outcome; and that similar assessments could be achieved more readily by reference to the number of citations in selected journals or to success in obtaining Research Council grants. Underlying some of the concerns is a dislike by some of the policy of targeting funding for research. However, the Government's approach outlined in paragraph 81 above and supported by many is to continue to concentrate funds for research on the grounds that experience has demonstrated that this achieves more effective output. (At the time of completing this report, the Government have announced through the Budget in March 2006 that they will be consulting about preferred options for a metrics-based system for assessing research quality to replace the Research Assessment Exercise. The present presumption is that the 2008 RAE will go ahead unless an alternative system is agreed and widely supported, and an early move to the preferred alternative was favoured by a clear majority of institutions).

5.2 2003 review of RAE and RAE 2008

87. The RAE has been regularly evaluated. The last major evaluation was carried out by a team under the leadership of Sir Gareth Roberts, Wolfson College, Oxford. He issued his report in May 2003 [10]**.** Sir Gareth took the RAE in 2001 as his starting point and made recommendations in relation to it. His principal reforms could be summed up as follows:

a. the burden of assessment for institutions and assessment panels linked to

10 Review of the RAE. Gareth Roberts. May 2003. HEFCE

the amount of funds for which the institution is competing;

b. separate assessment of competences such as the development of young researchers;
c. greater transparency, especially in panel selection;
d. greater involvement of non-UK researchers;
e. credible structures to ensure consistency of practice between panels;
f. flexibility for assessors to develop methods appropriate to their subject;
g. grade bands abolished in favour of a profile of the research strength of each submission, providing for a continuous rating scale;
h. controls on the scores awarded, to prevent grade inflation;
i. a clear link between assessment outcomes and funding;
j. a properly resourced administration.

88. The Funding Councils gave their initial decisions in February 2004. The introduction to the decisions included the following:

a. This was the fifth in a series of assessments that started with the Research Selectivity Exercise conducted by the University Grants Committee in 1986. The primary function of the RAE ratings was to inform the funding bodies' allocation of grant for research, reflecting the established government and funding bodies policy that these resources should be allocated according to research quality. The exercise also had important roles in providing both public information and quality assurance for public expenditure on research in higher education.

b. From the start, the RAE has been an expert review process in which discipline-based panels of experts – mainly, but not exclusively, people working in research within the higher education sector – assess the quality of research in their own discipline. Assessments are against common objectively defined standards, and are based on a common set of information submitted by the Higher Education Institutions (HEIs), but with due variation between disciplines in the detailed approach and criteria for assessment.

c. The RAE is generally agreed to have had a significant positive impact. The exercise has driven a sustained improvement in the overall quality of the UK research base, and has made a major contribution to maintaining national economic growth and international competitiveness. It has highlighted the very best research and has encouraged HEIs to take a rigorous approach in developing and implementing their own research strategies. It has enabled the Government and funding bodies to maximise the return from the limited public funds available for basic research. The RAE has also strengthened the dual support system for research funding – under which grant from the funding bodies supports a permanent research capability and infrastructure, and basic curiosity-driven research – underpinning the higher education sector's capacity to undertake research of public benefit commissioned by the Research Councils, charities and others.

d. At the same time, the exercise has been subject to some criticism. Concerns have been expressed that the exercise:

- favours established disciplines and approaches over new and interdisciplinary work
- does not deal well with applied and practice-based research in particular
- places an undue administrative burden on the sector

- has a negative impact upon institutional behaviour as HEIs and departments manage their research strategies, and shape their RAE submissions, in order to achieve the highest possible ratings.

e. After the 2001 exercise there were also concerns that, with over half of all submitted work divided between the top two points on a seven-point scale, the ratings produced by the exercise could no longer provide the degree of discrimination required by a policy of selective funding.

89. A number of significant changes to the process were announced in the initial decisions:

a. Timing: results will be published in December 2008. Subsequent RAEs will follow on a six-year cycle. For the 2008 exercise, the census date is 31 October 2007, and closing date for submissions is 30 November 2007.

b. Submissions: to be eligible for submission, research outputs in all disciplines must be published between 1 January 2001 and 31 July 2007. Submissions may list no more than four outputs for each named researcher; a lower maximum may be set by some panels.

c. Assessment: a single assessment method will be used for all participating HEIs. Assessment will be conducted by some 15-20 main panels, and around 70 sub-panels. There will be no separate assessment of research competences or mid-point monitoring. The assessment process will be designed to ensure that joint submissions are not discouraged. Due weight will be given to applied research assessed against appropriate criteria of excellence.

d. Results: results will be published as a continuously graded quality profile for each submission, at the sub-panel level. This would replace the existing (single graded) seven-point rating scale. Quality profiles (example in Fig 5.4) will be criterion-referenced against clearly defined common standards.

Fig 5.4 Sample quality profile*

Unit of assessment A	**FTE staff submitted for assessment**	**Percentage of research activity in the submission judged to meet the standard for:**				
		four star	three star	two star	one star	unclassified
University X	50	15	25	40	15	5
University Y	20	0	5	40	45	10

*The figures are for fictional universities. They do not indicate expected proportions.

90. Some concern has been raised both about the mobility of research staff in the UK and also about a 'brain drain' in particular to the USA. Before each RAE, many universities invest

significantly in the recruitment of research staff judged to have the potential for high quality research. Some universities recruit teams of researchers with a view to improving their RAE scores. However, while the RAE encourages some mobility, the scale is not excessive if averaged over 6 years. Without the RAE, there might well be concerns about too little mobility. As to the 'brain drain', a recent study by the Higher Education Policy Institute - report 19 [11] indicates a conclusion which is contrary to past views. The great majority of movement takes place among junior post-doctoral staff. Here the gain is entirely positive for the UK with more incoming staff. Even for staff later in their careers, the UK appears to gain. This is so even for the USA. It is clear that there is no net 'brain drain' among the top researchers – rather the reverse.

5.3 Funding Council allocations for research

91. The RAE outcome informs the main allocation (90%) of research funds by the Funding Councils. The precise formula is settled after the results of each RAE become known. Universities would prefer to know the formula before the RAE. But that is judged to be impracticable given the need to keep allocations within a fixed total. The formulae adopted vary between the Funding Councils, although each formula is based on a link between funding and research quality. The variation in funding levels for universities and colleges in England shown in Chapter 2 above reflects mainly both the proportion of students from overseas and the level of quality based funding for research. The allocations for research differentiate significantly according to the assessed quality of research. In England, nine universities out of over 130 institutions receive about one half of the total funding allocated on the basis of research quality. At the other end of the spectrum, many universities receive funding in recognition of high quality research in one or two subject areas; and a few may not receive any RAE funding.

92. HEFCE allocates the remaining funds for research (£21.6m for 2005/06)) mainly through a research capability fund. This is designed to provide support for emerging research in disciplines where the research base is not as strong as in traditional disciplines. The eligible disciplines were identified from the results of the 2001 RAE:

- Nursing
- Other studies and professions allied to medicine
- Social work
- Art and design
- Communication, cultural and media studies
- Dance, drama and performing arts
- Sport-related studies

93. In addition, the Funding Councils allocate capital grants as part of the government's Science Research Investment Fund. The Fund is designed to provide for equipment as well as new buildings and refurbishment so to address past under-investment in research infrastructure. It takes into account the need for universities and colleges to make their expertise and facilities more open to access by business and to encourage collaboration with industry, charitable bodies, the government and other partners. The third round of this Fund is for capital developments from 2006-08. HEFCE has allocated £903 million for the programme. This will be allocated on a formula basis subject to the receipt of suitable proposals.

11 Brain drain: Migration of Academic Staff to and from the USA - an analysis of HESA data. October 2005. Higher Education Policy Institute

5.4 Research Council funding

94. The Research Councils provide funding (£830m in 2003/04) for specific projects, usually through competitive bids. They have committed to paying a fixed amount of the full economic costs (fEC) of projects that they commission. From September 2005 this will be 80 per cent fEC for new grants. It is the intention of the Government to increase the percentage to 100 per cent over time. The aim and scale of these projects, and their balance among different disciplines, reflect national research priorities agreed by the Research Councils in consultation with Government and other stakeholders. Most project funding is awarded following some form of peer-refereed competition. There is a growing emphasis on engaging with business and other partners in the design and delivery of their research programmes.

5.5 Collaborative initiatives

95. As outlined above, both the Funding Bodies and the Research Councils encourage collaborative bids for some specific programmes. In addition, the Funding Bodies have invested through a Joint Information Systems Committee in an academic high-speed network (JANET), which connects all the UK higher and further education and research communities. The Office for Science and Innovation together with the Funding Councils has launched an e-science initiative to give UK researchers access to shared computing and visualisation facilities through a high speed network (GRID) being developed from Super JANET. The Funding Councils in collaboration with the British Library and the Research Councils have created a new Research Information Network with a remit to develop integrated information resources and services to support UK research.

96. In 2004, the Scottish Funding Council (SFC) introduced a new initiative to enhance the competitiveness of the research base in Scotland. Research pooling aims to share resources so as to reinforce strengths wherever possible and create critical masses of internationally competitive researchers in key research areas. This is a collaborative approach. The SFC, OSI, and higher education institutions are partners in developing projects. So far collaborations have been launched in physics, chemistry, engineering and mathematics. Several more collaborations are under consideration.

INNOVATION

97. Since the 1980s, successive governments have encouraged UK universities and colleges to look outwards and to promote the transfer of new knowledge for the benefit of society and the economy. The context for funding higher education has been a significant factor in promoting this development. The earlier deficit funding through the University Grants Committee provided little incentive to look for external funding. Under the Funding Councils, this approach was replaced by formula funding. The 1992 Act debarred the Funding Councils from taking into account income from private sources in setting levels of public funding for universities and colleges.

98. In 2000, HEFCE established a third limited stream of funding (in addition to funding for teaching and funding for research) to promote the transfer of knowledge. In November 2002, the Treasury, the Department of Education and Skills and the Department for Trade and Industry commissioned a special review – the Lambert Review – to examine the scope for bringing the science base into closer partnership with the business community.

5.6 The Lambert review

99. The Foreword to the report stated:

> In addition, there has been a marked culture change in the UK's universities over the past decade. Most of them are actively seeking to play a broader role in the regional and national economy. The quality of their research in science and technology continues to compare well against most international benchmarks. Much more attention is being paid to governance and management issues.
>
> Business is changing too. Growing numbers of science-based companies are developing across the country, often clustered around a university base. New networks are being created to bring business people and academics together, often for the first time. The UK has real strengths in the creative industries, which are also learning to cooperate with university departments of all kinds.
>
> So this is a great time to be looking at the question of business-university collaboration in the UK. I am grateful to the Government for giving me the opportunity to take on this Review, and I hope that it will play a constructive part in what I am sure is going to be an important area of public policy in the coming few years.

The review concluded that there is scope for much more collaborative work. Universities need to improve their identification of areas of competitive strength in research. The Government needs to do more to support business-university collaboration. Business has to learn how to exploit the innovative ideas emerging from the universities.

100. The specific recommendations included:

- a greater role for the Regional Development Agencies in facilitating knowledge transfer in their regions;
- a new funding stream for business-relevant research, along with increased and improved "third stream" funding for knowledge transfer;
- Universities to develop a code of governance and to demonstrate good management and strong performance in return for a lighter regulatory touch from Government and the Funding Councils;
- development of model contracts and a protocol for intellectual property (IP) to speed-up IP negotiations;
- encouraging new forms of formal and informal networks between business people and academics, including the establishment of a business-led R&D employers' forum; and
- Universities to provide more information on student employability, and businesses to take a greater role in influencing university courses and curricula.

5.7 The Government's Framework for Science and Innovation

101. The Government responded to the Lambert review alongside the outcome of the 2004 spending review. Annex C of the Government's Science and Innovation Investment Framework provides a detailed account of its response to the recommendations. There is broad agreement with the recommendations, including the improved third stream funding for higher education.

5.8 Higher Education Innovation Fund

102. HEFCE's original third stream of funding developed into a Higher Education Innovation Fund operated in collaboration with OSI and DfES. HEFCE issued an invitation to institutions in England for institutional plans and competitive bids (2005/46) for allocating a total of £238m for the period 2006-2008, alongside further funding through the Research Councils and Regional Development Agencies. The intention is that the Fund will:

- build on what has been achieved through earlier rounds of funding;
- further develop and release HE knowledge;
- support HEIs in building responsiveness to and engagement with business and other partners into their strategic missions;
- extend and embed the capability for effective 'third stream' activity (alongside and integrated with teaching and research) across the entire diverse HE sector.

Similar funding schemes for innovation are available in Wales, Scotland and Northern Ireland.

103. In order to monitor and evaluate progress, HEFCE co-ordinates an annual UK higher-education and business survey. The last survey published in January 2005 (2005/07) [12] for 2002/03 showed continuing improvement by most indicators in all UK countries. This is encouraging and much progress has been made. An HEPI study of lessons from international experience, HEPI report Summary 21[13] concluded:

> It is clear that the sector is going through an important transition in third stream activities. The initial period of experimentation is over. In the new phase, institutions should become increasingly strategic about third stream activities. Institutions will need to make decisions in the future about how to allocate resources for third stream activities, and they will make different decisions depending on their own policy intentions and expectations. It is critically important that any changes in funding by HEFCE recognise the extent of the culture change needed and so are introduced with a collective understanding about the end goals and with clarity about the transitions expected in the future. It is suggested that the goals should be concerned with achieving a change of culture, and embedding third steam activity, throughout the institution and in all that the institution does.

12 Annual UK higher education and business survey. January 2005 for 2002/03. 2005/27 HEFCE
13 Development of Third Stream Activity: Lessons from International Experience. January 2006 Higher Education Policy Institute.

CHAPTER 6: ACHIEVING EQUITY IN AND THROUGH TERTIARY EDUCATION

6.1 What is equity in higher education?

104. Equity in higher education is concerned with the opportunities available to students to participate and graduate, and to others to be recruited and retained as staff. **(**This Chapter covers support for part-time students. Support for full-time students follows in chapter 7, given its close link with resourcing higher education).

6.2 The admission and retention of students

105. The admission of students to full-time or part-time courses is the responsibility of individual institutions and requires a degree of judgement about the ability and potential of applicants. Admission applications for the majority of full-time programmes are handled by the Universities and Colleges Admissions Service (UCAS) which co-ordinates and handles the applications while leaving the actual decisions on admissions to the individual institution. There is no automatic right of entry. School leavers with 2 A level passes or equivalent can expect to find a place somewhere in higher education but not necessarily in their favoured subject or at their favoured university. UCAS have issued a suggested tariff for the equivalence of academic and vocational qualifications although this tariff is not adopted in every detail by all institutions. Applicants without A level or qualifications recognised as equivalent will need to satisfy admissions officers that they have the ability and potential to complete the selected academic programme, if necessary drawing on their academic record and their experience. The Open University is an exception: there is no required academic record or experience. The main issue of equity is that students from disadvantaged families are less likely to apply for a place in higher education; and where they do apply, they are less likely to be offered a place in highly rewarded (in terms of rate of return) academic programmes. UCAS also operates separate admissions services for music conservatoires (CUKAS), nursing and midwifery programmes (NMAS), and graduate teacher training programmes (GTTR), and there are plans to extend its operations to cover admissions to postgraduate taught programmes.

106. Chapter 9 of this report provides data on non-continuation after the first year, projected outcomes in terms of gaining a degree, on employment outcomes for the sector and the range of such outcomes between institutions. While these show a satisfactory position for the sector, the outcomes for students from disadvantaged families tend to be less satisfactory than those for other students.

107. Home students from ethnic minorities are much more likely to go to higher education than White students with similar prior attainment (Source : HE Analysis DfES):

Fig 6.1 Higher Education Initial Participation Rates (HEIPRs) for English domiciled first-time entrants (full- and part-time) to HE courses (in universities and colleges in the UK), by broad ethnic/gender group, 2001/02

Ethnic group	Male	Female	All
White	34	41	38
All Minority ethnic	55	58	56
- Asian or Asian British	62	59	60
- Black or Black British	55	66	61
- Chinese or Other Ethnic	47	50	49
- Mixed Ethnic	35	44	40
All (with known ethnicity)	37	43	40

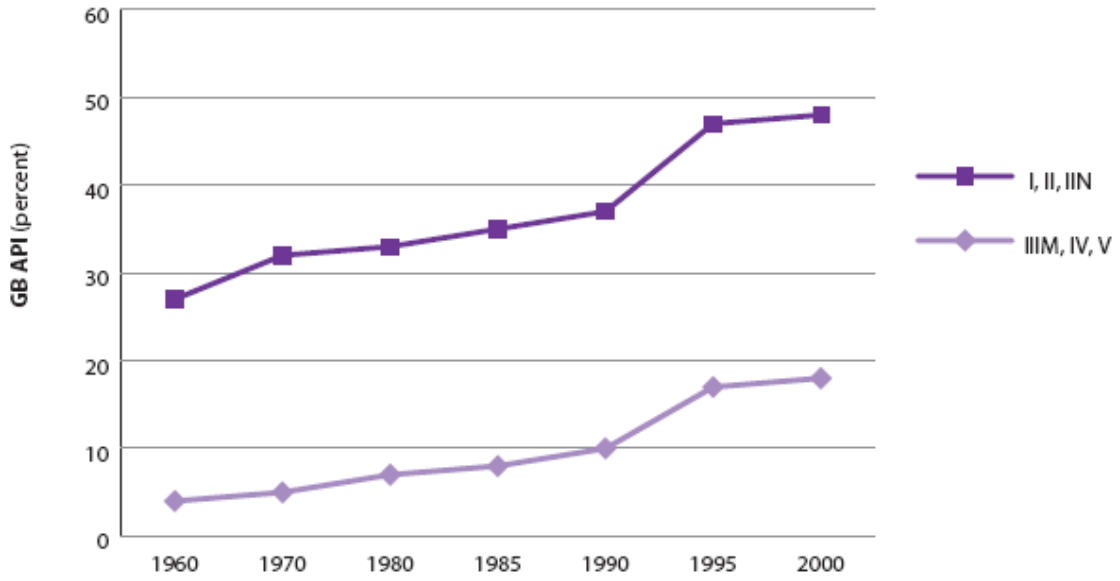
Some such minorities perform particularly well at school and are relatively successful in admission to higher education. There remain some inequalities between individual universities and colleges often reflecting lower aspirations of those from lower social class families.

108. Students with disabilities have in the past been disadvantaged in terms of admission to higher education because there have not always been suitable facilities to enable them to attend. The Special Educational Needs and Disability Act 2001 [14] requires institutions to ensure that people with disabilities have the same scope as others for access.

109. As already indicated, the main concern over equity of access to higher education relates to the numbers of students admitted from less advantaged families:

Fig 6.2

Figure 2: Higher Education entrants by social class groups (1960–2000)

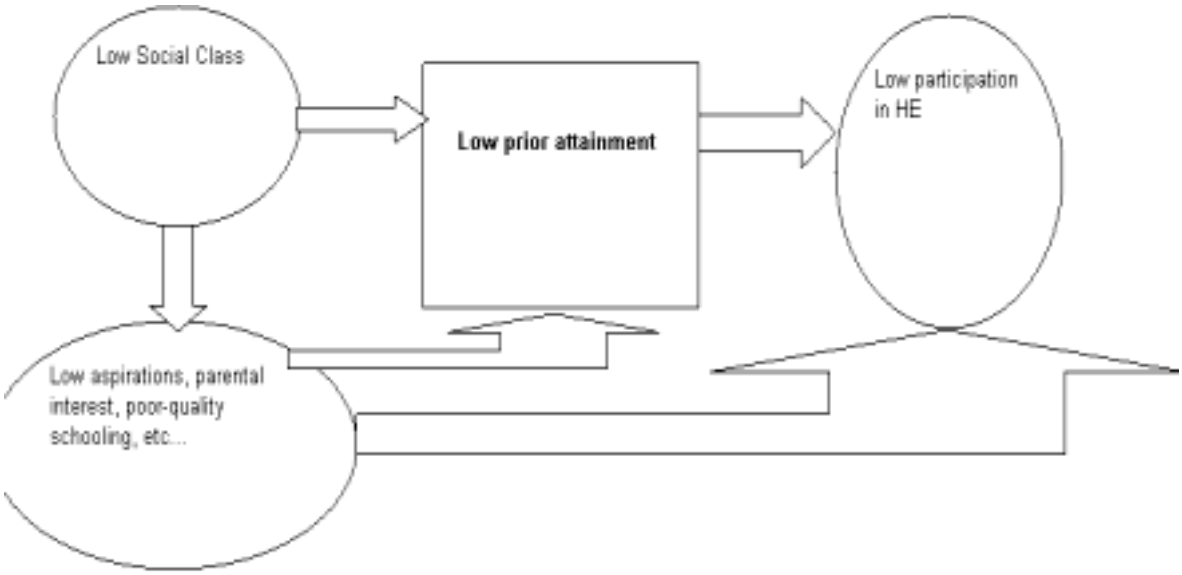


Lower graph includes students from skilled manual, partly skilled and unskilled families
Source: 2003 White Paper 'The future of higher education'

14 Special Needs and Disability Act 2001. ISBN 0 10 541001 2. HMSO

110. Students from disadvantaged families do less well at school. There are policies in place to remedy that. However, even allowing for the differential performance at school, students from disadvantaged families are less likely to apply for a place in higher education, especially for places at universities requiring good grades at A level. A report by HEFCE on Widening Participation found that disadvantage applies up until the point of acquiring A levels. Once students had acquired A levels, disadvantage does not carry forward. There are direct and indirect effects at play:

Fig 6.3



111. Hence, lower participation by students from low social class families is a result not only of low attainment at school but also of low aspirations.

6.3 Gender inequity

112. There is one further lack of equity. The proportion of young female students on full-time courses has reached 57% compared to 43% for males. This reflects their relative performance at school, where a higher proportion of male pupils choose to finish their full-time education before they are 18.

6.4 Access for students from disadvantaged families

113. The Government has placed much emphasis on the need to achieve more equity in access to higher education for students from disadvantaged families. In the January 2003 White Paper 'The future of higher education', the Government acknowledged that raising standards achieved in schools is critical to widening access. However, the Government also set down other steps involving universities and colleges which were needed to widen access into higher education. In April 2003, the DfES published a document setting out in more detail its plans for widening participation in England. The plans were summarised as follows:

The Government's White Paper, *The Future of Higher Education*, included a clear commitment to widen participation in higher education. This paper describes the action the Government is proposing under four headings – Attainment, Aspiration, Applications and Admissions – and the plans for establishing an Office for Fair Access (OFFA).

Attainment – raising standards of education and attainment is the best long term route to widening participation in higher education. Around nine out of ten students – whatever their class or background – who get two or more A levels go on to university. This reinforces the Government's strategy of focusing on improving education standards and achievement at all points of a child's life – from the early years onwards.

Aspiration – improving levels of attainment need to be matched by raising young people's aspirations. One in four working class young people who achieve eight good GCSE passes do not end up in higher education. The work which schools, colleges and universities are doing – and which the Government is supporting through its *Aimhigher* campaign – with summer schools, master classes and roadshows is encouraging more students to apply to university. The reintroduction of grants for poorer students will also encourage more students to apply.

Application – every year over 400,000 young people apply to universities. The Department's research shows that many young people with top A level results are not applying to universities that are necessarily the best match for their talents. Some universities need to do more to reach out to students and schools to encourage a broader range of applications.

Admissions – admissions to universities are a matter for universities themselves and generally they operate in a way that is fair. Admissions should always be on merit – irrespective of class, background or school attended – and based on an applicant's achievements and potential. A levels are the chief indicator for assessing merit but universities are increasingly using a range of other ways to help them make admissions decisions. The Government has asked Professor Steven Schwartz, Vice-Chancellor of Brunel University, to lead a team to identify good practice in admissions. We expect one of the results of this work to be a statement of principles about admissions which we hope all universities will adopt. Those wishing to charge a higher tuition fee will wish to demonstrate to OFFA that they subscribe to these principles.

114. The joint DfES/HEFCE/ Learning and Skills Council-led Aimhigher programme aims to widen participation in higher education and to increase the number of young people who have the abilities and aspirations to benefit from it. It provides materials for young people to encourage them to think about the benefits and opportunities of higher education, especially young people from families who have no tradition of higher education. The representative bodies for universities and colleges, and the Funding Bodies, have established a complementary website, HERO, which provides full details of higher education learning and research opportunities at universities and colleges throughout the UK. The Scottish Executive has initiatives in place to improve participation from under-represented groups and in September 2005 the Scottish Further and Higher Education Council published the report 'Learning for All' with recommendations for the future. In Wales, widening access is a key Assembly Government priority. 'Reaching Higher' was launched as a 10 year programme in March 2002 to provide a strategy for the higher education sector in Wales. The record in Wales of widening participation for under represented

groups has been outstanding. The focus now is on encouraging more young people from disadvantaged areas to attain the qualifications needed for entry to higher education.

115. The report of Professor Schwartz' team was published in September 2004 [15]. It concluded that prior educational attainment would continue to provide the main indicator of suitability for admission but that other indicators should also be considered. It commended the work of the Quality Assurance Agency in reviewing measures to assess Access to HE Courses to ensure consistency of academic standards and description of academic achievement. (These courses are provided by some universities and colleges to assist admission for those mainly over 25 who do not have the desired academic qualifications for entry to higher education). It also welcomed the aim of the programme, led by the Qualifications and Curriculum Authority, on vocational qualifications to develop a unit-based national system of qualifications and credit.

116. The present admission arrangements have to rely significantly on forecasts from schools and colleges of the likely performance of pupils in the A level examinations which take place in the early summer. Universities and colleges make offers of places in the late spring, often conditional on achieving specified A level results. There is a Clearing process after the results of the A level examinations are known. This is to enable those who do not achieve the results required by universities and colleges as part of their earlier offer to seek alternative places. Most universities and colleges would, in principle, prefer a Post Qualification Applications (PQA) system. A Government consultation exercise looking at improvements to the application process, including possible options for PQA, ended in December 2005. The responses are currently being considered.

6.5 Adult students

117. If higher level skills in the working population in the short-term are to be increased significantly, then this can only be achieved through further education and training for those already in work or seeking work. This is likely to become more significant as the size of the 18-19 age group falls substantially in the decade starting in 2010.

118. Access to HE Courses are available for those over 19 with few, if any, qualifications. The numbers on these courses gaining Access to Higher Education certificates have steadily increased over recent years. Most are provided by further education colleges but some are provided by universities. The criteria for such courses are being reviewed by the Quality Assurance Agency (see chapter 9). The courses appear to have a significant role in widening participation. There are seven long-term residential colleges which also have an important role to play in helping under-represented groups participate in higher education.

119. There has always been in the UK a substantial number of adult students taking degree qualifications part-time (see Chapter 2). Over half of all students are currently over 25, many of them studying part-time. The new Foundation Degrees may be attractive to more adults studying part-time. The Open University offers degrees courses through distance learning for part-time students. Birkbeck College in London also concentrates on part-time courses for study during the day and evening. Individual institutions set their own level of fees for part-time courses. Apart from distance learning, competition is more restricted than for full-time courses because most part-time students study locally. The fees depend more on what students or their employers are

15 Fair admissions to higher education: recommendations for good practice. Schwartz. September 2004. DfES

willing to pay. Although the numbers of students are close to the numbers of full-time students, the fee income is substantially less because part-time fees reflect the part-time teaching and learning requirements.

120. There has been concern that the financial support available to adults, particularly those studying part-time, has not offered a sufficient incentive to study especially when compared with support for full-time students. Some part-time students receive generous support from their employers. Others do not. Some are not working. Hence needs vary.

121. Some support for part-time students is already available and the DfES has recently announced further such support [16]. Support for fees for the poorest students for courses equivalent to at least 50% of a full-time course will increase by more than 25% in 2006 to £885 with a course grant of £250. Discretionary support available to institutions will quadruple to £12m in 2006. In addition, the DfES and HEFCE are providing £20m each to allow institutions to extend their work with employers and communities to encourage under-represented groups to enter part-time higher education. The funds will also provide for increased academic support. The Chairman of the CMU Universities Group, Professor Michael Driscoll, Vice-Chancellor of Middlesex University has said:

> 'The expansion of part-time study is one of the great success stories of British Higher Education. Our universities have excelled at developing part-time and flexible modes of study and have provided opportunities to new generations of students unable to go to university straight from school and to many others who want to develop their potential later in life, have caring responsibilities, need to work part-time or want to enhance their professional and workplace skills. We therefore very much welcome the fact that the Government is seeking to ensure that both part-time students and the universities which support their studies are not disadvantaged in 2006.'

In Wales, Welsh domiciled adult students taking a course equivalent to at least 50% of a full-time course are eligible for a part-time fee grant of up to £885, a course grant of up to £250, and they may apply in addition for a part-time Assembly Learning Grant of up to £750 (which is available also for courses of less than 50% full-time). HEFCW offers a fee waiver scheme to encourage students to take up taster and other short programmes of study not supported through the national statutory support.

Scottish students in higher-education (up to and including first degrees), and who are working towards at least 50% of a qualification may be able to get a loan to help meet study-related costs such as equipment, books, travel, photocopying, paper and so on. In addition students on a low income or who are receiving certain benefits may be eligible for free tuition. Students with disabilities can also claim Disabled Student's Allowance which is not income assessed. If students are experiencing financial difficulty they can also apply for help from their institution's Hardship Fund.

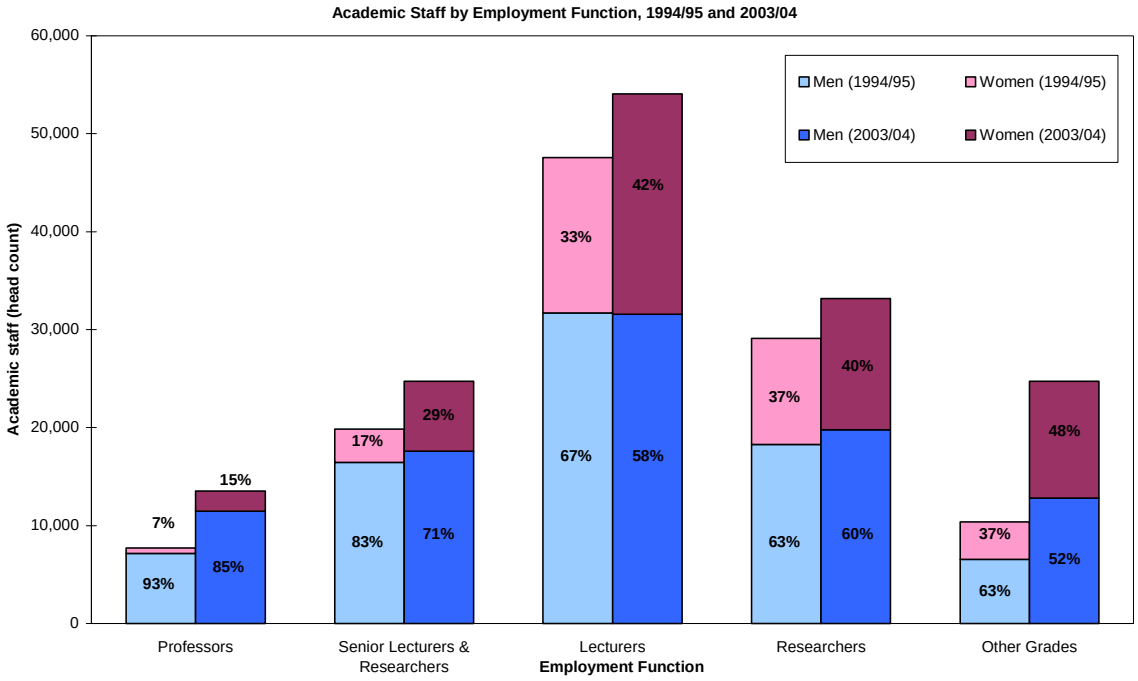
EQUITY FOR STAFF APPOINTMENTS IN UNIVERSITIES AND COLLEGES

122. About 12% of Vice-Chancellors are female. In 2003/04, about 15% of professors in 2003/04 were female. For lecturers, researchers and other grades of academic staff, over 40%

16 Big increase in targeted fee support keeps part-time undergraduate education open to all. DfES Press Notice 2005/0117

were female in 2003/04. The proportion of female staff has increased significantly since 1994/95:

Fig 6.4



Source: Universities UK

123. There are concerns also about the ethnic composition of staff in universities and colleges. 4% of professor-level academic staff are from black and minority ethnic groups compared to 8.4% of lecturer-level staff. Of this 4% there are only 40 out of 12,285 from Black British or Black African/Caribbean backgrounds. In December 2004, there were only two heads of institutions who were from ethnic minority groups.

124. The Race Relations (Amendment) Act 2000 places specific responsibilities on individual institutions to demonstrate that decisions on appointments take full account of the skills and experience of all applicants. All Funding Councils are required to prepare a Race Equality Scheme and offer help to the higher education sector to improve the diversity of its student, staff, leader, and governor population.

CHAPTER 7: RESOURCING THE TERTIARY EDUCATION SYSTEM

STAFF

125. There is generally an adequate supply of academic staff. Problems exist in some subject areas, such as business studies, where the competing claims for staff from other private employers are strong. The 2003 White Paper 'The future of higher education' acknowledged the need for flexibility over academic pay where there was evidence that this was hampering recruitment:

> **Fair pay in higher education**
>
> **4.20** If university managers are to deliver the high quality we expect from higher education, it is essential that institutions are able to recruit and then retain staff of the highest calibre. The recent annual HEFCE survey provided evidence of a worrying rise in unfilled vacancies across the university workforce. Among academics, particular recruitment difficulties were reported in a range of subjects (IT/computing, business-related subjects, professions allied to medicine, science, and engineering) where higher salaries were on offer elsewhere.[33] At the same time, as reported in the recent Roberts review, there are anecdotal reports of a decline in the quality of new applicants for academic jobs.[34]
>
> **4.21** The Government invested £50 million in 2001–02, £110 million in 2002–03 and has planned for £170 million for 2003–04 to underpin the recruitment, retention and reward plans set out in HEIs' human resources strategies. HEFCE has distributed this money to institutions in return for human resource strategies that address issues of recruitment and retention, staff and management development, equal opportunities, rewarding good performance and tackling poor performance. This process has successfully kick-started the modernisation of human resource management in higher education, allowing institutions to play to their strengths and reward excellence.
>
> **4.22** Over the coming period, the Government will pursue a twin-track strategy for academic pay. Firstly, it will build on the progress achieved through this funding for institutional-level human resources plans. In addition to that funding, the government is providing an extra £50 million in 2004–05 and £117 million in 2005–06. We want to remove the bureaucracy of the ring-fence, and give higher education institutions the freedom to spend this money as they see fit, but we also want to sustain the cultural change that the human resource strategies have begun. So, once individual institutions have human resource strategies that demonstrate to HEFCE that they will take steps to move towards market supplements or other differentiated means of recruiting and retaining staff, and commit themselves to rewarding good performance, their earmarked funding will be transferred into block teaching grant.
>
> **4.23** Secondly, we are especially keen to see better pay differentiation for teachers, with institutions rewarding those who teach well. Therefore, from the additional funding for

teaching excellence which we have identified over the next three years, we will ask HEFCE to release funds to those institutions that can demonstrate that it will be spent on rewards for their best teaching staff.

23 Recruitment and retention of staff in UK higher education 2001.

24 SET for success, The supply of people with science, technology, engineering and mathematics skills, The report of the Sir Gareth Roberts Review, April 2002, esp. 5.34–5.

126. Universities and colleges determine the criteria for appointing and promoting staff. These depend on the missions of individual universities and colleges. Generally, more emphasis is being placed on teaching quality and contributions to business and the community. Where there are recruitment problems, universities may adopt special measures to recruit staff – such as employing staff in employment elsewhere to teach part-time.

127. HEFCE reviews trends and projections for academic staff. The latest such review (Issues Paper 2005/23) [17] reported:

'In this report we give an overview of trends in academic staff at English higher education institutions (HEIs) from 1995-96 to 2003-04. It shows that for the permanent academic staff:

The number has steadily increased since 1997-98.

The proportion who are part-time increased from 5 per cent in 1995-96 to 10 per cent in 2003-04.

Although for the whole sector numbers have increased, there has been a decline in the numbers of chemistry, physics, engineering and mathematics staff over the period.

There has been a rise in the proportion in the higher grades during the period.

The proportion aged 50 or over remained the same from 1995-96 to 2003-04, although the proportion aged 55 or over increased.

The proportions of women, non-UK nationals, and staff from minority ethnic backgrounds have all risen steadily.

We have also revisited the modelling completed in the previous report and provided academic staffing projections using 2003-04 as our base year. These projections show that (under particular assumptions):

a. Just over 6,000 recruits to permanent academic positions will be required each year from 2004-05 to 2010-11 to maintain 2003-04 levels.

b. Between 7,000 and 12,000 recruits may be required to keep in touch with DfES target student numbers for the period 2004-05 and 2011'

17 Staff employed at HEFCE funded HEIs: trends, profiles and projections. 2005/23. June 2005 HEFCE (web only)

128. As part of the 2002 Spending Review, the Government announced additional resources (£167 million over two years from 2004-05 and since extended for two further years) to help English institutions recruit, retain and develop staff, as well as helping to modernise management processes. This supplements the £330 million provided since 2001-02. These investments will help the higher education sector sustain its world-class reputation, since meeting the challenges of the future depends critically upon its ability to attract and motivate high-quality staff. Given the high level of projected retirements, which is of particular concern in Scotland, the recruitment of staff from overseas seems likely to increase. A new Framework Agreement for staff in universities and colleges has been agreed with staff unions and provides a fairer basis for determining relative pay levels for staff. While this has led to significant increases in pay for some staff, the staff unions believe that pay for academic staff generally has fallen below levels of pay for professional staff employed elsewhere. The unions believe that the advent of higher tuition fees in 2006/07 and the increased income available to institutions allows institutions to afford a significant increase in academic staff pay. The Universities and Colleges Employers Association have made an offer which the unions regard as unsatisfactory. The dispute continues and may prove difficult to resolve on a national basis because the increased income from tuition fees varies widely amongst institutions according to their success in recruitment.

129. A study by the Higher Education Policy Institute in 2004 [18] which interviewed a wide range of staff in universities concluded:

> The modernisation of the HR function in higher education in recent years has been remarkable. In the space of a few years, HR has shifted from an administrative support function to a valued strategic activity.
>
> Some universities already had a modernisation agenda before the HEFCE Rewarding and Developing Staff initiative kicked in. But for the majority of English institutions there is no doubt that the programme enabled change at a scale and a pace not seen before.
>
> Institutions in Scotland already had higher overall financing, but without a comparable initiative, the challenge for HR heads was significant. In Wales the challenge was even greater. With no extra funding, support was limited to professional networks and outputs from the HR modernisation process in England.
>
> For all the positive developments, there is much more to do. Most significantly, HR is still regarded widely by managers as a remote function rather than an integral part of their job. This highlights a significant general training need – but particularly for managers below the top team, currently seen by some as 'cloud cover' preventing communication and change.
>
> Aligning individual performance with institutional ambition is a challenge that in most cases seems to be a distance away. Without effective performance appraisal and connection between performance and reward, poor performers will stay comfortable and the best will be seduced away.
>
> There is a worldwide war for talent. Some university heads are there already. Others are forming committees to consider possible implications. Most are rethinking recruitment and seeking to apply the HR agenda through all levels of the organisation. At the same time, the best are back-filling HR teams with appropriate expertise.

18 Modernising Human Resource Management in Higher Education. March 2005. Higher Education Policy Institute

HR in higher education is ahead of other sectors in terms of the pace of modernisation of the function. Where it lags behind is in driving the HR agenda through the organisation. This is understandable - you cannot change everything at once, but this does not diminish the importance of the agenda and the urgency of change.'

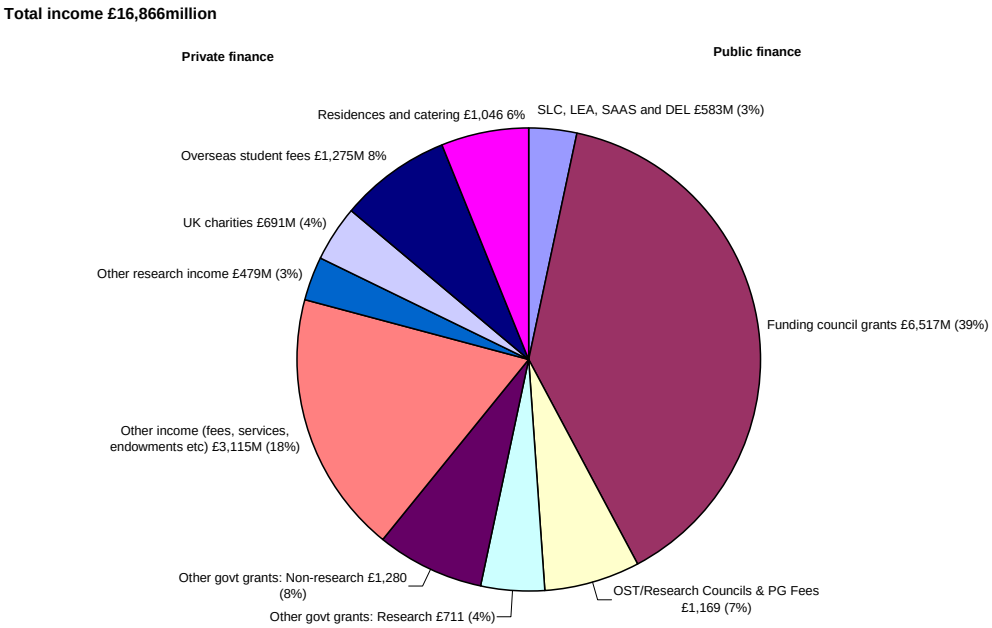
130. Measures to improve the quality of academic staff in teaching, research, administration and leadership are described in Chapter 9 below.

FINANCING

7.1 Income for institutions

131. Chapter 2 explained the private sector basis for all universities and colleges in the UK and the incentives in place to encourage them to maximise their income from a range of sources. The chart below (Fig 7.1) provides a breakdown of sources of funding in 2003/04:

Fig 7.1



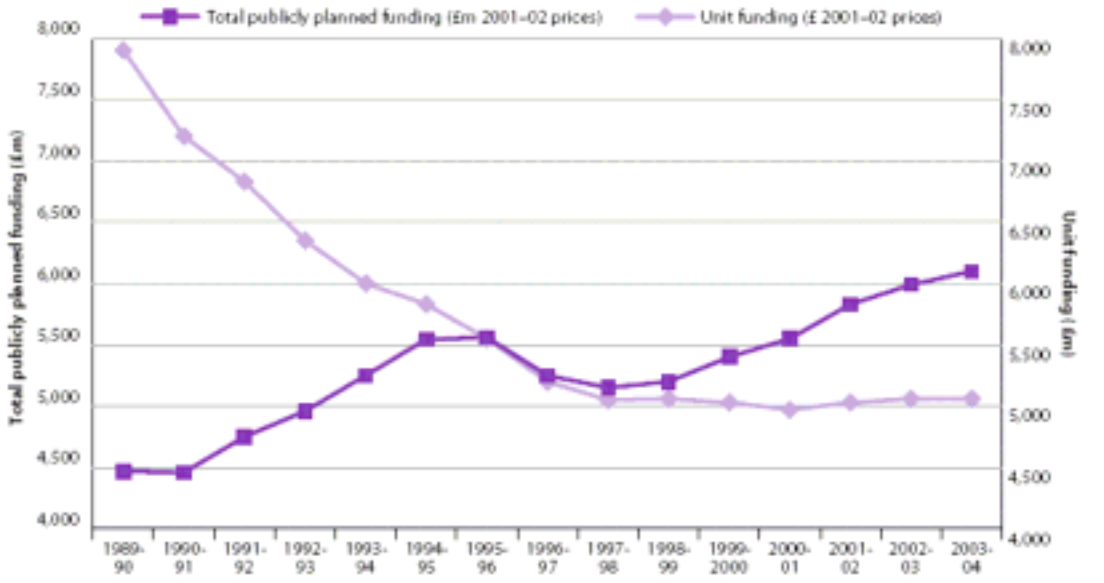
132. The main source of public funds is through the Funding Bodies and the Research Councils. Chapter 2 also explained that the proportion of funds from these sources varies significantly between individual institutions according to the proportion of home undergraduates and research performance. Small elements of public funds for higher education are allocated by the Teacher Training Agency and by the Learning and Skills Council (for about 30,000 students taking higher National vocational Qualifications).

133. Despite the significant income from private sources, the level of public funds available to universities and colleges has led to substantial pressures on the financial position of universities and colleges for some time. In the early 1990s, when the number of full-time students was expanding rapidly, funding per student fell sharply. There was some scope then for economies of scale. Some institutions were also able to reduce the amount of teaching in relation to individual learning without adverse effect on the quality of teaching and learning. Funding per student continued to fall during the 1990s as the number of students levelled off. It fell further after the introduction of tuition fees in 1998 because the Government set levels of public funding so as to offset in part the increased funding from fees. Funding per student then increased very slightly up to 2003 (see Fig 7.2 below).

134. Successive Governments from 1989 onwards took the view that there were other priorities for public spending – mainly the schools and the health service – which were over-riding. The Dearing Report in 1997 recognised this reality and argued that there was a case for students to make a contribution to the costs of higher education. In particular, a minority of young people benefited from higher education and were rewarded with a significant rate of return. The costs were met by taxpayers, a majority of whom had not received the same benefits. The Dearing Committee recommended a number of options for the introduction of tuition fees paid by individual students. The Government decided to introduce in 1998 throughout the UK a flat rate tuition fee of £1,000 with means-tested grants to help disadvantaged families. This had no discernible effect on admission levels but offered limited net income to institutions. Universities and colleges were forced again to look for increased efficiency and to forego essential maintenance. It became clear for England (Fig 7.2 below) that the quality of teaching and research would be at risk if the institutions were not provided with additional income.

Fig 7.2

Figure 3: Comparison of Total Publicly Planned funding for Higher Education (£million) and Unit funding (£) (1989–2003)



Source: The future of higher education White Paper

135. The new policy on tuition fees for full-time students in the 2003 White Paper will increase the private income available to institutions. It represents a significant development in England of the tuition fee regime introduced by the Government throughout the UK in 1998. From 2006, individual universities and colleges in England have the discretion to set their own tuition fees up to a limit of £3,000 per year with loans available to students to ensure that no student or parent has to pay an up-front fee. This is a net increase of £1,800 on the fees paid under the previous regime. Institutions are however required to set aside part of the extra income, equivalent to some £600 for measures, such as bursaries, to widen access. (There is a variety of practice amongst institutions but these bursaries are usually targeted and means tested, giving an average level of bursaries for eligible students of about £1,000). Their plans for access have to be submitted for approval through Access Agreements with the newly established Office for Fair Access. The upshot is that institutions in England will have, on average, an extra £1,200 per student.

136. The loans to meet the new fees will be repaid on graduation at a rate dependent on the earnings of individual graduates. The starting point for repayments will be graduate earnings of £15,000 per year. The interest on loans will be linked to the rate of inflation. There will be grants for students for lower income families, supplemented for some through additional support from institutions through the Access Agreements.

137. The aim is to provide universities and colleges with more income so as to maintain or improve their quality and performance - whilst at the same time ensuring that the higher tuition fees do not deter potential students from applying for a place in higher education. This aim will only be realised if student recruitment is maintained and if the Government maintains its planned funding in real terms beyond the short-term. Beyond the short-term, the maximum level of permitted fee will also be a factor. Most universities have set a tuition fee for 2006 at the maximum level of £3,000 for all subjects. At the time of writing this report, application rates are above the level in 2004 but some 3% below the 2005 entry level. However, the 2005 entry level was inflated because more students than expected applied for a place that year to avoid higher fees in 2006. So the indications so far suggest that the higher fees have had little effect on the total demand for places. The pattern of recruitment is however varying significantly across the range of institutions.

138. It is important to note that the level of fee in England and Northern Ireland is determined for 2006/07 by individual universities and colleges up to a maximum of £3,000 per year. This will apply also in Wales from 2007/08 (where the fee will remain at £1,200 for 2006/07). English students choosing to study in Northern Ireland (and Wales from 2007/08) will be charged tuition fees of up to £3,000.

139. In Scotland, tuition fees were abolished for Scottish students in 2000. Since 2001, such undergraduate students (but not those taking Higher National Diplomas) have been required to pay a single endowment charge after graduation, set at £2,216 in 2005/06. Subject to final approval by the Scottish Parliament, fees will remain for other UK students at a level of £1,700 in 2006/07 for all subjects except medicine where the fee is expected to be £2,700. The main fee level of £1,700 is intended to represent the average fee paid by English students in England after allowing for bursaries and the longer course length. These fees and the endowment charge are regulated by the Scottish Executive and not by individual institutions. The endowment payments are used to support future generations of students. The lower deferred charge to Scottish students, as compared to other UK students, reflects the priority accorded to higher education by the Scottish Executive and Parliament.

140. It remains to be seen whether these different and complex arrangements change significantly the number of students choosing to cross borders within the UK to study.

141. Under EU law, EU students are required to make a contribution to tuition costs no greater than that which applies to home students in each UK country. Other international students pay higher tuition fees set by individual institutions in all four UK countries.

7.2 Support for students

142. Financial support for full-time student living costs has developed over time. Up to 1990, students were eligible for means-tested grants administered by local authorities. From September 1990, students starting higher education were eligible for assistance with their living costs on the basis of non means-tested loans as well as means-tested grants. A Student Loans Company was established through the Education (Student Loans) Act, 1990 to administer student loans. The loans were subsidised through linking the interest rate to the rate of inflation and not to the higher market rate for loans. In the 1990/91 academic year, the loan represented about 14-15% of the total support available. In subsequent academic years the maintenance grant rate was frozen while the loan rate was increased. By the 1996/97 academic year, students were receiving assistance on the basis of 50%grant and 50% loan. In 1996, the Government decided that all support provided for living costs should in future be through loans. Alongside the introduction of tuition fees in 1998, the repayments of the loans became income contingent. The 2003 White Paper reintroduced grants (of £1,000) for students from lower income families. The Scottish Executive reintroduced bursaries in Scotland from 2001 when they began paying fees for eligible Scottish students and introduced the graduate endowment. In Wales, Welsh domiciled students will be eligible for a tuition fee grant of £1,800 to offset the increase in fees to £3,000 from 2007/08. Students will be eligible for a loan to be repaid on graduation. (Similar loans will be available in 2006/07 to meet the lower fee of £1,200 in that year). There will be a National Bursary of £300 minimum to supplement the bursary programmes established by institutions to promote participation by students from disadvantaged families. Welsh domiciled students may also apply for an Assembly Learning Grant of up to £2,700.

7.3 The balance of contributions

143. Taken with the new regime for fees, the contribution of the individual student or the student's family has increased significantly but gradually over the past 15 years – although the 2003 White Paper policy amounts to a step change. As had been indicated in the Dearing Report above, the justification for this has been based on three main considerations. First, there is a personal rate of return from higher education as compared with those leaving full-time education after upper secondary school (see Chapter 2) which is only available to a minority of the adult population who pay taxes. Secondly, there are other priorities for public spending, namely spending on schools and hospitals. Thirdly, the universities need more income if they are to remain of high quality and so contribute to competing in the global economy.

144. The personal rate of return varies according to the subject of study. As in the 2003 White paper, this suggests a case for differential fees according to subject. In practice, universities have not so far generally followed this approach. Further education colleges offering higher education, including in particular Foundation Degrees, have however set fees below £3,000. The regulation of Access Agreements is intended to ensure that equity is maintained through bursaries offered by institutions in addition to the national grants for students from poorer families.

7.4 Allocation of public funds

145. The allocation of public funds by the funding bodies has been outlined in previous chapters. Essentially, funds for teaching and learning are allocated mainly according to the number of students completing elements of their academic programmes with a supplement for widening participation. In addition, the funding bodies allocate a small percentage of funds in line with guidance from the Government about specific initiatives. While the principles of the allocation process are straightforward, the details are necessarily complex. A full account of the detailed allocation process is given in HEFCE [19] 2005/34 'Funding higher education in England: How HEFCE allocates its funds'. An extract giving some of the details is shown below:

29. There are four main stages in calculating the main element of HEFCE teaching funds for each university and college.

Stage 1 We calculate a standard resource for the institution. This is a notional calculation of what the institution would get if grant was calculated afresh each year. It is based on each institution's profile of students, and takes into account:

- the number of students
- subject-related factors
- student-related factors
- institution-related factors.

Stage 2 We calculate the assumed resource for the institution. This is based on the teaching grant that we actually paid to the institution for the previous year, adjusted for various factors such as inflation, plus our assumptions of student tuition fee income.

Stage 3 We compare the standard resource with the assumed resource and work out the percentage difference between them.

Stage 4 If the difference between the standard resource and the assumed resource is no more than 5 per cent (whether that is plus 5 per cent or minus 5 per cent), then the HEFCE grant will be carried forward from one year to the next. For institutions outside the plus or minus 5 per cent tolerance band, their grant and/or student numbers need to be adjusted so that they move to within the tolerance band.

Alongside this main funding element is a small allocation (some 8%) of funds for widening participation. Much of this allocation is concerned with improving retention for full-time and part-time students. The small element for widening access is calculated according to weighted numbers reflecting the broad institutional mix of students from different census wards. The calculation of the weightings is derived from the assignment of undergraduate new entrants to different census wards using postcode information from individual student records.

19 Funding higher education in England: How HEFCE allocates its funds. 2005/34. July 2005 HEFCE

146. HEFCE's approach to funding for teaching and learning is currently under review in consultation with the sector and others. The coverage of the review has been published by HEFCE [20] 2005/41. The aim is to have new arrangements in place alongside the new fee regime.

147. The allocation of research funds by the funding bodies has been described in Chapter 5. When the allocations to individual institutions are announced, the breakdown between teaching and research is shown but the total allocation is provided as a block grant for allocation by each institution according to their own priorities. Separate specific grants are allocated for capital projects required to fulfil the government's policies. These grants do not usually provide for the full cost. Institutions are expected to build up reserves for capital projects and to borrow when necessary – for example when the project is expected to lead to additional income.

148. The allocation arrangements in Scotland, Wales, and Northern Ireland follow similar principles. In Scotland, there is now one Council handling allocations for both further and higher education. Nearly all higher education below Bachelor degree level is provided by the further education colleges.

7.5 Taxation

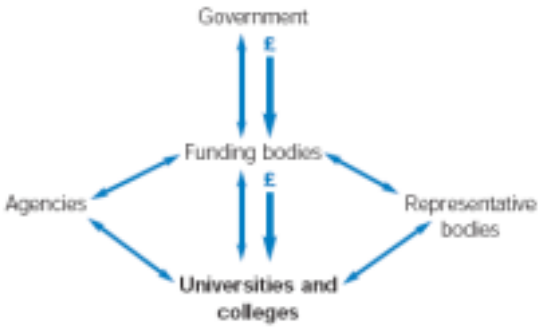
149. There are tax benefits for savings for children. Universities and colleges have charitable status. Gifts to charities from individuals or companies are eligible for an addition from the Exchequer for any tax paid on the gift. Investment in capital venture trusts is eligible for 40% tax relief. Some trusts have been established to support capital ventures for a group of universities.

20 Review of the teaching funding method: consultation on changes to the method. October 2005. HEFCE

CHAPTER 8: PLANNING, GOVERNING AND REGULATING THE SYSTEM

150. The chart below shows the relationship between the Government and the central funding bodies:

Fig 8.1



Source: HEFCE 2005/10

8.1 The Government's role

151. The Government and devolved administrations set national policies and are able to steer developments through their power to attach conditions to the allocation of public funds by the relevant funding body. The Government has other specific powers, notably over support for students. The Government may also introduce legislation to assist in the delivery of its policies. The Government may influence the behaviour of the funding bodies and individual institutions by highlighting matters of national interest. As an example, the persistent message to universities from different governments over a long period about the need to work more closely with business and industry for the benefit of the economy and society has significantly changed the behaviour of institutions, albeit with the added incentive of specific funds.

8.2 The role of the funding bodies

152. The funding bodies' main role is to convert guidance from the Government into practical arrangements for allocating funds. As illustrated by the recent plan from HEFCE, the funding bodies may set their own strategy for taking forward national policies over a longer period. Other agencies, such as the Regional Development Agencies, interact with the funding bodies and the universities and colleges to ensure that their interests are taken into account. The representative bodies of universities and colleges draw on points raised by their members to press particular points with the funding bodies. They also make representations to the Government about the development of national policies.

8.3 The autonomy of universities and colleges

153. As private sector institutions, the universities and colleges have considerable autonomy. They appoint their own governing bodies and staff (including the chief executives – Vice-Chancellors). They are responsible for their own financial affairs. They may borrow subject to a limit set by the funding bodies to protect public funds. They set their own salaries, although the majority choose to work with other institutions to agree common salary scales for all but the senior staff. They set their own missions and objectives, determine their own profile of academic programmes, set their own research priorities, and plan their own capital programmes. They are subject to the same constraints as other private bodies. If they have no customers, they fail. They

follow national legislation for employers, for example for racial discrimination and for people with disabilities. There are specific constraints over the number of students in certain subjects, notably in medicine.

154. Universities and colleges are accountable. In the first instance, they are accountable to their own governing bodies which usually comprise a majority of external members with an external Chairman. Amendments to their Charters (or equivalent) are subject to agreement by the Privy Council (which advises the Queen) rather than the Government. They are accountable to their students and set in place their own internal arrangements for assuring quality. They subscribe too to the national Quality Assurance Agency set up by institutions. Ultimately, the Vice-Chancellor, as chief executive, is responsible to Parliament for the spending of public money. If the National Audit Office identify questionable spending in England, the Vice-Chancellor is required to appear before Parliament's Public Accounts Committee. In Wales, a Vice-Chancellor may be invited to appear before the Welsh Assembly. While institutions have substantial autonomy, the Government and funding bodies have powers through conditions of funding to deliver their policies for higher education (Section 2.3 of this report). The Government and the funding bodies aim to limit the level of specific funds not allocated as block grants for teaching and research. However, even the limited level of funds (some 7%) allocated for a specific purpose can affect significantly the action taken by individual institutions. Many institutions would prefer to see such funds limited still further so as to retain freedom of action.

155. Universities and colleges have acquired expertise in marketing their academic programmes, their research, and the other services they offer. They have also agreed to improve the transparency of their performance and their accountability through the publication, in an agreed format, of specified performance indicators – for example, the completion rate for degree programmes and the level of graduate employment. HEFCE has co-ordinated the publication of these indicators covering all UK institutions with benchmark figures for institutions with similar characteristics. There is a special website (www.tqi.ac.uk) which provides extensive teaching quality information about each institution and academic subject. There are no official league tables but journalists make use of the performance indicators together with other measures such as research assessment to create a range of league tables. While the individual measures serve a useful purpose, there is some concern that the aggregation of measures chosen by journalists does not adequately reflect the diversity of what institutions have to offer.

8.4 Expansion

156. There have been some broad targets set by DfES from time to time, mainly on the basis of their assessment of what would be desirable in terms of the supply of graduates to meet global competition and support economic growth. The present Government's target for England is towards 50% of young people to have participated in higher education by the time they are 30. The Government has also set specific targets for medicine and dentistry on the grounds that the supply of graduates needs to be planned because a majority of graduates are employed in the National Health Service; that medical education requires work experience in the National Health Service which also needs to be planned; and that medical education is expensive.

157. From time to time, Governments have stressed the importance of the natural sciences and technology. There are programmes in place to encourage school students to pursue these subjects through to graduation. Generally, however the choice of academic programme has been determined by the student, often based on influence from peers, parents and teachers.

158. From 1988 to 1993, the participation rate for young people (API) doubled in response to

Government encouragement. Demand was increasing in part as a result of the introduction of a common school examination (GCSE) for most 16 year olds. This had encouraged more young people to stay on at school or college and then more 18 year olds to apply for a place in higher education. As an added incentive to institutions, the Government doubled to some £1,800 the tuition fee paid for in most cases through the student grant – and reduced the cash limited funds available to the Funding Council. The upshot was that the numbers enrolled substantially exceeded the government's forecast. Many of the former polytechnics, in particular, were able to admit more students at the marginal cost of £1,800. There were significant gains in efficiency. However, the cost was also substantial because of the loans and grants for students' living costs (as well as the extra cost beyond forecast of the £1,800 fee). For the next decade and up to the present day, the Government required HEFCE to control the total number of full-time students allowing for limited growth each year. There has been no indication of significant demand remaining unfulfilled.

8.5 Governing bodies

159. Each institution has its own regulations for its governing body. The precise legal basis varies. Many of the older universities have Royal Charters. There are however common characteristics for governing bodies as being:

a. Legally independent corporate institutions
b. Bodies having charitable status
c. Accountable through the governing body which carries ultimate responsibility for all aspects of the institution.

160. Governing bodies normally comprise a majority of external members from whom the chairman is elected. Many of the external members will be selected by a Nominations Committee from business and industry. Others will have experience in higher education policy issues. There will normally be a representative from the local authority. There will be representatives of staff and students as well as senior academic staff, the Finance Director, and the Vice-Chancellor.

161. The governing body concentrates on strategy and major policy issues while leaving operational matters to the Vice-Chancellor and Chief Executive. All members are expected to contribute. The external members have the dual role of supporting the university in its endeavours whilst at the same time challenging senior staff in cases where there are doubts about new developments. External members will usually be offered some training to assist them in their role as governor. The chairman and a small number of external members form a Remunerations Committee which determines the salary and performance measures for the Vice-Chancellor and senior staff.

162. Some governing bodies have been very large – 50 or more members. The National Committee of Enquiry (the Dearing Committee) recommended in 1997 that the optimum size should be not more than 25 members. Progress in that direction has been slow, possibly reflecting the wish of current members to remain members. The maximum length of service for external members is 9 years, although this may be extended where a member is elected Chairman.

8.6 Institutional management

163. The management arrangements within institutions have varied significantly. The former polytechnics had a more direct line of responsibility from the Director through to Heads of Department often with an Executive Board of Heads of Faculty and senior administrative staff.

An Academic Board gave all academic staff an opportunity to discuss academic developments. These arrangements were largely retained as the polytechnics became universities. Generally, the pre-1992 universities had a less direct managerial approach. However, executive boards chaired by the Vice-Chancellor have been introduced into many of these universities, in some cases accompanied by the creation of Schools rather than Faculties to bring the Board to a manageable size. The devolution of budgets to Schools or Faculties is also widespread. It is arguable that many policy developments would have been more difficult to implement without changes of this kind – which have for the most part been introduced following consultation with academic staff. There has been an increasing awareness of the importance of management and leadership within universities. The following extract from the 2003 White paper explains the action being taken to improve institutional management at senior levels:

Management and leadership

7.3 As the sector develops more freedom and self-determination, excellent leadership and management will become increasingly important. Universities are multi-million pound organisations with a vast array of different functions and components. They must split their resources between providing the capital infrastructure for both teaching and research, compete for the best staff, and often act as both landlord and major social centre for a large body of students. They have a key role within their communities and in their contribution to community leadership. In such a complicated environment, management poses exceptional challenges and, given the return to the economy, it is only right that the Government should seek to provide help where it can. Universities need the full range of professional skills among their managers and administrators.

LEADERSHIP FOUNDATION

7.4 Universities UK and HEFCE have proposed the creation of a Leadership Foundation to identify and meet key leadership and management needs across the sector, and build a cadre of professional leaders and managers. The Foundation will draw on the best international expertise in leadership and management, and will be associated with a prestigious higher education institution. It will also be charged with developing models of good practice in leadership and management. Once it is in place, the Leadership Foundation will take forward the key recommendations of the Lambert Review, announced by the Chancellor in November 2002, on how leadership and management can best support links between higher education and business. It will also work in partnership with the new Learning and Skills Leadership College.

164. The Leadership Foundation was set up in 2004. It is committed to developing and improving the management and leadership skills of existing and future leaders of Higher Education.

8.7 Linkages among tertiary institutions

165. Within higher education**,** there have been long-standing links between universities and colleges with degree awarding powers and other colleges which did not have the power to award their own degrees. Over time however, many colleges have secured the power to award their own degrees and this form of linkage has declined a little. The development of Foundation Degrees is reviving this linkage. Many of these degrees are being developed within further education colleges which have extended their links with neighbouring universities for validation of the degrees. This has also reinforced the importance of Foundation Degrees (both full-time and part-time) in promoting progression in vocational subject areas through to university. Lifelong learning networks have also strengthened vocational progression routes. Progression through from further education colleges (including 6th form colleges) to universities and colleges of higher education accounts for about 40% of the intake to universities and colleges of higher education in England.

166. The trend over the last few decades has been away from institutions specialising in vocational subjects (for example teacher training) towards multi-faculty institutions, also with a focus on vocational subjects. The exceptions are in art and design and, to a lesser extent, in management education. The scope for collaboration alongside a competitive regime is limited but significant. Groups of universities and colleges are being formed on a regional basis with the aim of making a maximum contribution to the local and regional economy. There is also collaboration amongst researchers, including collaboration to take full advantage of expensive installations.

8.8 System linkages

167. In a large and diverse system of higher education, there are few linkages that are common to a majority of institutions. Many universities engage themselves in some forms of adult and continuing education. Older universities have sponsored adult institutes whilst the former polytechnics have engaged in part-time programmes for more mature students. The Open University caters for older students studying part-time, mainly through distance learning. There is less synergy with establishments concerned with short-term job training or remedial training. Many universities promote job-based training. There are some 125,000 undergraduate students taking sandwich courses with up to one year's work experience and some 800,000 part-time students whose training takes place alongside their employment. Some universities have collaborated with employers to provide work-based training. All these activities respond to the need for closer links between higher education, employers and employment. Employers and other external representatives also play a part in the professional accreditation (through Professional Statutory and regulatory Bodies) of certain academic programmes with a vocational emphasis (see Chapter 9).

168. In Scotland, with a smaller number of tertiary institutions, there are linkages in place covering all universities and colleges.

169. The main links with upper secondary schools and further education colleges arise because of the progression through to higher education. Changes in the upper secondary school curriculum are discussed with both schools and higher education. Further education colleges provide opportunities alongside upper secondary schools for those aged 16 and also provide further opportunities for those post-18 who have not achieved their full potential to enter higher education.

170. National policy is to encourage credit transfer arrangements and accumulation of credit. However, in a diverse higher education system with some 200 independent and diverse institutions, it is not straightforward to develop a nation wide system of credit transfer where transfer is accepted by all institutions. One factor is that there are no formal admission requirements for UK institutions. Prior learning as well as other experience will normally be taken into account in admission decisions. The precise arrangements will however vary. The UK (although not Scotland) has some progress to make in developing a national credit and qualifications framework that is compatible with the European Credit Transfer System (see Chapter 10). The DfES has consulted institutions on the development of national credit arrangements and responses are currently being analysed. A report by the Higher Education Policy Institute in October 2004 - Credit Accumulation and Transfer and the Bologna process: an Overview [21] - concluded that the credit transfer arrangements could work well when they were kept simple. The underlying assumption was that 'the over elaborate' European plans would not work well.

171. Marketing student access information, including Access Agreements, is a matter for individual institutions. To supplement this, and as already mentioned in Section 6.4, HEFCE together with the other funding bodies has set up a website 'HERO' designed to offer potential students a wide range of information about national policies and individual institutions. The National Union of Students also provides information for students on institutions and their services to students.

21 Credit Accumulation and Transfer and the Bologna Process: an Overview. October 2004. Higher Education Policy Institute

CHAPTER 9: ASSURING AND IMPROVING THE QUALITY OF TERTIARY EDUCATION

172. While the role of institutions in assuring and improving quality of teaching and learning has been fully recognised, much of the debate in the UK over the past 15 years has been about the arrangements for external quality assurance. The impetus for this started with the abolition of the binary line in 1992. The former polytechnics had been inspected through subject reviews by Her Majesty's Inspectors (who also inspected schools and colleges) while their academic standards were accredited by an external Council for National Academic Awards (CNAA) on the basis that standards needed to be broadly at the same level as the universities. Many of the polytechnics were already offering degrees to doctorate level. The inspections included observation of teaching. The universities had not been subjected to external scrutiny (apart from external examiners) but the sector had just established an Academic Audit Unit whose role was to audit the quality control procedures in universities. When the single system of universities and colleges was created, the Government was determined to ensure that the quality of teaching and learning should be maintained. There was also concern that the emphasis on research rather than teaching quality in some universities should not become the norm across the new sector. Hence a system of subject review of teaching and learning in both the new and existing universities for each subject was established by the Funding Bodies, coupled with a continuation of the audit work and external examiners co-ordinated through a body established by the universities and colleges. The subject reviews included observation of teaching and were carried out by panels comprising mainly senior academic staff appointed by the Funding Bodies following nominations by institutions. The functions of subject review and audit were later managed by a new single Quality Assurance Agency (see 9.3 below) set up by the sector with the agreement of the Funding Bodies.

173. The subject reviews proved to be a massive logistical exercise and there were concerns from the outset about the level of bureaucracy involved. Some academic staff believed that this intrusion into academic affairs which had never before taken place should be resisted at all costs. The majority however recognised that there should be some accountability for one of the main functions of universities and the subject reviews took place over some 8 years. Many accepted that they served a useful purpose and some welcomed the increased attention being given to the quality of teaching and learning. But there was persistent concern about the resources needed to organise the reviews and the time taken by universities and colleges to participate in them. It was finally decided in 2000 that the subject reviews should be regarded as complete at the end of the then current round. The audits of quality assurance procedures by the Quality Assurance Agency would continue on a 6 year cycle.

174. It had by then become clear that the quality of teaching and learning could best be assured mainly within institutions: measures to improve quality would best be addressed to the institutions with alternative arrangements to ensure accountability based on student choice (and standardised performance data). That is the background to the policy in the 2003 White Paper:

Key points and proposals

- We are rebalancing funding so that new resources come into the sector not only through research and student numbers, but through strength in teaching.
- Student choice will increasingly work to drive up quality, supported by much better information. A comprehensive survey of student views, as well as published external examiners reports and other information about teaching standards, will be pulled together in an easy-to-use Guide to Universities, overseen by the National Union of Students.
- To underpin reform, we will support improvements in teaching quality in all institutions. Additional money for pay will be conditional on higher education institutions having human resource strategies that explicitly value teaching and reward and promote good teachers.
- New national professional standards for teaching in higher education will be established as the basis of accredited training for all staff, and all new teaching staff will receive accredited training by 2006.
- The external examining system will be strengthened by improved training and induction, including a national programme for external examiners by 2004–05.
- We will also celebrate and reward teaching excellence. We are consulting on the establishment of a single national body – a teaching quality academy – which could be established by 2004 to develop and promote best practice in teaching.
- Centres of Excellence in teaching will be established to reward good teaching at departmental level and to promote best practice, with each Centre getting £500,000 a year for five years, and the chance to bid for capital funding.
- The National Teaching Fellowships Scheme will be increased in size to offer substantial rewards to twice as many outstanding teachers as at present.
- To recognise excellent teaching as a university mission in its own right, University title will be made dependent on teaching degree awarding powers – from 2004–05 it will no longer be necessary to have research degree awarding powers to become a university.

175. These reforms represent both a change in approach and a determination that universities and colleges should place emphasis on the quality of teaching and learning alongside research. The White Paper proposals were subsequently developed and implemented to set in place a range of incentives designed to encourage staff in institutions to give emphasis to improvements in the quality of teaching and learning.

9.1 Quality assurance framework

176. There is now in place a revised quality assurance framework (QAF) jointly owned by the Funding Bodies and the sector. As part of the revised QAF, the sector and HEFCE have developed specifications for information about quality and standards which are routinely published and known as Teaching Quality Information (TQI). The purpose of TQI is to make available accurate and up-to-date information about quality and standards to potential students and other stakeholders, such as employers.

177. The TQI consists of quantitative and qualitative data published for each HEFCE funded institution. It is largely based on data which already existed but not in a common format – for example, covering completion rates by subject and records of graduate employment by subject. The following tables show the sector wide non-continuation rates after the first year (when most students who fail to complete drop out), projected completion rates, graduate employment figures and their distribution between institutions:

Fig 9.1

Percentage of full-time first degree entrants not continuing in HE after their first year:

	Young					
	1997	**1998**	**1999**	**2000**	**2001**	**2002**
UK	7.5	.9	7.8	7.1	7.3	7.8
England	7.5	7.9	7.7	6.9	7.0	7.3
Scotland	7.5	8.6	9.2	8.8	9.6	10.7
Wales	7.5	6.7	7.3	6.9	7.2	8.0
N. Ireland	6.9	8.1	7.3	7.2	9.2	9.7

	Mature					
	1997	**1998**	**1999**	**2000**	**2001**	**2002**
UK	15.1	16.0	15.9	14.5	14.9	15.4
England	15.1	16.3	16.0	14.4	14.8	15.1
Scotland	13.5	14.8	15.7	15.5	15.4	17.3
Wales	17.1	14.4	14.9	14.3	16.5	17.2
N. Ireland	14.0	12.4	11.9	10.8	10.6	11.9

Fig 9.2

Percentage of young entrants to full-time first degree courses from lower socio-economic groups:

	Social Classes IIIM, IV or V					NS-SEC classes 4, 5, 6 or 7	
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
UK	24.9	25.1	25.3	25.4	25.8	28.4	28.6
England	24.7	24.9	25.1	25.3	25.5	27.9	28.2
Scotland	23.8	24.1	24.5	24.4	24.9	28.0	26.9
Wales	26.1	26.4	25.9	25.9	27.1	29.8	29.5
N. Ireland	32.8	33.6	33.7	32.9	33.7	41.3	42.4

Fig 9.3

Projected outcomes – percentage of full-time first degree starters expected to gain a degree:

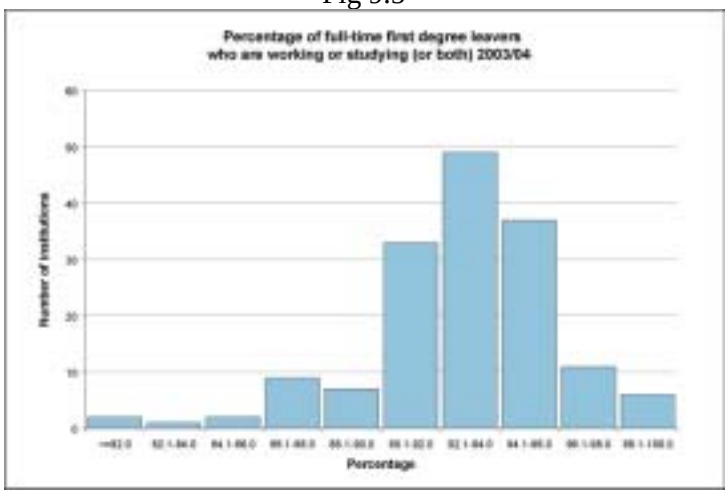
	Obtain degree					
	1997	**1998**	**1999**	**2000**	**2001**	**2002**
UK	77.3	77.2	77.3	77.8	77.9	77.4
England	77.3	77.4	77.4	78.1	78.4	78.1
Scotland	75.1	75.2	74.3	73.6	73.0	72.1
Wales	77.5	78.3	77.3	78.7	78.2	75.2
N. Ireland	85.6	83.7	85.2	83.3	81.9	80.8

Fig 9.4

Employment outcomes of full-time first degree qualifiers:

	1999	**2000**	**2001**	**2002**	**2003**
Eligible population	207,235	208,655	208,895	213,715	219,810
Respondents	168,755	175,435	175,080	177,745	183,675
Response rate	81.4%	84.1%	83.8%	83.2%	83.6%
Employed	68.4%	67.6%	66.8%	62.9%	62.7%
Unemployed	5.5%	6.3%	6.9%	7.0%	6.4%
Studying	19.2%	18.4%	18.7%	14.8%	15.0%
Employment & study				7.9%	8.6%
Not available for work	6.0%	6.4%	6.3%	5.2%	5.0%
Other				1.0%	1.0%
Excluded	1.0%	1.3%	1.3%	1.2%	1.4%

Fig 9.5



Source: Performance Indicators in Higher Education in the UK 2002/03, 2003/04.HESA
These performance indicators were first published in a common format in 1999. From 2002/03, the indicators in the same format have been published by the Higher Education Statistics Agency.

178. The TQI also includes summaries of external examiner and other reports bearing on teaching quality for individual subjects at individual universities, and the outcome of an annual National Student Survey. The first of these surveys took place in 2005 and revealed a high level of satisfaction over the quality of teaching. There was however some variation both amongst old and new universities. While TQI has been set up primarily with the needs of students in mind, the data is also useful for the senior management of institutions in reviewing the performance of their institutions, recognising success, and identifying areas where improvement is needed.

179. A further incentive is the funding available to reward good teaching alongside the negotiated settlements for academic pay. There are initiatives also to raise the status of teaching in higher education – the selective National Teacher Fellowships and associated monetary prizes, the designation of Centres for Excellence in Teaching and Learning (CETLs), and raising the status of the profession of teaching.

9.2 Higher Education Academy

180. The Higher Education Academy has been established to take forward subject and staff development, and institutional support as outline in its website:

'Our triple focus

Institutional support - we support institutions in their strategies and lead the development of research and evaluation to improve the quality of the student learning experience.

Subject and staff development - we lead, support and inform the professional development and recognition of staff in higher education. We promote good practice and provide quality information, advice and resources.

National policy - we provide an authoritative and independent voice on policies that influence the student learning experience.

Founded in May 2004, we are an independent organisation funded by grants from the four UK funding bodies, subscriptions from higher education institutions, and grant and contract income for specific initiatives. We are owned by the higher education sector (Universities UK and the Standing Conference of Principals) and are therefore responsive to the sector's needs.

We are governed by a Board whose members are drawn mainly from institutional leaders and senior academics. There is also an advisory Council made up of Subject Centre representatives and Registered Practitioners. Day to day management of the Academy is undertaken by the Senior Executive Group (SEG).'

181. There is no simple measure of the quality of teaching and learning. The earlier subject reviews suggested that quality improved during the expansion of higher education in the 1990s. There are now in place published indicators prepared by HESA which, together with more information about what is being provided, will give potential students a clearer indication of the suitability of institutions and particular programmes. The incentives for institutions and staff to enhance the quality of teaching and learning should have a beneficial effect. The Quality Assurance Agency continues to audit quality control procedures and to monitor quality, along the

lines being adopted throughout Europe. This activity relies much on self regulation by institutions and imposes a significantly smaller burden on institutions than the earlier combination of subject reviews and audits. At the same time, there are closer links with business and industry (see chapters 5 and 8) which enable the skill needs of employers to be taken into account in academic programmes.

9.3 Quality Assurance Agency

182. The Quality Assurance Agency for Higher Education (QAA) was formed in 1997 to rationalise the external quality assurance of higher education. It is independent of UK governments and is owned by the organisations that represent the heads of UK universities and colleges (Universities UK, Universities Scotland, Higher Education Wales and the Standing Conference of Principals). The QAA's role is to judge how well institutions fulfil their responsibility for managing the academic standards and quality of their awards.

183. QAA safeguards the public interest in sound standards of higher education qualifications. It also encourages universities and colleges to keep improving the management of quality of higher education by:

- conducting external reviews in universities and colleges at institutional level (audit, review and enhancement related institutional review, collaborative provision audit in England and the audit of UK overseas provision) and at subject and programme level (academic review of HE delivered in FE colleges, major review of healthcare education in England, review of Foundation Degrees);
- advising government on applications for degree awarding powers and university title;
- describing clear academic standards through the Academic Infrastructure comprising the frameworks of higher education qualifications, the Code of Practice for the assurance of academic quality and standards in higher education, subject benchmark statements and programme specifications;
- the licensing of authorised validating agencies to recognise Access to Higher Education programmes and to award Access to Higher Education certificates;
- offering advice on academic standards and quality.

9.4 Scotland

184. In Scotland, a quality enhancement model has been developed by QAA Scotland, the Scottish Funding Council, Universities Scotland, and the National Union of Students. This aims to review and enhance the learning experience of students. The main elements of the model are enhancement led institutional review, institutional led subject review, improved forms of information about quality, increased student involvement in quality systems, and a national programme of enhancement themes.

CHAPTER 10: INTERNATIONALISATION AND GLOBALISATION OF TERTIARY EDUCATION

10.1 International students

185. In 1980/81, the Government decided that international students (other than those from the EU) should be charged tuition fees reflecting the full cost. Scholarship schemes were set up to assist some able students. Since then, the enrolment of international students has been encouraged:

- to contribute to the learning environment for UK students,
- to provide overseas students not only with good quality teaching and learning but also with experience of the UK way of life,
- to contribute where appropriate to research, and
- to provide income from fees set at a level to cover the full costs.

186. In 1999, the Prime Minister announced a new initiative (PMI) to increase the number international students choosing to study in the UK. The initiative covered targeted marketing activities (including the EducationUK website), increased support for scholarships offered by the Foreign and Commonwealth Office (Chevening Scholarships), and measures to improve the operation of visa and entry requirements, and to ease restrictions on work whilst in the UK. The table below illustrates the success of PMI and of higher education institutions.

Fig 10.1

Student numbers at UK institutions

Domicile	2000/01	2001/02	2002/03	2003/04	2004/05	% change
UK	1,759,755	1,843,320	1,899,850	1,947,385	1,969,140	11.9%
EU	94,575	90,135	90,580	89,545	100,005	5.7%
Other overseas	136,290	152,625	184,685	210,510	218,395	60.2%
Total	1,990,625	2,086,080	2,175,115	2,247,440	2,287,540	14.9%

Source: HESA: Standard Registration population. Figures rounded to the nearest 5. In 2004/05, students from ten new EU countries are classified as "EU"; in previous years they were classified as "other overseas". % change is from 2000/01 to 2004/05.

187. A study carried out by the British Council in 2004 estimated that international students in higher education in the UK contributed about £3 billion in tuition fees and other spending. It is estimated that the PMI has brought an additional £1 billion revenue to the UK. International students also make a significant contribution to research and ensure the continuing viability of some taught postgraduate programmes. In addition to scholarship schemes administered by the DFID and FCO, HEFCE funds a special scheme for outstanding research students. Other organisations also provide scholarships for international students[22].

22 Sources of funding for international students. 2004. Issued by the British Council jointly with the Council for International Education (UKCOSA) and the Foreign and Commonwealth Office.

188. Universities UK have developed their own strategy for their international role:

Universities UK's international role aims to ensure that our Member institutions are equipped to maintain and build on the success of the whole range of international activities in which they participate. Universities UK works in partnership with several organisations both within and outside the UK on international activities. Our international work forms four broad categories:

- the work of the Universities UK International and European Strategy Group;
- links with university associations in Europe and around the world;
- international and European dimensions to UK policy development; and
- international and European visitors and international and European enquiries.

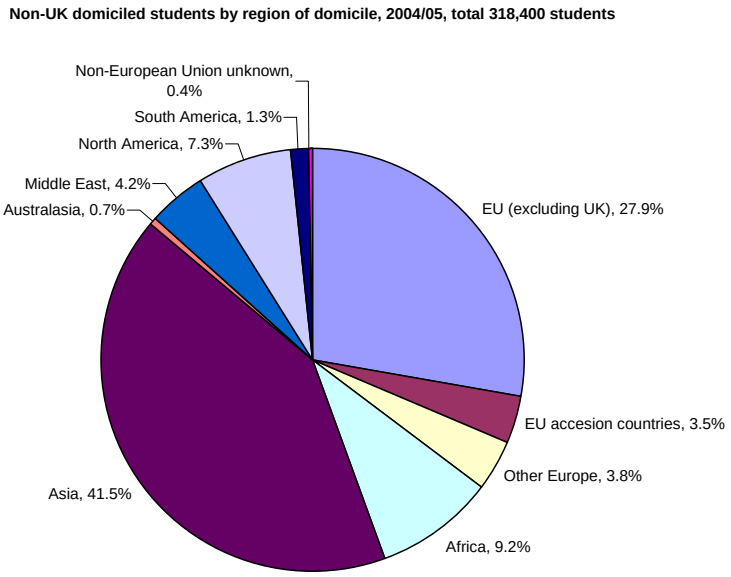
189. The financial position for students from other European Union countries is determined by European legislation. Such students cannot be required to pay higher fees than UK students in the relevant UK country. Hence other European Union students studying in England will pay the new higher tuition fees from 2006, although they cannot be required to pay these up front and will be eligible for loans.

190. The Government's policy on recruiting international students is set out in the 2003 White Paper :

Recruiting international students

5.26 We have a very strong record in recruiting international students, and as we expand our provision we should build on this record. People who are educated in the UK promote Britain around the world, helping our trade and diplomacy, and also providing an important economic benefit. British exports of education and training are worth some eight billion pounds a year – money that feeds into our institutions and helps open up opportunities for more people to study. The Prime Minister has set us the target of attracting an extra 50,000 higher education students to the UK from outside Europe by 2005. Institutions are currently well on track to meet this, having already recruited an additional 31,000 by 2001–02 . Working closely with the British Council, we are promoting our higher education across the world, including intensive work in many countries and bringing together all of the relevant information on the internet. We are pioneering the New Route PhD courses, now offered by 31 universities in England, as fully competitive with the best in the world. And many individual universities and colleges are dedicating their own efforts to targeted recruitment.

191 The latest pattern of recruitment of overseas students is shown below (Fig 10.2)



Source HESA student record, figures are on a standard registration population basis

192. A recent survey by UKCOSA, Universities UK, SCOP, and the British Council of 5,000 overseas students showed that respondents were very satisfied with their overall experience, and particularly with key components such as the quality of teaching and academic facilities. However there were some concerns about improving pre-arrival information and the key issue of integrating international students with UK students and residents.

193. There is some evidence that demand for UK higher education is slackening. In 2004/05, enrolments grew by some 3%, in contrast to 13%, 23%, and 12% in the previous 3 years. There was a small increase in non-EU international students in 2005/06 but applications for 2006/07 have so far shown a fall. This may reflect a number of factors:

- more overseas students choosing to study at lower expense in their home country, particularly in China, either at domestic institutions or at those established in recent years by foreign providers;

- more overseas students being recruited by other European countries where tuition is usually free, tuition is often in English for the first year, and qualifications are now available under the Bologna agreement which are recognized throughout the world;

- as the European Union has enlarged, some students who would formerly have entered as overseas students can now enter as EU students;

- more overseas students are choosing to study in other non-EU overseas countries where, in some cases, living costs and the cost of studying are lower.

194. In his pre-Budget statement on 6 December 2005, the Chancellor of the Exchequer announced a number of measures to promote international recruitment, and also collaboration with China. An extra £2 million will be available for each of the next two years to support marketing and promotion. Taking a lead from policy already in place in Scotland, overseas students completing postgraduate degrees will be allowed to work in the UK for up to 12 months after graduation as will those with undergraduate degrees in shortage subjects. Links with China are to be encouraged by a UK-China University Partnership Scheme which will co-ordinate plans to link institutions between the two countries.

195. A successor to PMI covering the period 2006/07 to 2100/11 was launched in April 2006. The new initiative is funded at a higher level than its predecessor. The objective of PMI Phase 2 is to secure the UK's position as a leader in international education and sustain the managed growth of UK international education delivered both in the UK and overseas. The key aims are:

- Marketing and communications strategies to sustain the managed growth of UK international education delivered both in the UK and overseas;
- Ensuring the quality of the student experience;
- Building strategic, sustainable partnerships and alliances between UK and overseas institutions;
- Diversifying into new markets and consolidating existing markets

10.2 China

196. There has been substantial progress in strengthening educational links with China since 2000. These links have been underpinned by a series of Memoranda of Understanding, the latest of which was signed in February 2005. Both governments have agreed to review progress on an annual basis with a Ministerial education summit meeting, alternating between Beijing and London.

197. Collaboration is extensive. Higher education links between UK and Chinese institutions are thriving with over 160 separate partnerships in place, including the setting up of a joint campus by the University of Nottingham in Ningbo and a similar collaboration between the University of Hertfordshire and Fuzhou University in Fujian. Similarly, there has been much activity in strengthening school links with 73 new links created in 2004/5. Two additional pilot schemes have been established linking schools in Hull with Beijing and Norfolk with Shanghai. There has also been discussion on ways of strengthening cooperation on vocational education. At the last education summit, both sides agreed to work up a strategy to facilitate greater collaboration in this area.

10.3 India

198. DfES is developing a five-year programme which will include initiatives to enhance university links, providing scholarships for PhD and post doctoral research, exchanges at academic, faculty and student level and the building of academic networks. DfES is also examining how to step up engagement on school partnerships and vocational education.

10.4 Other international programmes

199. Some students taking sandwich courses choose to take their sandwich year in work experience in another country. Students studying foreign languages usually spend a year in

another country where the language being studied is spoken.

200. Many universities take part in European Union exchange programmes where part of a student's academic programme takes place in another EU country (ERASMUS) or requires work experience in another EU country. Partly because of a lack of language skills amongst UK students, these exchanges tend to be taken up in greater numbers by students from other EU countries. There are smaller programmes with other countries, in particular the USA.

201. Some staff exchanges take place. The mobility of staff to other countries on their own initiative has, if anything, increased. In 2003/04, 17% of all academic staff were non-UK nationality, including 33% of lecturers and 48% of researchers [23] As mentioned in Section 5.2 of this report, a recent study by the Higher Education Policy Institute suggest that there is a brain gain rather than a brain drain with the USA.

10.5 The Bologna Process

202. The Bologna process is an agreement dating from 1999 to establish a world-class European Higher Education Area by 2010. The UK was one of four original signatories along with France, Germany, and Italy. The process encourages European countries to reform their higher education systems and make them more competitive. Progress is developed though common agreement between Ministers (currently 45) of the signatory countries.

203. The process is based on three cycles of degree qualifications: Bachelors, Masters and PhDs. It promotes the development of robust internal and external quality assurance procedures and higher education qualifications frameworks compatible with the European Credit Transfer system (ECTS) – see Chapter 9. There has been increasing engagement with the Bologna process over the last two years, with a Europe Unit being set up in January 2004 under the auspices of Universities UK to raise awareness of the European issues affecting UK higher education and to coordinate the UK's involvement in European initiatives and debates. The UK degree system is aligned with the three Bologna cycles, as are the quality assurance procedures. There is a need for further progress in the UK (but not Scotland) in the development of a national qualifications framework and the development of a document issued to students on graduation setting out their performance (the Diploma Supplement). The UK has taken over the Bologna Secretariat until 2007 and will host the fifth bi-annual Ministerial conference in London in May 2007.

23 Patterns of higher education institutions in the UK – Fifth Report. Brian Ramsden. Universities UK 2005

CHAPTER 11: CONCLUSION

11.1 Strengths

204. Higher education in the UK is highly diverse. Out of some 200 universities and colleges, some 5-10 are world class in research in a range of subjects. A further 30 or so have some very good research across a broad range of subjects. Many others have strengths in research in specific areas. The national satisfaction survey, together with other performance measures, indicate that the quality of teaching and learning in all institutions is good. Flexible forms of learning, including modular systems and accelerated degrees, have been developed. Provision in further education colleges at the local level, with progression available through to universities when desired, offers another form of flexibility. About 10% of all full-time students engage in work experience for up to a year as part of their academic programme. A substantial and increasing number of students study part-time, mostly older students and many of them with some assistance from their employers. The majority of students take undergraduate programmes leading on a full-time basis to a Bachelors degree after 3 or 4 years. The number taking postgraduate courses has been increasing.

205. There is a high rate of completion for students on both undergraduate and postgraduate programmes. Graduates have a good rate of financial return as compared with those leaving full-time education at 18. They are well prepared for employment, although some employers would like to see improved skills for employment.

206. Some take the view that the target of towards 50% for participation in England is an unnecessary obstacle. On the other hand, this level of participation has been achieved in Scotland and Northern Ireland. It has also been exceeded or is being reached in many other countries. Given the forecast labour needs for employers, the target seems appropriate, as does the Government's plan to achieve it mainly through the development with employers of part-time and some full-time Foundation Degree courses.

207. Students play a significant and responsible role in the governance of their institutions, including quality assurance processes. A minority take advantage of the opportunities available to engage with helping local communities. Many engage in temporary work during term-time to enable them to follow their desired life-style. When surveyed, both home and international students record a high degree of satisfaction with the quality of their teaching and learning. Participation for students with disabilities has improved. Access for UK students from ethnic minority groups is higher for most groups than for indigenous UK students.

208. The concentration of funding achieved for each funding stream of the dual support system has helped UK universities achieve a world wide reputation in research and further steps, in particular the transparency for overhead costs, are in hand to improve sustainability still further.

209. These commendable achievements by universities and colleges have been achieved with resources per student lower than for many developed countries. This reflects improved efficiency promoted by governments over the last 20 years to ensure that higher levels of participation could be achieved at an acceptable cost. The governance of higher education, through the Funding Councils which are outside political influence in their allocation of funds to individual institutions and the governing bodies of institutions, has contributed to these achievements. The status of institutions as self-governing private bodies with substantial autonomy has also been a beneficial factor. The designation of Vice-Chancellors as Chief Executives for the purpose of accounting for

public funds has assisted the development of management and leadership of the institutions – a development which is being strengthened by the current Leadership programmes for senior staff in higher education.

11.2 Reforms

210. The higher education sector has been subject to a period of continuous reform over a period of at least 20 years. Successive governments have sought an increased contribution from higher education towards the economy and society. Institutions have been encouraged to look outwards rather than inwards. The binary line within higher education between polytechnics and universities has been abolished with advantages in terms of greater diversity. The National Committee of Inquiry chaired by Lord Dearing in 1997 offered a range of recommendations, many addressed to institutions. The most significant recommendation about the introduction of tuition fees was addressed to the Government and led to the introduction of tuition fees paid by UK students in 1998.

211. The most recent reform programme in the 2003 White Paper is evolutionary and substantial. The higher and variable new tuition fees in England and Northern Ireland in 2006 and in Wales in 2007 should bring institutions welcome relief over their need to reduce the backlog of essential maintenance and building work and should enable them to maintain high quality teaching. While not meeting the aspirations over pay generally, the performance rewards for academic staff should promote improvements in performance. The newly introduced Teaching Quality Information alongside quality audit is of much potential value both to students and employers in evaluating the relative performance of institutions in different subjects. The extra funding for research allocated on a targeted basis should improve the quality of research output still further.

212. In terms of resourcing, the endowment charge (a graduate contribution scheme) introduced in Scotland in 2001, with the abolition of tuition fees, provides more limited additional resources for student support from private contributions. Nevertheless, priority for education within the total funding available in Scotland yields funding for higher education which broadly matches what is available elsewhere in the UK. In contrast to the variable fees scheme elsewhere in the UK, the Scottish scheme remains centralised and leaves control of the fee level with the Scottish Parliament. This is consistent with the Scottish approach to policies in higher education more generally. However, most significant policies are developed through a consensus with institutions and other stakeholders. It remains to be seen whether this centralised and consensual approach in Scotland achieves outcomes which match those of the more market based approach elsewhere in the UK. This will depend on the extent to which the approach elsewhere is regulated.

11.3 Issues for consideration

213. The recent reforms, and particularly higher tuition fees for students, have provided universities and colleges with the scope to improve their financial position. This should enable them both to reduce the backlog of essential maintenance and to plan new developments in teaching, research and the transfer of knowledge for the benefit of society. Institutions have substantial autonomy which allows them to take forward such initiatives. There are however constraints and uncertainties which may stand in the way:

- The Government have given assurances in England about maintaining the level of public

funding per student up to 2008 but not beyond. Ideally, universities and colleges need a longer term horizon for planning their developments. The continuing proportion of public funding reflects the benefits of higher education to society rather than the individual student and ought to be maintained. There is clearly a risk that other pressures on public funding will again lead to a decline in support through public funding after 2008. Universities and colleges have little flexibility to offset such a decline by increasing other income, especially in the light of the cap (£3,000) on tuition fees – albeit to be reviewed in 2009. For their part, institutions need to continue to explore further the scope for drawing in funds from other sources, including alumni.

- While the support available to students, in particular the loans available to avoid the need for payments of fees upfront, is designed to minimize any impact of the new fees on the demand for places, the fees may act as a deterrent for some, especially in the short-term. This will mean a shortfall in projected income for institutions and short-term measures to avoid a deficit. While the respective financial arrangements for students in the four home countries should not significantly affect the mobility of students across country borders, any significant changes would be important for Scotland and Wales, in particular. As the Government has recognised, this needs to be monitored alongside trends in enrolments generally.
- In principle, the significant increase in the proportion of income from private sources (tuition fees) ought to lead to less regulation of higher education to ensure effective spending of public funds. In the past, regulation through legislation has increased – for example, the Office for Fair Access, the Office of the Independent Adjudicator and there has been increasing guidance from the Government to HEFCE. The latter has led to increased regulation of institutions by the funding bodies. While it may be argued that the guidance is benign and designed to improve the effective spending of public money (for example, the guidance about rewards for good teachers), the effect of excessive regulation is to constrain initiative and enterprise by individual institutions. The Higher Education Regulation Review Group aims to limit excessive regulation. There is however a need also for the Government to moderate the pace of further reforms and new policy initiatives as the reforms are put in place.
- The specific continuing control by the Government and HEFCE over the numbers of students at individual institutions, as a means of controlling public expenditure, acts as a disincentive to institutions to compete for additional students. Given that students contribute over 50% of teaching costs through fees, there should be scope for moderating the controls.
- Successive governments have sought to promote developments to secure a greater benefit from higher education for the economy and society. This approach has included the funding of initiatives to incorporate key skills in academic programmes and third stream funding to promote the transfer of innovation and new knowledge to business and industry. This requires no less than a change of culture within universities and colleges. Some significant progress has been made but there is more to be achieved.
- There is uncertainty over the impact of demographic trends over the next 15 years. The number of 18 and 19 year olds will fall sharply in England after 2013. Will higher education institutions need to reduce planned provision? Or will a higher proportion of young people choose or be encouraged to enter higher education? Or will the demographic trends provide an opportunity to offer adults in the working population (who did not have the opportunity to enter higher education at a younger age) short specific courses in higher education drawn up in association with employers' representatives? These issues need further consideration.

214. The principle of promoting fair access for the children of disadvantaged families is commendable. It should clearly be a principle applied by higher education institutions. The various programmes to encourage school pupils to consider applying for a place in higher

education are admirable. It will no doubt take time to make progress with the large group of able young people who lose out because of their background. Meanwhile, there is also a need to address the particular issue of access for male students generally and white males in particular.

215. Some take the view that there is an urgent need to establish in England the structured arrangements for progression and credit transfer which already exist in Scotland. This is however in part a matter of scale. There is progression from further education colleges to higher education in England but the arrangements vary according to geography and historic provision. Some universities offer their own access and sub-degree programmes. Others have links with further education colleges. This diversity of practice can lead to increased choice. It does however stand in the way of comprehensive national progression and credit transfer schemes.

216. The new two year Foundation Degree programmes which are planned to provide the basis for increased participation should promote closer links between universities and colleges. They should also assist access from adults. The success of these degrees will depend on the level of support from employers but initial experience is encouraging.

217. Finally, it should be clear from this report that there is a wealth of data and policy analysis about UK higher education from a range of sources – in particular, the Education Departments in each country within the UK, the Higher Education Statistics Agency, the Funding Councils, UniversitiesUK, the Higher Education Policy Institute and many more. Not only has this information been helpful in preparing this report, it has made an important contribution to policy development at all levels and hence to the success of UK higher education.

Tony Clark

May 2006

ANNEX A: COMMON ACRONYMS

API	Age Participation Index
DEL	Department of Employment and Learning, Northern Ireland
DfES	Department of Education and Skills, England
EU	European Union
HEFCE	Higher Education Funding Council for England
HEFCW	Higher Education Funding Council for Wales
HEI	Higher Education Institution (university or college)
HEIF	Higher Education Innovation Fund
HEPI	Higher Education Policy Institute
HERO	Higher Education and Research Opportunities in the UK
HERRG	Higher Education Regulation Review Group
HESA	Higher Education Statistics Agency
LSC	Learning and Skills Council
NAO	National Audit Office
NIACE	National Institute of Adult and Continuing Education
NUS	National Union of Students
OSI	Office for Science and Innovation
QAA	Quality Assurance Agency
RDA	Regional Development Agency
RAE	Research Assessment Exercise
SCOP	Standing Conference of Principals (of colleges of higher education)
SFC	Scottish Funding Council
SSV	Skills Shortage Vacancy
TQI	Teaching Quality Information
UCAS	Universities and Colleges Admissions Service
UUK	Universities UK

ANNEX B: MAJOR DEVELOPMENTS IN UK HIGHER EDUCATION SINCE 1960

1963 Robbins Committee of Inquiry reports – recommended expansion of university education and emphasis on preparing students for employment.

1970 Secretary of State announces formation of 30 polytechnics in England and Wales, to be maintained by local education authorities.

1982 Secretary of State announces reduction in public spending on universities, and University Grants Committee reduces allocations to selected universities by some 25%. Former quinquennial funding for universities replaced by annual funding.

1988 Government White Paper emphasises need for universities to respond to needs of economy and society. University Grants Committee replaced by statutory Universities Funding Council. Polytechnics given independence from local authorities with funding from new Polytechnics and Colleges Funding Council in England and Wales.

1991 Government White Paper announces abolition of binary line between universities and polytechnics, with formation of Higher Education Funding Council for England and similar councils in Scotland and Wales. New quality assurance introduced for teaching in higher education embracing both audit and assessment of quality in individual subject areas.

1997 Dearing National Committee of Inquiry reports – set out case for private tuition fees for UK students and offered four options for introducing fees.

1998 Government announces tuition fees of £1,000 per year for full-time students with support through grants for students according to parental income. Loans for student living costs to be repaid according to graduate income.

2001 Scottish Executive announces abandonment of tuition fees in Scotland. Scottish students would pay £2,000 towards an endowment to supplement funding for future students.

2003 Government White Paper announces major reforms in England. Tuition fees to be set by institutions up to a maximum of £3,000 subject to arrangements to improve access for students from disadvantaged families. Quality assurance replaced by a Framework which includes the publication for each institution of performance indicators on a common basis.

2004 Higher Education Act (to implement White Paper reforms)

2006 Introduction of variable tuition fees.

ANNEX C: LIST OF UK HIGHER EDUCATION INSTITUTIONS

ENGLAND
Note: Schools/institutes of the University of London receiving funds directly from HEFCE are marked*

Anglia Ruskin University
Aston University

University of Bath
Bath Spa University
Birkbeck College *
University of Birmingham
Birmingham College of Food, Tourism and Creative Studies.
Bishop Grosseteste College
University of Bolton
Arts Institute at Bournemouth
Bournemouth University
University of Bradford
University of Brighton
University of Bristol
Brunel University
Buckinghamshire Chilterns University College

University of Cambridge
Institute of Cancer Research *
Canterbury Christ Church University
University of Central England in Birmingham
University of Central Lancashire
Central School of Speech and Drama *
University of Chester
University of Chichester
City University, London
Conservatoire for Dance and Drama
Courtauld Institute of Art
Coventry University
Cranfield University
University College for the Creative Arts
Cumbria Institute of the Arts

Dartington College of Arts
De Montfort University
University of Derby
University of Durham

University of East Anglia
University of East London
Edge Hill College of Higher Education
Institute of Education *
University of Essex
University of Exeter

University College Falmouth

University of Gloucestershire
Goldsmiths College, University of London *

University of Greenwich

Harper Adams University College
University of Hertfordshire
University of Huddersfield
University of Hull

Imperial College of Science, Technology and Medicine *

University of Keele
University of Kent
King's College London *
Kingston University

University of Lancaster
University of Leeds
Leeds College of Music
Leeds Metropolitan University
University of Leicester
University of Lincoln
University of Liverpool
Liverpool Hope University
Liverpool John Moores University
University of London [24]
University of the Arts, London
London Business School *
London School of Economics and Political Science *
London School of Hygiene and Tropical Medicine *
London Metropolitan University
London South Bank University
Loughborough University
University of Luton

University of Manchester
Manchester Metropolitan University
Middlesex University

University of Newcastle upon Tyne
Newman College of Higher Education
University of Northampton
University of Northumbria at Newcastle
Norwich School of Art & Design
University of Nottingham
Nottingham Trent University

The Open University
School of Oriental and African Studies *
University of Oxford
Oxford Brookes University

School of Pharmacy *
University of Plymouth
University of Portsmouth

24 The University of London is a federal university containing more than 40 institutions. HEFCE funds some of the schools and institutes at the University of London directly. These are listed alphabetically and marked with an asterisk.

Queen Mary, University of London *

Ravensbourne College of Design and Communication
RCN Institute
University of Reading
Roehampton University
Rose Bruford College
Royal Academy of Music *
Royal Agricultural College
Royal College of Art
Royal College of Music
Royal Northern College of Music
Royal Holloway, University of London *
Royal Veterinary College *

St George's Hospital Medical School *
College of St Mark & St John
St Martin's College
St Mary's College
University of Salford
University of Sheffield
Sheffield Hallam University
University of Southampton
Southampton Solent University
Staffordshire University
University of Sunderland
University of Surrey
University of Sussex

University of Teesside
Thames Valley University
Trinity and All Saints
Trinity Laban

University College London *
University of Warwick
University of the West of England, Bristol
University of Westminster
Wimbledon School of Art
University of Winchester
University of Wolverhampton
University of Worcester
Writtle College
University of York
York St John College

NORTHERN IRELAND

Queen's University, Belfast
St Mary's University College
Stranmillis University College
University of Ulster
Open University in Ireland

SCOTLAND

University of Aberdeen
University of Abertay Dundee
Bell College of Technology
University of Dundee
University of Edinburgh
Edinburgh College of Art
Glasgow Caledonian University
Glasgow School of Art
University of Glasgow
Heriot-Watt University
Napier University
Open University Scotland
University of Paisley
Queen Margaret University College
The Robert Gordon University
Royal Scottish Academy of Music and Drama
University of St. Andrews
Scottish Agricultural College
University of Stirling
University of Strathclyde
UHI Millennium Institute

WALES

Note: Member institutions of the University of Wales are marked **

Cardiff University
University of Glamorgan
North East Wales Institute of Higher Education **
Open University in Wales
Royal Welsh College of Music and Drama **
Swansea Institute of Higher Education **
Trinity College, Carmarthen **
University of Wales, Aberystwyth **
University of Wales, Bangor **
University of Wales Institute, Cardiff **
University of Wales, Lampeter **
University of Wales College, Newport **
University of Wales [25]
University of Wales, Swansea **

March 2006

Notes:
Institutions in England are funded by the Higher Education Funding Council for England.
Institutions in Wales are funded by the Higher Education Funding Council for Wales.
Institutions in Northern Ireland are funded by the Department for Employment and Learning.
Institutions in Scotland are funded by the Scottish Further and Higher Education Funding Council, except for the Scottish Agricultural College which is funded by the Scottish Executive.
Below is a link to the Higher Education Statistical Agency's (HESA) list of institutions in the UK.
http://www.hesa.ac.uk/links/he_inst.htm

25 Member institutions of the University of Wales are denoted **

ANNEX D: APPLICATIONS FOR THE GRANT OF TAUGHT DEGREE-AWARDING POWERS, RESEARCH DEGREE-AWARDING POWERS, AND UNIVERSITY TITLE

department for
education and skills
creating opportunity, releasing potential, achieving excellence

Appendices available from DfES website (www.dfes.gov.uk)

Guidance for applicant organisations in England and Wales

(August 2004)

Introduction

1 This paper sets out the procedures for making applications for the grant of degree-awarding powers and/or university title in England and Wales. These notes of guidance and accompanying criteria have been approved by the Department for Education and Skills and the Wales Office, in consultation with the Quality Assurance Agency for Higher Education.

2 Section 76 of the *Further and Higher Education Act 1992* and Section 48 of the *Further and Higher Education (Scotland) Act 1992* empower the Privy Council to specify institutions of higher education as competent to grant awards, in other words to grant them powers to award their own degrees. In considering applications for such powers, the Privy Council seeks advice from the appropriate territorial Minister with higher education responsibilities. In turn, the appropriate Minister seeks advice from the Agency.

3 Ministers maintain criteria against which applications are considered. For England and Wales applications are considered under criteria approved by Ministers on 1 September 2004 (included as **Appendix 1** to this paper). For Scotland and Northern Ireland, applications are considered under criteria approved by Ministers in October 1999 (which were, before 2004, applicable to all of the United Kingdom). Separate guidance for applicant organisations in Scotland and Northern Ireland is available from the Agency at the address provided in paragraph 48 below.

4 In advising on applications, the Agency is guided by the relevant criteria and the associated evidence requirements. The Agency's work in this area is overseen by its Advisory Committee on Degree Awarding Powers (ACDAP), a sub-committee of its Board.

General principles

5 Powers may be granted in relation to two categories of degrees, commonly referred to as 'taught' degrees and 'research' degrees. **Appendix 1** sets out and explains the criteria against which an application for the grant of taught or research degree-awarding powers will be considered (Sections 1 and 2). It also sets out criteria for the granting of university title (Section 3), and criteria for the granting of university title to higher education

institutions holding taught degree-awarding powers granted under previous arrangements (Section 4).

6 An organisation that wishes to award its own degrees will be required to demonstrate that it meets the relevant criteria set out in **Appendix 1**. In particular, an organisation must be able to show the effectiveness of its present regulatory and quality assurance arrangements and its capacity to meet the expectations on academic standards and quality management as set out in the national Academic Infrastructure[26]. In seeking taught degree-awarding powers, organisations should normally be able to demonstrate that they:

- have had no fewer than four consecutive years' experience, immediately preceding the year of application, of delivering higher education programmes at a level at least equivalent to Level H of the *Framework for Higher Education Qualifications* for England, Wales and Northern Ireland (FHEQ) published by QAA;

- normally have the majority of their higher education students enrolled on study programmes which are recognised as being at Level H or above of the FHEQ.

7 Scrutiny by the Agency determines whether or not an applicant organisation is fit to exercise the powers being sought, or to hold the title being sought. The applicant must clearly demonstrate that there can be public confidence, both present and future, in its systems for assuring the academic standards and quality of its degrees.

8 The criteria are designed to establish that the applicant organisation is a well-founded, cohesive and self-critical academic community that can demonstrate firm guardianship of its standards. To this end, the Agency will be judging, through its examination of the evidence provided, and against the criteria, the extent to which an organisation can engender public confidence in its capacity to maintain the academic standards of the degrees it offers in the UK and, where relevant, overseas. While some of the evidence that organisations will provide will be quantitative, some will also be qualitative. All evidence will be subject to peer judgements by senior members of the academic community.

9 An organisation seeking research degree-awarding powers must have first secured taught degree-awarding powers. The Agency will, however, process applications for both sets of powers simultaneously if requested by the applicant. In considering an application for research degree-awarding powers alone, the Agency will seek evidence that the organisation continues to satisfy all the criteria governing the grant of taught degree-awarding powers and is exercising appropriate stewardship of such powers.

10 In all cases, the Agency will consider applications on their individual merits and make a thorough assessment of the applicant organisation's ability to maintain quality and standards.

11 Ministers have stated that the title 'university college' will continue to be available to higher education institutions which have been granted taught degree-awarding powers, but which are not eligible for, or do not wish to use, the title of 'university'. It is for institutions

26 The Academic Infrastructure comprises the two Frameworks for Higher Education Qualifications (FHEQ), one for England, Wales and Northern Ireland, the other for Scotland; subject benchmark statements; programme specifications; and the *Code of Practice for the Assurance of Academic Quality and Standards in Higher Education.*

to decide whether they wish to seek the university college title and, if so, to submit an application for approval of a particular title to the Privy Council.

Making an application

12 All applications for the grant of degree-awarding powers and/or university title should be submitted by the chair of the organisation's governing body to the Clerk to the Privy Council, Privy Council Office, 2 Carlton Gardens London SW1Y 5AA.

13 Applications for the grant of university title to organisations that have been granted taught degree-awarding powers under the criteria set out in Section 1 of **Appendix 1** (i.e. the '2004 criteria') should take the form of a letter of application from the chair of the organisation's governing body. The letter may be supported, if the organisation so wishes, by additional documentation. The material should demonstrate that the organisation meets the criteria set out in Section 3 of **Appendix 1**.

14 Applications for the grant of taught or research degree-awarding powers, or for the grant of university title to higher education institutions that have been granted taught degree-awarding powers under previous arrangements, should take the form of a critical self-analysis prepared by the applicant organisation, prefaced by a formal letter of application from the chair of the organisation's governing body. The self-analysis should describe, analyse and comment clearly and frankly on the effectiveness of the means used by the organisation to satisfy itself that it is able to meet the criteria relevant to the powers/title being sought, as set out in Sections 1, 2 and 4 of **Appendix 1** (see also **Appendix 2** for further information for higher education institutions granted powers under previous arrangements). Although it is for organisations to determine how they structure their self-analysis, close reference should be made to the relevant criteria and supporting 'evidence requirements'.

15 The critical self-analysis should be accompanied by a list of the evidence used by the applicant organisation to test whether its systems and processes are operating as intended and to judge whether it is discharging effectively its responsibility for quality and standards in respect of the powers being sought. All of the documents cited as evidence by the organisation should be available to the Agency upon request. The organisation is encouraged to supplement its self-analysis with 'off-the-shelf' documents (for example, prospectuses, strategic and operational plans, teaching quality handbooks, and staff handbooks) to help the Agency acquire a full understanding of the organisation and its structure and function.

16 Experience suggests that an effective critical self-analysis is likely to be some 60 pages in length, although there will be no penalty for shorter or longer submissions.

17 Organisations should submit one copy of the application to the Privy Council Office. The Agency will request further copies (normally 30) of the application from the organisation after the relevant government department has approached it with a formal request for advice. The self-analysis remains confidential to the Agency and those directly concerned with consideration of the application.

Timing of applications

18 It is for each organisation to determine when to submit its application for the grant of degree-awarding powers and/or university title. Organisations may wish to bear in mind that the first stage in the Agency's process for scrutinising applications is consideration by ACDAP (see paragraphs 21-5 below). ACDAP normally meets at quarterly intervals in mid to late March, June, September and December each year. The Agency will normally need to receive a request for advice from the relevant government department, and the full application from the organisation, at least three weeks before the meeting of the Committee at which it is to be considered.

19 Organisations are strongly advised to approach the Agency for informal discussions before lodging a formal application. The Agency is willing to meet organisations to discuss proposed applications at an early stage to ensure that they have a clear understanding of the criteria, documentation requirements and scrutiny processes.

The scrutiny process

20 The application scrutiny process has several stages. These are outlined in the sections that follow. A schematic representation of the process is provided in **Appendix 4**.

Consideration by ACDAP

21 On receipt of a request for advice from the relevant government department, the Agency sends to the department and the applicant organisation confirmation that it is considering the application. The Agency will also inform the organisation of the arrangements for coordinating the processing of the application.

22 The application will be considered initially at the next available meeting of ACDAP. ACDAP will decide whether there is a case for considering the application further, in the light of:

- the documentation submitted by applicant organisation;
- a preliminary synoptic report on the application by ACDAP officers;
- where appropriate, comments received from validating partner institution(s);
- where appropriate, initial advice from the relevant funding council.

23 If the Committee decides that the application should receive further consideration, the Agency will make arrangements to undertake a detailed scrutiny of the applicant organisation, and will advise the organisation accordingly.

24 If the Committee decides that the applicant organisation has not made an adequate case for further consideration of its application, the Agency will advise the organisation and the relevant government department accordingly.

25 Exceptionally, ACDAP may commission an exploratory visit to the applicant organisation to examine specific matters arising from the initial documentation. Such visits will normally be undertaken by two assessors and the ACDAP Committee Secretary, and will result in a report to the next available meeting of ACDAP. In the light of the report, ACDAP will decide either to proceed with a detailed scrutiny, or to advise the organisation to undertake further development work before proceeding with its application.

Detailed scrutiny of the applicant organisation

26 Where ACDAP decides to proceed with a detailed scrutiny, the Agency will appoint a small team of assessors. The role of the assessors is to collect evidence on the application. In selecting assessors, the Agency will seek to balance their academic seniority, experience of institutional operations, and appreciation of the organisation's position in the higher education sector.

27 The detailed scrutiny will include:

- review of documentation made available by the applicant organisation;
- observation of formal meetings, including committee meetings, validation/review events, and examination boards;
- structured discussions with staff and students;
- consideration of external perspectives on the operation of the organisation, through structured discussions with external interest groups and scrutiny of reports arising from external programme/institutional review activities.

28 The detailed scrutiny process will be coordinated by an Agency officer and regular monitoring reports will be submitted to ACDAP by the Committee Secretary.

29 The precise nature and length of the detailed scrutiny will vary according to the powers being sought and the particular circumstances of the applicant organisation. Organisations should be aware that the scrutiny process is both intensive and extensive. In respect of applications for taught degree-awarding powers, or combined applications for both taught and research degree-awarding powers, the process is likely to extend for at least one complete annual cycle of academic activity. Scrutiny of applications for research degree-awarding powers is likely to be of shorter duration.

30 In considering applications, the Agency will make best use of existing evidence about the applicant organisation's quality and standards. Reports by the Agency and other relevant external bodies are made available to assessors. Information included in the teaching quality information requirements of the higher education funding councils will form an important part of the evidence base for the scrutiny of an organisation that is subject to them. Organisations that are not subject to funding council information requirements are nonetheless strongly encouraged to make available similar information.

31 Though not a requirement, the applicant organisation may see merit in the establishment of an external advisory group to offer advice and guidance on organisational development, both as part of the application process and subsequently. Organisations that see benefits in establishing such a group may wish to bear in mind the important contribution that can be made by representatives from their validating institution(s) or other external bodies.

Reporting

32 The detailed scrutiny will culminate in a final report to ACDAP by the assessors. The assessors will not make a recommendation on the application, but will offer peer-referenced views on the detail of the organisation's operations in the light of the individual criteria set out in **Appendix 1**. They may also identify matters for further consideration by ACDAP.

33 On the basis of the assessors' final report and its subsequent discussions, ACDAP will formulate its advice on the application.

34 Where the final report raises matters for further consideration or clarification, ACDAP may decide to convene a sub-panel of its members to undertake a short and focused visit to the organisation, prior to formulating its advice. Most sub-panel visits will be of one day's duration and will normally involve meetings with governors, senior managers, teaching and other staff, students and relevant external interest groups. The visit will result in a further report to ACDAP. On occasion, ACDAP may wish to supplement the membership of a sub-panel with additional external expertise.

35 When ACDAP has concluded its consideration of an application, it will make a report and recommendation to the Agency's Board. Subject to the approval of the Board, these will then be transmitted to the appropriate government department. The advice will be given in confidence. The appropriate Minister will determine whether the Agency's advice should be disclosed to the applicant organisation. A final decision on an application, and the notification of that decision, is a matter for the Privy Council.

Feedback

36 The Agency's responsibility is to offer confidential advice to the appropriate government department. As a result, the detailed scrutiny process has important differences from other review activities undertaken by the Agency and places some constraints on the nature of the interaction that it is possible to have with applicant organisations. The Agency is conscious, however, of the desirability of maintaining an effective and constructive dialogue with organisations and the schedule of activities for the period of detailed scrutiny will, therefore, include several formal meetings between the Agency's coordinating officer and organisational representatives. The purpose of such meetings will be to discuss progress and any matters requiring further clarification.

37 The applicant organisation will be provided with an opportunity to check the factual accuracy of the evidence cited in the assessors' draft final report, prior to the submission of the completed report to ACDAP. Organisations will normally be provided with the text not less than five weeks before the relevant meeting of ACDAP, and asked to inform the Agency of any factual inaccuracies within no more than two weeks. The Agency reserves the right to edit the text submitted to the organisation, to the extent necessary to protect the confidentiality of the process and the anonymity of those who have given evidence to the assessors.

Scrutiny of applications for the award of university title to higher education institutions granted degree-awarding powers under previous arrangements

38 Some variations to the scrutiny process will be made in respect of applications for the award of university title to higher education institutions granted degree-awarding powers under previous arrangements. Further details are provided in **Appendix 2**.

Combining the scrutiny with institutional audit/review

39 Higher education institutions wishing to apply for degree-awarding powers and/or university title at a time when they are scheduled to receive an Agency institutional audit or institutional review may request that scrutiny activities be combined with the audit/review process. Further details are provided in **Appendix 3**.

Role of the funding councils and validating institution(s)

40 When it has received the Agency's advice, the appropriate government department may seek the views of the relevant funding council on the financial stability of an applicant organisation that is in receipt of public funding. In instances where the organisation is not in receipt of public funding, the government department may commission a higher education funding council or other appropriately qualified body to offer professional advice on the financial stability of the organisation.

41 Where an applicant organisation has one or more validating partner institutions, the Agency will invite those institutions to offer comments on the nature of the operational relationship that has been established and a judgement as to the suitability of the organisation to be granted the powers and/or title that is being sought.

Costs

42 The Agency cannot meet the costs of this activity from its other sources of income. It will therefore levy a charge on applicant organisations for the costs incurred in scrutinising the application and providing advice to the relevant government department. The charge will cover the direct costs of ACDAP and the assessors, and the associated staff and overhead costs incurred by the Agency. Charges will be set at a level that recovers these costs. No surplus will be sought from the activity.

43 An initial charge will be made to cover costs incurred up to and including the assessors' final report to ACDAP (see paragraph 32 above). Should any substantial additional expenditure be incurred, this will be charged at the end of the process. Since the amount of the remaining work may vary between applications, such further charges will be set individually.

44 With effect from September 2004, the initial charges will be as follows:

- For applications for the grant of taught degree-awarding powers: £30,000 levied at the outset of the detailed scrutiny
- For applications for the grant of research degree-awarding powers: £15,000 levied at the outset of the detailed scrutiny
- For combined applications for the grant of taught and research degree-awarding powers: £40,000 levied at the outset of the detailed scrutiny
- For applications for the grant of university title to higher education institutions that have already been granted taught degree-awarding powers: £10,000 levied at the outset of the detailed scrutiny.

45 Before submitting applications, organisations should consider carefully the internal resource costs arising from the preparation and subsequent consideration of the application.

Complaints and representations

46 Complaints relating to the Agency's processing of applications for the grant of degree-awarding powers and/or university title should be made in accordance with the procedures published on the Agency's website (www.qaa.ac.uk/aboutqaa/procedures/complaints.htm).

47 The Agency's role in considering applications for the grant of degree-awarding powers and/or university title is to offer confidential advice to the relevant government department. The Agency and its committees do not themselves make final decisions about applications. Complaints about the Agency's advice, or representations against subsequent decisions by the Privy Council, should be addressed to the relevant government department and not to the Agency.

Further information

48 Initial enquiries about the submission of applications for degree-awarding powers or university title should be made to the Secretary of ACDAP at the following address:

Dr Chris Haslam
Deputy Director
Reviews Group
Quality Assurance Agency
Southgate House
Southgate Street
Gloucester
GL1 1UB

Tel: 01452 - 557110
Fax: 01452 - 557070
E-mail: c.haslam@qaa.ac.uk

PA Team Manager: Ms Lynne Banin
Tel: 01452 - 557117
Fax: 01452 - 557070
E-mail: l.banin@qaa.ac.uk

ANNEX E: QUALITY ASSURANCE AGENCY'S GUIDE TO QUALIFICATIONS

A brief guide to academic qualifications

The higher education qualifications awarded by universities and colleges in England, Wales and Northern Ireland are at five levels. In ascending order, these are the Certificate, Intermediate, Honours, Masters and Doctoral levels.

Certificate level

The holder of a Certificate of Higher Education will have a sound knowledge of the basic concepts of a subject, and will have learned how to take different approaches to solving problems. He or she will be able to communicate accurately, and will have the qualities needed for employment requiring the exercise of some personal responsibility.

The Certificate may be a first step towards obtaining higher level qualifications.

Intermediate level

Holders of qualifications at this level will have developed a sound understanding of the principles in their field of study, and will have learned to apply those principles more widely. Through this, they will have learned to evaluate the appropriateness of different approaches to solving problems. Their studies may well have had a vocational orientation, enabling them to perform effectively in their chosen field.

They will have the qualities necessary for employment in situations requiring the exercise of personal responsibility and decision-making.

The intermediate level includes ordinary (non-Honours) degrees, the Foundation degree, Diplomas of Higher Education, and other higher diplomas.

Honours level

An Honours graduate will have developed an understanding of a complex body of knowledge, some of it at the current boundaries of an academic discipline. Through this, the graduate will have developed analytical techniques and problem-solving skills that can be applied in many types of employment. The graduate will be able to evaluate evidence, arguments and assumptions, to reach sound judgements, and to communicate effectively.

An Honours graduate should have the qualities needed for employment in situations requiring the exercise of personal responsibility, and decision-making in complex and unpredictable circumstances.

Honours degrees form the largest group of higher education qualifications. Typical courses last for three years (if taken full-time) and lead to a Bachelors degree with Honours, having a title such as Bachelor of Arts (BA(Hons)) or Bachelor of Science (BSc(Hons)). Also at this level are short courses and professional 'conversion' courses, based largely on undergraduate material, and taken usually by those who are already graduates in another discipline, leading to Graduate

Certificates or Graduate Diplomas.

Masters level

Much of the study undertaken at Masters level will have been at, or informed by, the forefront of an academic or professional discipline. Students will have shown originality in the application of knowledge, and they will understand how the boundaries of knowledge are advanced through research. They will be able to deal with complex issues both systematically and creatively, and they will show originality in tackling and solving problems.

They will have the qualities needed for employment in circumstances requiring sound judgement, personal responsibility and initiative, in complex and unpredictable professional environments.

Masters degrees are awarded after completion of taught courses, programmes of research, or a mixture of both. Longer, research-based programmes often lead to the degree of MPhil. Most Masters courses last at least one year (if taken full-time), and are taken by persons with Honours degrees (or equivalent achievement). Some Masters degrees in science and engineering are awarded after extended undergraduate programmes that last, typically, a year longer than Honours degree programmes. Also at this level are advanced short courses, often forming parts of Continuing Professional Development programmes, leading to Postgraduate Certificates and Postgraduate Diplomas.
(Note: the MAs granted by the Universities of Oxford and Cambridge are not academic qualifications.)

Doctoral level

Doctorates are awarded for the creation and interpretation of knowledge, which extends the forefront of a discipline, usually through original research. Holders of doctorates will be able to conceptualise, design and implement projects for the generation of significant new knowledge and/or understanding.

Holders of doctorates will have the qualities needed for employment requiring the ability to make informed judgements on complex issues in specialist fields, and innovation in tackling and solving problems.

The titles PhD and DPhil are commonly used for doctorates awarded on the basis of original research. Doctoral programmes, that may include a research component, but which have a substantial taught element lead usually to awards that include the name of the discipline in their title (eg EdD for Doctor of Education). A doctorate normally requires the equivalent of three years' full-time study.

Further information

- **Full descriptors of a qualification at each level can be found in Annex 1.**
- More detailed statements of graduate attributes are set out in **subject benchmark statements** produced for broad subject areas, at Honours level, and at other levels where there are substantial numbers of taught courses in the subject.

- For each course, the providing university or college writes a **programme specification**, setting out in detail the knowledge, understanding and skills that the successful student should acquire.
- The achievements of individual students are recorded in personal **progress files**.

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