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## Intermediary Bodies in UK Higher Education Governance, with particular reference to Universities UK

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# Intermediary Bodies in UK Higher Education Governance, with particular reference to Universities UK

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## Introduction

This paper offers critical reflections on the role, functions, problems and challenges of intermediary bodies in the United Kingdom (UK), and particularly those of Universities UK (UUK)<sup>1</sup>, the representative organisation for the heads of university institutions in England and Northern Ireland and all higher education institutions in Scotland and Wales. Although I am not an expert on the Japanese higher education system, I will try to identify the similarities and differences between the UK and Japan and the circumstances of intermediary bodies in each country. Both Japan and the UK are moving towards a similar goal – greater marketisation of higher education and increased, if nominal, autonomy of universities to operate in national, regional and global markets. However, the two countries are starting from very different places and, in the UK at least, there is an increasing tendency for the State to regulate and steer higher education institutions to meet social, and particularly *economic*, goals. In Japan, the incorporation of the national universities has apparently loosened the control of the Government over individual institutions, but the means of regulation – through funding, evaluation and accreditation – are still very strong compared with Britain. These differences are important in understanding the role and potential influence of intermediary bodies in the two higher education systems. So I will be cautious in suggesting any direct lessons to be learned from the UK experience.

In particular, the UK and also Ireland (Eire, or southern Ireland, as distinct from Northern Ireland which is part of the UK) are unusual in having intermediary *funding* bodies between the government and the institutions<sup>2</sup>. In the UK, in the past at least, these have acted as a 'buffer'<sup>3</sup>, preventing political interference in the allocation of funding to individual universities and offering advice to the government on policy and its implementation. So, *representative* bodies, like UUK (and formerly, as the CVCP) have negotiated as much with the funding bodies about the details of policy implementation as with the government about the overall direction of policy. Whether these funding bodies, and particularly for my purpose the Higher

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<sup>1</sup> <http://www.universitiesuk.ac.uk/> The former Committee of Vice-Chancellors and Principals was renamed Universities UK in December 2000.

<sup>2</sup> OECD (2007) *On the Edge: Securing a Sustainable Future for Higher Education*, Paris: Organisation for Economic Co-operation and Development, <http://www.oecd.org/dataoecd/20/24/38309943.pdf>

<sup>3</sup> Bjarnason (1998) defines a 'buffer organisation' as "an organisation which is formally constituted and functions in an intermediary capacity between government and the university sector." (p1), Bjarnason, Svava (1998) *"Buffer" Organisations in Higher Education: Illustrative Examples in the Commonwealth*, London: Association of Commonwealth Universities.

Education Funding Council for England (HEFCE)<sup>4</sup>, still act as 'buffer bodies' is open to debate. During the 'New Labour' Government under Prime Minister Tony Blair, universities increasingly became the focus of national economic policy. Now, under the new Prime Minister, Gordon Brown (who was previously responsible for economic policy as Chancellor of the Exchequer for more than ten years) and a newly-formed ministry which combines higher education and science policy for the first time in 15 years<sup>5</sup>, the Labour Government is likely to become even more interventionist in higher education, in my view. There is evidence to suggest that HEFCE is increasingly a government controlled agency with limited influence on the direction of policy and with less and less need to work in partnership with HEIs and their representative bodies.

These developments have had significant implications for the representative bodies, like UUK, and for the external and internal governance of universities in England, and the UK as a whole. They bring into question the capacity of intermediary bodies such as HEFCE and UUK to protect 'academic freedom' from incursion by politicians and other interested parties (such as employers of graduates and users of knowledge) and their perceived 'gross utilitarianism'. Despite the changes, however, these bodies may overestimate their influence and significantly constrain institutional autonomy through their influence on internal governance and management. In an increasingly marketised, competitive and global higher education system, the roles and functions of intermediary bodies are being questioned and they face serious problems of credibility with both government and institutions. In this paper, I will argue that the challenge they face is to reinvent themselves as key players at both national and institutional levels and thereby make a serious contribution to policy-making at a critical time in the realisation of mass higher education in the UK.

## **Outline of the paper**

First, I outline the characteristics of higher education governance and regulation in the UK and make some tentative comparisons with Japan. I then describe the internal governance of higher education institutions and the factors that have influenced its development. My special focus is on Universities UK: its role, functions, structure and the problems it faces. Fourth, I present the challenges for intermediary bodies in the UK and beyond. Finally, I briefly pose some questions for university associations in Japan, drawn from my initial examination of developments and discussion at a conference for which the original version of this paper was prepared<sup>6</sup>.

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<sup>4</sup> According to HEFCE, it works in partnership and "promotes and funds high-quality, cost-effective teaching and research, meeting the diverse needs of students, the economy and society", <http://www.hefce.ac.uk/>

<sup>5</sup> The Department of Innovation, Universities and Skills was established on 28 June 2007, <http://www.dius.gov.uk/>

<sup>6</sup> Conference on *The Functions of University Associations and Professional Bodies in Higher Education Governance*, Tohoku University offices, Tokyo, 7 August 2007; sponsored by the Ministry of Education, MEXT

## 1. Characteristics of Higher Education governance in the UK

### National HE systems: key characteristics and governance

It is important to understand the essential characteristics of higher education systems and their governance before investigating the role and place of intermediary bodies.

### Key features of selected HE systems



|               | System           | Institutional types                    | No. of HEIs | No. of students | Increase in student numbers 1990-2000 | State revenue as % of total income |
|---------------|------------------|--|-------------|-----------------|---------------------------------------|------------------------------------|
| Australia     | National/federal | Public unitary                         | 40          | 700 k           | High                                  | 60%                                |
| England       | National         | Public unitary                         | 130         | 1.7 m           | High                                  | 60%                                |
| Germany       | Federal          | Public segmented (Uni/Fschulen/olls)   | 345         | 1.8 m           | Modest                                | 95% (most from <i>Lander</i> )     |
| Ireland       | National         | Public binary (Uni/technical inst)     | 21          | 115 k           | High                                  | 80-90%                             |
| Japan         | National         | Public/private binary                  | 1 290       | 2.8m            | Modest                                | 55%                                |
| Netherlands   | National         | Public binary vocational/ research     | 61          | 450 k           | Modest                                | 65%                                |
| Sweden        | National         | Public unitary                         | 39          | 300k            | High                                  | 65%                                |
| United States | Federal          | Public/private carnegie classification | 4 200       | 14.8m           | Modest                                | 35-50%                             |

From OECD, 2007 (based on 2004 data)

This table shows some key features of selected higher education systems from the report of the Organisation for Economic Co-operation and Development's (OECD) project on the financial management and governance of HE institutions<sup>7</sup>. Comparing England and Japan, it is notable that, while both have national rather than federal or state systems, there is no private university sector to speak of in England. Since 1992, when polytechnics were given university status, the binary division – at least in name – was dissolved. So England, and indeed the UK as a whole, has a unitary system in which all universities are ostensibly treated the same. Japan has a little under twice the number of students but nearly ten times as many institutions as England. The UK system expanded significantly between the late 1980s and the mid-1990s and continues to grow, albeit at a slower pace, but the number of institutions remained largely the same. Instead, the institutions themselves grew in size. Finally, the average proportion of institutional income from the state is 55% in Japan and slightly more at 60% in England, although this varies significantly between institutions in England and, I suspect, in Japan, too.

<sup>7</sup> OECD (2007) *Op. Cit.*

## Some characteristics of national systems of governance

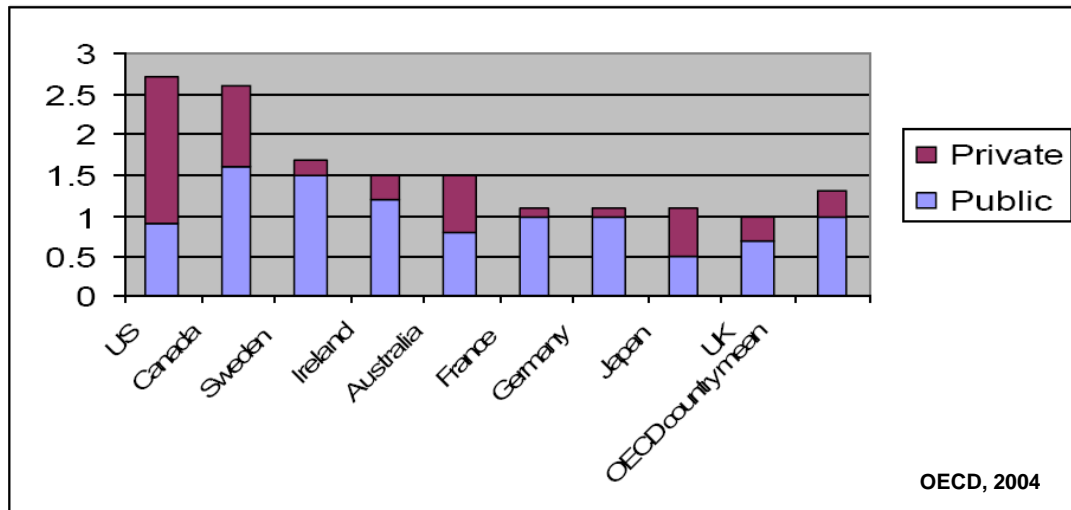


| Type of system            | Key characteristics of higher education institutions |  |  |   |   |
|---------------------------|--|--|--|---|---|
|                           | Legal entity   | Structure and plans                                | Staff  | Assets  | Funding sources/ commercial freedom   |
| State owned               | Public sector  | State determines                                   | Civil servants   | Owned by State                                  | State budgets no scope to make or retain surpluses                            |
| Agency of state           | Public sector, but separate legal entity             | State approves                                     | Key staff are appointed by State and pay and conditions set nationally | Funded by State, which controls disposals, etc. | Predominantly core funded; limited power to raise income and create surpluses |
| State/private Partnership | Private sector, but subject to State controls        | State consults and can influence (through funding) | Institution employs with State influence or controls                   | Privately owned, but some funding by State      | Both core and contract income; can generate and retain own income             |
| Private/State             | Private sector                                       | State has little involvement                       | Private  | Private, little state funding                   | Contract and commercial income  |

From OECD, 2007

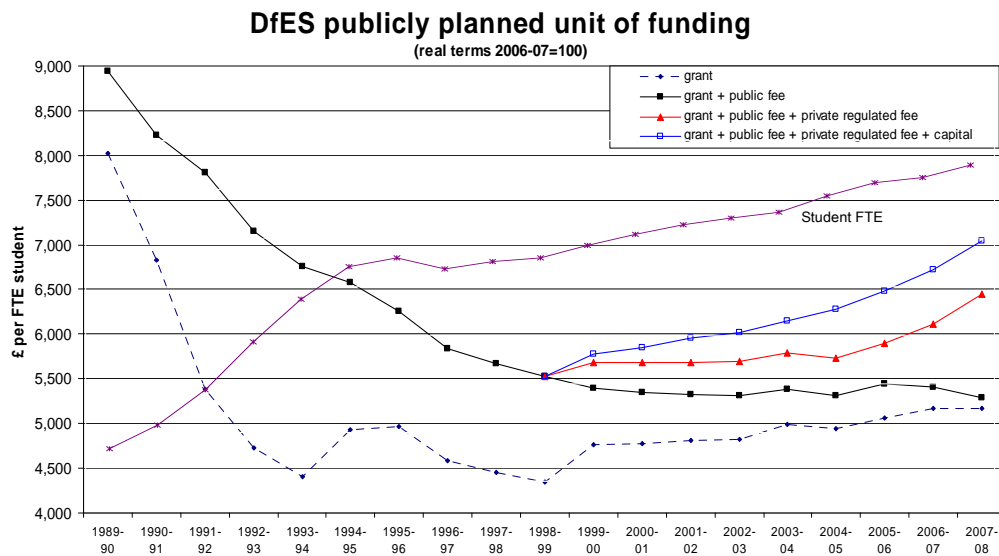
From the same report, this table focuses on characteristics of governance in national systems. The UK system is closest to the third row – a State and private partnership. Institutions are independent but they are subject to State controls: the State determines whether an institution can call itself a ‘university’, for example, and whether it can award research degrees. It also exerts influence on institutions through funding mechanisms. However, institutions have complete autonomy over who they hire (within national employment legislation), so in this third column they are closer to private institutions. They own their own assets but the State does provide some capital funding to supplement institutions’ own resources. They also generate and retain income from other sources, both public and private: from research and consultancy contracts, for example, and increasingly tuition fees from students. Although the incorporation of national universities has shifted Japan away from a State owned system, I suspect that it includes examples from all the other types of institution in this table. This makes it a more differentiated system than in the UK and so, I surmise, the internal governance arrangements of institutions may equally vary.

**Public and private expenditure on higher education as a percentage of GDP (2000)**



So, how are these differences in relationships between the state and institutions reflected in the expenditure on higher education in each country as a proportion of its Gross Domestic Product (or GDP for short)?<sup>8</sup> Note that, although the total expenditure on higher education in Japan and the UK are similar in proportion to GDP, the ratio of public to private expenditure is higher in the UK. No doubt, with the increase in tuition fees in England from 2006, this ratio will reduce.

<sup>8</sup> OECD (2004) *Financial Management and Governance in HEIs: England*, Paris: Organisation for Economic Co-operation and Development, <http://www.oecd.org/dataoecd/21/5/33643920.PDF>



This graph shows the trend in public spending on higher education in England since 1989/90<sup>9</sup>. Overlaid on the graph is the purple line showing the growth in the number of students: this is to give an idea of the pace of expansion – there is no axis of measurement, but it shows the overall trajectory upwards. So, although in real terms the amount of public expenditure on higher education grew, it did not keep up with expansion and therefore the expenditure per student (or unit of funding) dropped from £9,000 per student in 1989/90 to under £5,500 so far this decade as shown by the black line. From 1998/99 this was supplemented by tuition fees for full-time undergraduate courses for home and European Union students (shown by the red line) and by capital funding (in blue). From this academic year, 2006/07, and as a result of the 2004 Higher Education Act, income from the private regulated fee (in red) is also being supplemented by increased tuition fees of up to £3,000 per year.

So, as the system has expanded and a larger proportion of young people are participating, higher education has become a much greater concern of governments, not least in terms of public expenditure. However, the reduction in the funding per unit has put increasing pressure on institutions to reduce costs and increase income from other sources – in effect, to operate more like businesses. Under the ‘New Labour’ Government of Tony Blair, the expansion of higher education became a policy goal and a means for improving productivity and competitiveness and thereby economic growth. The dominant ideology is of higher education as an economic resource and higher education institutions that should be

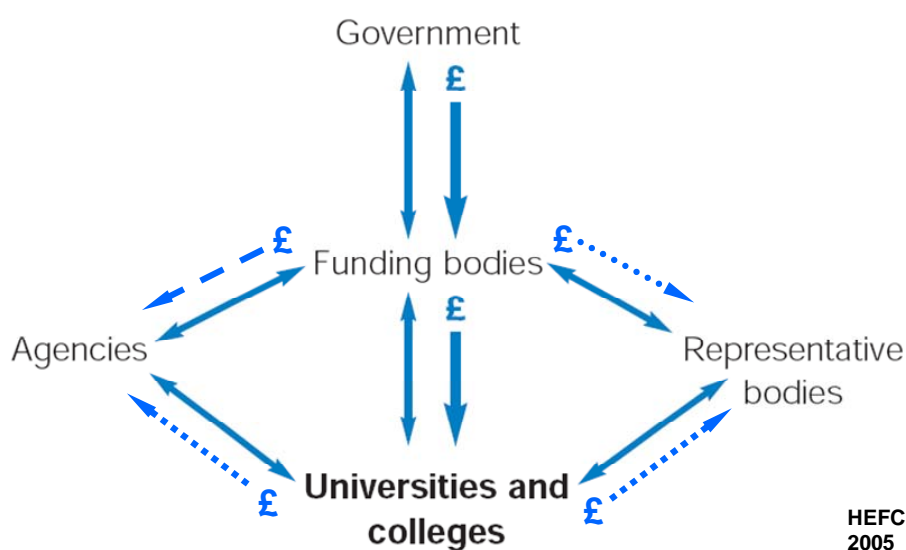
<sup>9</sup> From Eastwood, D (2007) ‘Developments, future trends and opportunities’, Notes from a speech by Professor David Eastwood, Chief Executive, HEFCE to the HEFCE Annual Conference, 18-19 April 2007  
<http://www.hefce.ac.uk/news/events/annconf/text/DavidEastwood.doc>.

responsive to economic needs<sup>10</sup>. So, what is taught has to be relevant to employers' requirements, applied research is more important than pure knowledge, and the State must hold institutions accountable for carrying out their economic role effectively. Hence, governments, from that of Margaret Thatcher (Prime Minister from 1979 to 1990) onwards, have felt justified in regulating higher education in order to pursue national policy goals. Higher education is no longer just the concern of the education ministry (until recently called the Department for Education and Skills in England), it is also of concern to ministries responsible for trade and industry, health, and immigration among others. Indeed, in his recent reorganisation of government departments, the new Prime Minister, Gordon Brown, has separated higher education from schools and coupled it with 'innovation' and improving the skills of the workforce (in the Department for Innovation, Universities and Skills).

### Intermediary bodies in the UK: a complex web of relationships

So, where do intermediary organisations such as university associations and professional bodies fit in the relationships between the State and higher education institutions in the UK?

### Relationships between the State & HEIs in the UK



This is a simplified diagram of the relations between *Government*, the *Funding bodies* and the *Universities and colleges* of higher education. It shows the funding bodies as intermediaries between the State and the higher education institutions. These include the funding councils for England, Scotland, Wales and Northern Ireland, the Research Councils and other funding bodies, such as the Training and Development Agency for schools. The *Representative bodies* on the right of the diagram include Universities UK and Guild HE, which represents the colleges of higher education or higher education institutions without university status in England. But, increasingly, we should take account of the interest groups of universities: the Russell Group representing research-intensive universities like Oxford and Cambridge; the

<sup>10</sup> Salter, Brian and Tapper, Ted (2002) 'The external pressures on the internal governance of Universities', *Higher Education Quarterly*, 56(3), 245-256.



1994 Group of other smaller, research-orientated pre-1992 universities; the CMU (or Campaigning for Mainstream Universities) representing post-1992 universities that were previously polytechnics; and other groups, such as professional associations. I will come back to these interest groups later. The *Agencies* consist of sector-wide organisations established to perform a particular role, like the Quality Assurance Agency, Universities and Colleges Admissions Service and the Higher Education Statistics Agency.

Generally speaking, funding is allocated by the *Funding bodies* on behalf of the *Government* to the *Universities and colleges*. But a small amount of money is paid to some of the *Agencies* for services provided. Likewise, *Universities and colleges* may buy services from, or pay a subscription to, some of the sector *Agencies*. The institutions also pay subscriptions to the *Representative bodies*. And finally, the *Funding bodies* occasionally commission the *Representative bodies* to carry out research on their behalf or perform some other task. So the relationships between these parties are quite complex in reality.

These relationships are even more complex because the four territories of the UK – England, Scotland, Wales and Northern Ireland – have different arrangements.

UUK, 2006a



**NUMBER OF INSTITUTIONS (AS AT AUGUST 2006)**

|                  | Universities* | University institutions | Other HEIs | Total |
|------------------|---------------|-------------------------|------------|-------|
| England          | 72            | 92                      | 41         | 133   |
| Scotland         | 13            | 13                      | 7          | 20    |
| Wales            | 3             | 12                      |            | 12    |
| Northern Ireland | 2             | 2                       | 2          | 4     |
| United Kingdom   | 89            | 114                     | 54         | 168   |

\*This table includes the University of Buckingham.

There are 114 university institutions in the UK, counting separately the colleges of Wales and London. If Wales and London are counted as single institutions, the total is 89.

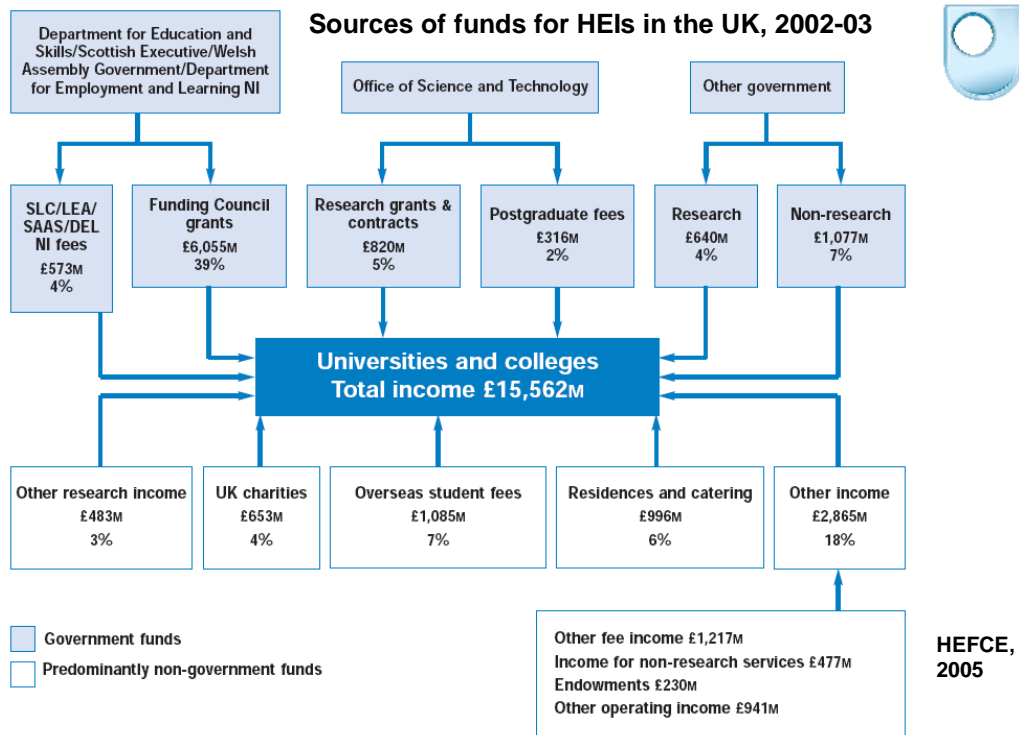
There are also higher education students studying at a number of further education colleges.

This list excludes foreign higher education institutions operating in the UK.

The Open University operates in all countries of the UK; its headquarter is based in England however.

Source: Universities UK

England has by far the largest higher education sector, with 72 universities and 79% of all higher education institutions (or 133 out of 168). So, when I come to analyse in detail I will focus mainly on England.



This diagram predates the recent reorganisation of Government departments, but shows the various streams of funding for higher education institutions. Those in the blue boxes along the top of the diagram are Government or public funds and those in the white boxes along the bottom are predominantly non-government or private funds, including tuition fees from students.

Funding mechanisms remain the key policy instrument by which the Government, through the Funding Councils and Government Departments, influence higher education institutions. With the rapid expansion of higher education and the reduced unit of funding, universities and colleges are under pressure to chase the same few additional pots of money that become available, regardless of their mission or strategic plan<sup>11</sup>. There is a strong traditional English idea of the university in which all institutions more or less conform to the same model, which is heavily influenced by the Universities of Oxford and Cambridge<sup>12</sup>. And there is a pervasive ideology of meritocracy and concern for fair play, a level playing field and equal treatment. This has led to less diversity among university missions, especially since the end of the binary divide in 1992<sup>13</sup>. The most recent example of this is that almost all higher education institutions set tuition fees for full-time undergraduates at the maximum of £3,000, despite the Government introducing *variable* fees. This echoes the tendency towards imitation rather

<sup>11</sup> King, Roger (2004) *The University in the Global Age*, Basingstoke, Hampshire: Palgrave MacMillan.

<sup>12</sup> Tapper, Ted and Salter, Brian (2003) 'Understanding governance and policy change in British Higher Education', Occasional Paper No. 11, Oxford: Oxford Centre for Higher Education Policy Studies, [http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS\\_Op11.pdf](http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS_Op11.pdf).

<sup>13</sup> Salter, Brian and Tapper, Ted (2002) 'The external pressures on the internal governance of Universities', *Higher Education Quarterly*, 56(3), 245-256.

than innovation that Professor Gary Rhoades described in his presentation on academic capitalism for this project earlier this year<sup>14</sup>.

### **The Higher Education Funding Council for England**

As I suggested above, there are different relationships between the Higher Education Funding Council and the governmental authority in each of the four territories in the UK. These have become even more diverse since the New Labour Government's policy of devolution from 1997. I will now focus on England, where there is a *principal-agent* relationship between Government and the Higher Education Funding Council for England (or HEFCE), in which the principal (the Government) ensures the agent (HEFCE) allocates public funds in accordance with the principal's priorities<sup>15</sup>. Each year, the Secretary of State for Education issues a 'letter of guidance' to the Chair of the Funding Council, setting out the priorities for the coming year. HEFCE manages the financial allocation, but it is not a planning body – the institutional autonomy of universities is enshrined in law, rather like that of the BBC<sup>16</sup>, but unlike most other public services in the UK.

HEFCE's role is that of co-ordination – or implementation – rather than reform<sup>17</sup>, but it is responsible for the standard of the higher education that it funds, and it does this in consultation with the higher education sector. Its concern is damage limitation rather than policy initiation, and it seeks to ensure that higher education institutions do not fail. So it also has responsibility for overseeing institutions' financial auditing. However, from time to time, HEFCE does offer robust advice to the Government and has sought to protect the sector from the worst excesses of the State<sup>18</sup>. Certainly this ensures stability but it may also inhibit change.

However, its funding allocation mechanisms can be used to influence universities' and colleges' pursuit of private income, from endowments, business and recently employers who are expected to fund courses that directly meet their training needs. So, by means of the influence that funding bestows, HEFCE has become more of a regulator, albeit reluctantly, in order to protect the public interest. This is no surprise, as intermediate regulatory bodies are increasingly seen as more effective operators than direct Government control<sup>19</sup>. Even when vice-chancellors (like presidents in Japanese universities) criticise particular funding mechanisms (for example, ring-fenced funding streams for particular Government initiatives), some faculty and administrators within universities may welcome the support they offer (for example, to widen access to poor students or introduce innovations in teaching and learning).

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<sup>14</sup> Rhoades, Gary (2007) 'Is Academic Capitalism, US Style, for Japan? Challenges, Costs, Choices', presentation to a conference on *A Comparative Study on the Functions of University Associations and Professional Bodies in Higher Education Governance* sponsored by MEXT, April.

<sup>15</sup> Yokoyama, Keiko (2006a) 'Modes of Higher Education Co-ordination: the Cases of England and Japan', *Higher Education Research in Japan*, Volume 3, 85-100.

<sup>16</sup> Kogan, Maurice and Hanney, Stephen (2000) *Reforming Higher Education*, London: Jessica Kingsley.

<sup>17</sup> Yokoyama (2006a) *Op. Cit.*

<sup>18</sup> Scott, Peter (2007) *A personal view of the funding council: Perspectives on success...and failure*, Occasional Paper 31, Oxford Centre for Higher Education Policy Studies, University of Oxford

[http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS\\_OP31.pdf](http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS_OP31.pdf)

<sup>19</sup> King (2004) *Op. Cit.*

But there are other means for Government to steer the higher education system in the UK than just funding mechanisms, such as forms of evaluation, accountability and marketisation.

### **Evaluation, accountability and marketisation**

The longest running form of evaluation in the UK is the Research Assessment Exercise (RAE), which is a review of research outputs by university departments. Introduced in 1986, this predominantly peer review process has taken place at intervals of between 3 and 7 years and is used to allocate money from the Funding Councils to institutions, who can then disburse this as they wish. The RAE was quickly adopted by the Government as a key element of national policy – not just an evaluation method linked to a mechanism for allocating funding, but more recently as a means of restructuring the sector in order to promote a small number of so-called ‘elite’ universities and increase UK competitiveness in research world-wide<sup>20</sup>. In 2006, the Chancellor of the Exchequer (equivalent to the Minister of Finance in Japan) announced the abolition of the existing format of the RAE and the replacement of peer review with quantitative measurements (of bibliographic citations, research income generated and numbers of research students graduating, for example) which are likely to further advantage the larger providers of scientific research.

Since the early 1990s, the quality assurance of teaching has focused on the accountability of institutions and the basic academic units. In the assessment of teaching there has been an increasing concern with outcomes and outputs that can be quantified and standards that can be compared, rather than inputs and processes that have to be interpreted and contextualised. This has led to a preoccupation with procedures, documentation and presentation rather than with teaching and learning as such. It has also privileged certain definitions of what counts as evidence of quality, which is largely quantifiable – in other words, performance indicators. Intended or not, quality assessment of teaching in the UK has given rise to superficial compliance with the criteria for the higher quality grades and the ritualistic performance of procedures associated with the assessment.

Both the assessment of teaching and research require the involvement of the academic community and can therefore be viewed as forms of self-regulation. However, it is interesting to note that academics from the pre-1992 research-orientated universities have tended to be more involved in research assessment, and those from post-1992 vocational universities were quicker to engage with teaching assessment. Moreover, the activities of teaching and research have become almost completely separated. As I have argued elsewhere, this separation is itself the result of policy and operational decisions made over two decades to distinguish the way these activities are funded, managed, assessed and rewarded<sup>21</sup>.

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<sup>20</sup> Scott, P (2006) ‘Divergence or Convergence? The Links between Teaching and Research in Mass Higher Education’ in Barnett, R (ed) *Reshaping the University*, Maidenhead: McGraw-Hill/Open University Press/Society for Research in Higher Education, pp 53-66.

<sup>21</sup> Locke, W (2004) ‘Integrating Research and Teaching Strategies: Implications for Institutional Management and Leadership in the United Kingdom’, *Higher Education Management and Policy*, OECD, 16(1), 101-120.

A number of consumerist 'levers' have also been introduced recently that are designed to help students to compare institutions and courses and so exert pressure on HEIs to improve<sup>22</sup>. Teaching Quality Assessment and Subject Review gradings, performance indicators, the National Student Survey and Teaching Quality Information are just a few examples of the mechanisms established by the Government and the UK Funding Councils during the last ten years or so in order 'to encourage providers to deliver a better quality service', 'to achieve benchmark levels of performance' and so on. The media have picked up on this and started 'naming and shaming' institutions that fail to reach the benchmarks set for them and producing league tables in the name of increasing consumer choice.

These initiatives are designed to introduce market mechanisms alongside capped tuition fees and competition for research funding, but have a tendency to encourage institutions to become preoccupied with reputation and branding rather than real improvement – in other words, they may grow to be more concerned with appearance than with substance. However, the mechanisms only constitute a *quasi*-market which is still carefully regulated and managed by the State and its intermediary bodies. Comparative analysis suggests that the UK has the strongest characteristics of a quasi-market in higher education among the major western European countries<sup>23</sup>.

According to Keiko Yokoyama, Government regulation, control and remote steering co-exist in complex ways in both the UK and Japan<sup>24</sup>. In the UK, there has been oscillation in state-university relationships, with hyper-policy experimentation leading to unintended consequences and, in some cases, the subsequent retraction of policies<sup>25</sup>. Since before Margaret Thatcher there has been a decline in governments' trust in the professions, and academia has been no exception. However, there has also been an enduring recognition that creativity, dynamism and scientific development depend on high levels of institutional autonomy and academic freedom. According to Roger King, the State is caught on the horns of a dilemma between encouraging innovation and avoiding risk through regulation and this has resulted in a patchwork design of policy instruments<sup>26</sup>. Governments are also aware that institutions and academics are creative in learning to play regulatory games and can meet performance targets while at the same time undermining the intentions of their policy goals<sup>27</sup>.

Fundamentally, though, as Mary Henkel pointed out on a recent visit to Hiroshima, the framework of governance for higher education is based on the value and belief system underpinning it: the conception of the university, its purposes and its relationship with the

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<sup>22</sup> Naidoo, R (2006) 'Universities in the Marketplace: The distortion of teaching and research', in *Reshaping the University: New relationships between research, scholarship and teaching*, London: Open University Press/Society for Research in Higher Education, pp 27-36.

<sup>23</sup> Agasisti, Tommaso and Giuseppe Catalano (2006) 'Governance models of university systems – towards quasi-markets@ Tendencies and perspectives: A European comparison', *Journal of Higher Education Policy and Management*, 28(3): 245-262.

<sup>24</sup> Yokoyama (2006a) *Op. Cit.*

<sup>25</sup> King, Roger (2006) *Analysing the Higher Education Regulatory State*, Discussion Paper No. 38, Centre for Analysis of Risk and Regulation, London School of Economics, November.

<sup>26</sup> King, Roger (2007) 'Governance and accountability in the higher education regulatory state', *Higher Education*, 53: 411-430.

<sup>27</sup> Tapper and Salter (2003) *Op. Cit.*

State and society<sup>28</sup>. Increasingly, in the UK this conception is about the role of higher education in improving the nation's economic productivity and competitiveness. So, in both our countries, it may be that common political philosophies are leading to the use of similar policy instruments despite the rather different histories of the higher education systems in the UK and Japan.

## 2. The internal governance of HE institutions

### Vertical stratification and institutional governance

The UK higher education system is vertically stratified, ie hierarchical. Before 1992, universities were established as charitable bodies with charters which enshrined their institutional autonomy. The academics originally had much more influence on the governance of the institution than they do today. The polytechnics, however, were under local government control until their incorporation in 1988 and were always characterised by more centralised management and corporate-style governance. With the end of the binary line in 1992, when polytechnics became universities, their recently gained autonomy was further strengthened. However, this same legislation effectively reduced the old universities' autonomy by requiring the newly established Funding Councils to evaluate the quality of university output – something the former polytechnics were already very used to, but the old universities never had. More recently, some of the smaller higher education colleges have been awarded the title of 'university' since the criteria were changed in 2004 and research degree-awarding powers are no longer required for the 'university' title.

So, there are significant differences in the origin, size, resources, academic (and, particularly, research) strength and reputation of higher education institutions in the UK. These differences are also reflected in the varying forms of internal governance found in universities and colleges. The Government and the Funding Councils apply the same rules to all higher education institutions, regardless of their circumstances, but the institutions differ greatly in their dependence on public funding, their access to private finance and their relations with business, for example. So, in practice, their institutional autonomy is contingent on these other factors, which places different institutions in very different relationships of power and influence with the Government and its intermediary bodies.

Let me illustrate these institutional differences with the following table and charts.

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<sup>28</sup> Henkel, Mary (2007) 'Changes in the governance and management of the university: the role of governments and third-party agencies', in *Changing Governance in Higher Education: Incorporation, marketisation, and other reforms – A comparative study*, COE Publication Series No. 29: pps 3-14, March, Research Institute for Higher Education, Hiroshima University.

### SIZE OF HIGHER EDUCATION INSTITUTIONS: 2004/05

| Income          | Number of institutions | Total numbers of HE students (headcounts) | Number of institutions |
|-----------------|------------------------|---|------------------------|
| Less than £10m  | 15                     | Less than 1,000                           | 20                     |
| £10 - 20m       | 20                     | 1,000 - 5,000                             | 30                     |
| £20 - 50m       | 27                     | 5,000 - 10,000                            | 25                     |
| £50 - 80m       | 22                     | 10,000 - 15,000                           | 29                     |
| £80 - 120m      | 27                     | 15,000 - 20,000                           | 17                     |
| £120 - 150m     | 26                     | More than 20,000                          | 47                     |
| More than £150m | 31                     |   |                        |

|        | Average income |        | Average number of students (headcounts) |
|--------|----------------|--------|---|
| Mean   | £107m          | Mean   | 13,616                                  |
| Median | £80m           | Median | 12,280                                  |

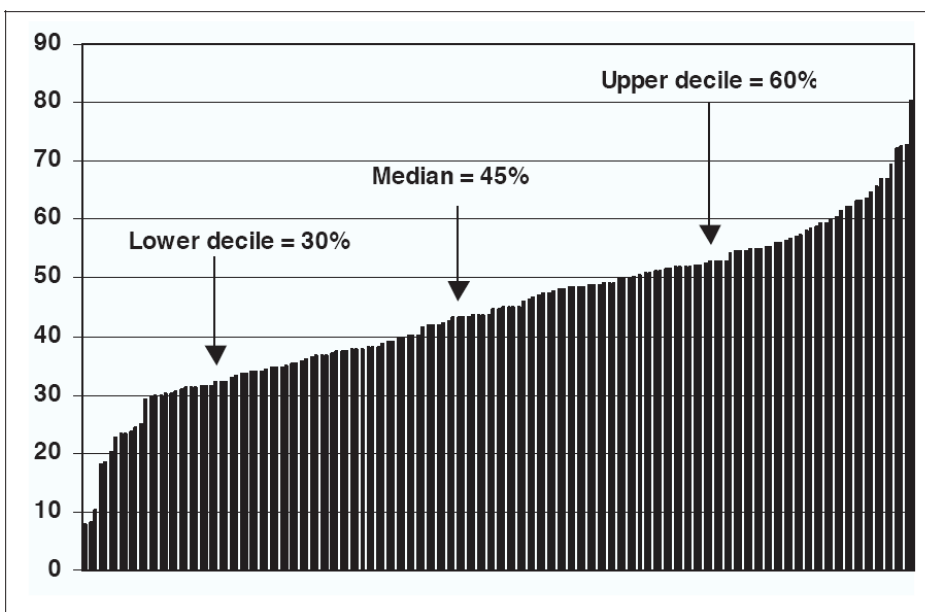
This table includes all publicly funded UK HEIs and the University of Buckingham.

Source: Higher Education Statistics Agency (HESA) (2006): Resources of Higher Education Institutions 2004/05, table 1a, Students in Higher Education Institutions 2004/05, table 0a, and table 8; Universities UK analysis

UUK,  
2006a

On the left of this table is the range of income of individual institutions in the academic year 2004/05 in millions of pounds, ranging from less than £10m to more than £150m. It is clear that there is a fairly even spread throughout the range. On the right hand side are the numbers of students in each institution, from less than 1,000 to more than 20,000. Again, the figures show there are nearly as many small institutions as there are middle-size and large institutions.

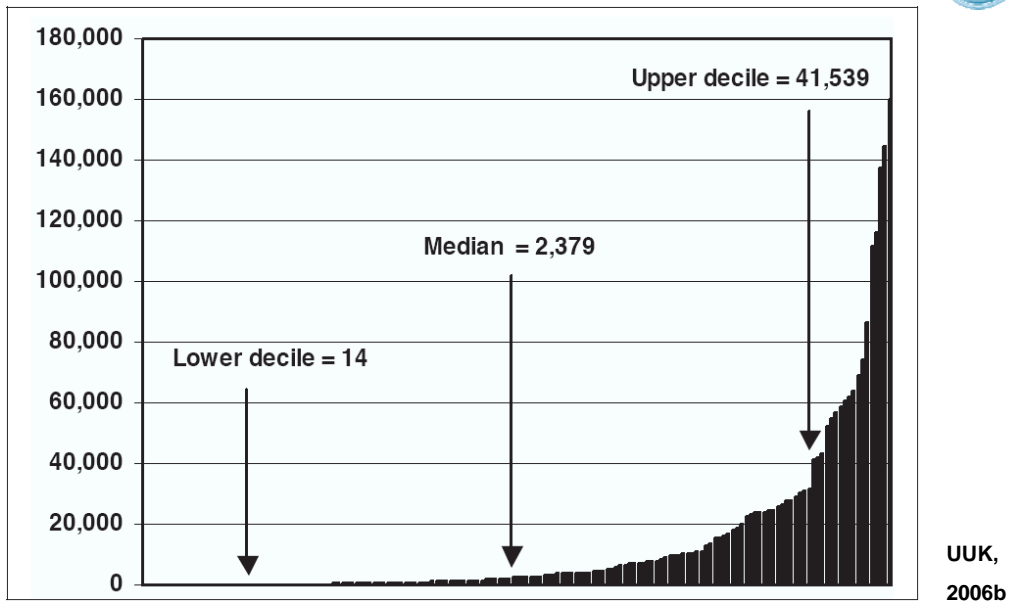
### Funding council income as a percentage of all income, 2004/05, UK



UUK,  
2006b

This chart shows the proportion of their income that institutions receive from the Funding Councils. Each bar represents a different institution, and the proportion ranges from less than 10% of an institution's income to as much as 80%. So, dependence on Funding Council income also varies a great deal.

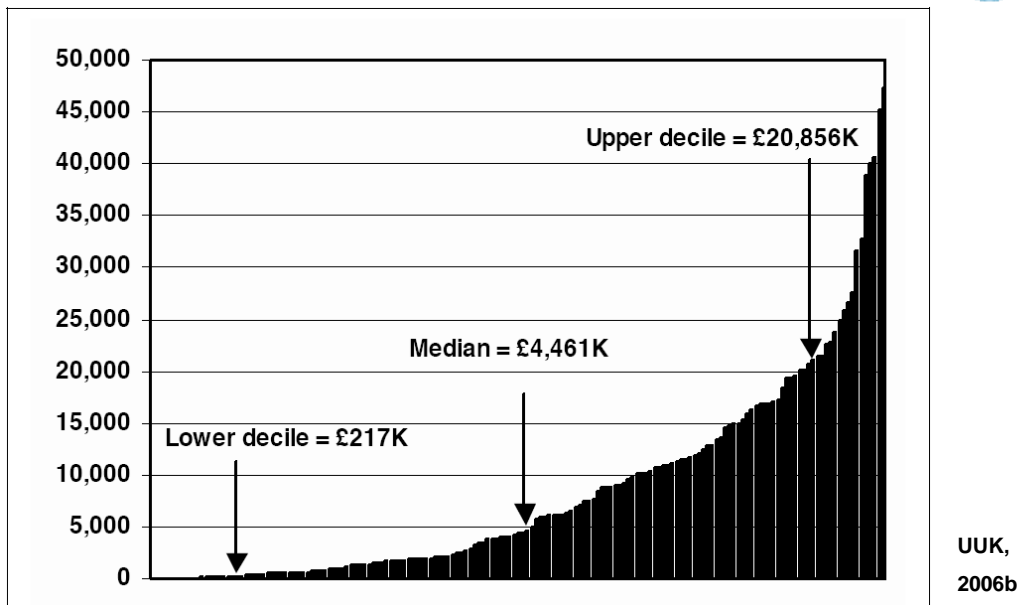
### Public funding of research (£K), 2004/05, UK



The situation is much more skewed, however, when we focus on the public funding of research, which is heavily concentrated in a few research-intensive universities (for example Oxford, Cambridge, Imperial College and University College, London).

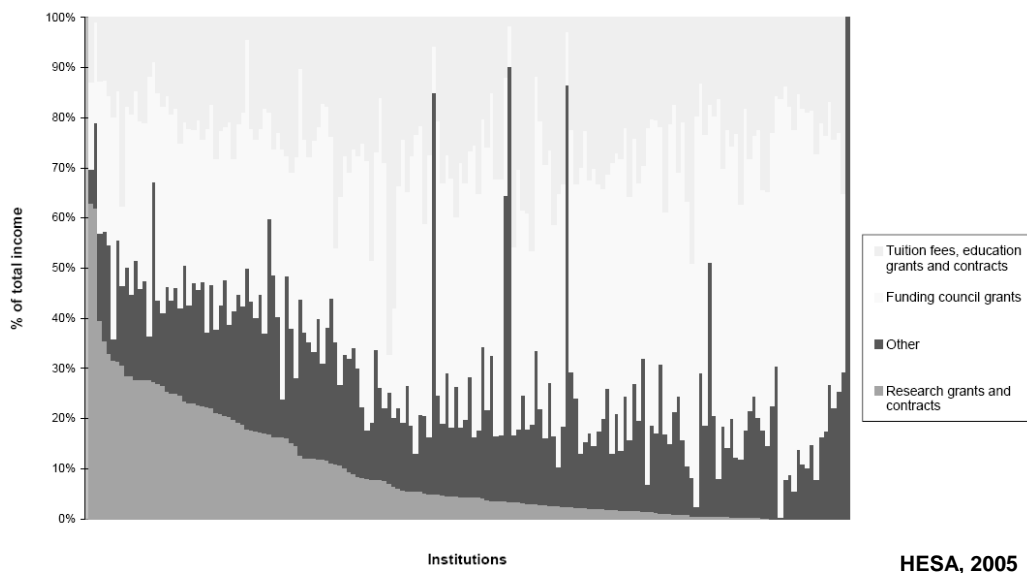


## Income from international (non-EU) student fees (£K), 2004/05, UK



The chart showing income from international students is less skewed, but it still shows a huge variation between a few institutions earning over £20 million in 2004/05 and those earning hardly anything.

## Variations in sources of income for UK HE institutions, 2003/04



Putting the main sources together in one chart, we can see the variation in the proportions from different sources for different institutions. Again, each bar represents a different institution, but in this chart the bars now show the proportions of different sources of funding

of the total income for each institution. So, income from 'Tuition fees, education grants and contracts' is shown at the top of each institutional bar, then 'Funding Council grants', 'Other' income and finally 'Research grants and contracts' at the bottom – this chart shows the stark variation of income profiles across the higher education sector in the UK.

My point is that this vertical stratification – or hierarchy – makes it difficult for universities to agree common positions, because their interests diverge so much. The Government wants to increase horizontal differentiation between institutions – in other words *functional* diversity – which would enable universities with different missions to position themselves in the market in order to compete more effectively in their particular niche. However, the universities themselves are increasingly concerned about reputation – and avoiding criticism by evaluators and 'naming and shaming' by the media – and are seeking 'branding' by belonging to interest groups. The danger is that this approach is likely to lead to greater Government intervention, not less.

### **The role of the vice-chancellor in the governance of universities**

The role of the vice-chancellor is critical in the governance of UK universities, as is the president now in the National University Corporations and the private universities in Japan. In 1988 in the UK, with the creation of a national Funding Council, the vice-chancellor was designated the chief accounting officer and, in effect, was the chief executive of the organisation. In the 1990s, this post increasingly became a fixed term appointment, for five years say, rather than a semi-permanent position. Appointments were more often made from outside the university rather than by promotion from within. So a new vice-chancellor would want to make his or her mark very quickly. In the early part of this decade, there was a spate of appointments of vice-chancellors from other countries, particularly from the United States, Australia and South Africa. So, in many ways, the position has become more and more like the chief executive of a large corporate company.

This development was reinforced by a 'managerial revolution' in higher education and in other public services. Faced with financial constraints and increasing evaluation by Government, institutions strengthened their senior and middle management in order to act more decisively, protect their institution's interests and become more strategic. However, they often did so at the expense of academics' influence on the direction of the institution. Sometimes the senior management might even use external pressures as a pretext to implement changes within their institutions, even when alternative responses – such as resistance – were available. The overall effect was the strengthening of power and authority of the institution – what Mary Henkel has called "a radical redefinition of institutional autonomy"<sup>29</sup> – and a reduction in academic freedom and the influence of senates and academic boards.

Hence, professors in the UK have always been less powerful and influential than their counterparts in continental Europe and other countries where institutional power was constrained by more direct governmental control. In the UK, governments have been increasingly suspicious of the academic profession and much more likely to accept vice-

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<sup>29</sup> Henkel (2007) *Op. Cit.* p7.

chancellors' interpretation of the academic community's views<sup>30</sup>. Some senior academics have joined a growing cadre of 'academic managers'. Whereas there has been a tradition – especially in the older universities – of management tasks being assumed by senior academics on an elected, rotating, short-term and frequently part-time basis, this pattern is increasingly being replaced by appointment to full-time, 'permanent' management roles. These 'academic managers' quite quickly become separated from their previous colleagues, but few have received management training. So they rarely become entirely comfortable working alongside their colleagues who are non-academic managers. Sector-wide, there are professional associations for administrators and non-academic managers, such as the Association of University Administrators and specialist associations for finance, estates, personnel and so on. However, there are no equivalents for academic managers.

### **Initiatives on leadership, governance and management of universities**

Despite the 'managerial revolution' in higher education, the Treasury – the equivalent of the Ministry of Finance in Japan – has frequently been critical of the management of universities and colleges. It has sought the introduction of corporate models of governance and an increase in the influence from outside in the steering of higher education institutions. There have been a number of initiatives, largely from outside the sector, to 'modernise' institutional leadership, governance and management in line with reforms that have taken place in the business world. The following are just some of the most recent and prominent developments:

- A series of guidelines on good practice issued by the Committee of University Chairmen (the external chairs of the university governing bodies in the UK) (from the mid-1990s onwards: latest edition, 2004).
- The Lambert Code of good practice for governing bodies published in a Government-commissioned report on business-university collaboration (2003).
- Increasing pressure on the Universities of Oxford and Cambridge to radically reform their governance arrangements (from the late 1990s onwards).
- The establishment of the Leadership Foundation for Higher Education (LFHE) which provides advice, support and training in the development of governance and management for universities and colleges in the UK (since 2004).

However, apart from the LFHE, these initiatives are predominantly concerned with the governing bodies of universities and colleges, rather than governance *throughout* the institution, for example, at programme, department and school or faculty levels. Certainly, these initiatives have reinforced the trends towards managerialism. However, Michael Shattock has questioned how far these policy and structural changes have actually led to changes in the organisational and professional cultures of higher education institutions and, indeed, to improvements in institutional performance<sup>31</sup>. It is pertinent to ask whether the

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<sup>30</sup> Henkel (2007) *Op. Cit.* p9.

<sup>31</sup> Shattock, Michael (2006) 'University Governance and the Role of the State', in McNay, I (ed) *Beyond Mass Higher Education*, London: Open University Press/Society for Research in Higher Education, pp209-216.

changes in the academic profession and the administrative workforce merely reflect these policies or whether they are also, partly, a reaction to them? Gary Rhoades<sup>32</sup> has suggested that “the academy internally develops and internalises market based governance structures”, but I am not convinced this is uniformly the case.

So, to summarise this paper so far: increasingly, UK higher education is characterised by a market-orientation in which the self-interested actions of the individual institutions reinforce and modify the existing vertical stratification. This makes it more and more difficult for the parties to work collectively in the best interests of a ‘higher education sector’, let alone in the public interest.

### **3. Universities UK: its role, functions, structure and the problems and challenges it faces**

This section focuses on Universities UK, its role, functions, structure and the problems and challenges it faces.

#### **The role and functions of Universities UK**

The present organisation was originally formed as the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom (CVCP) in 1918 just before the Government’s original ‘buffer body’, the University Grants Committee (UGC), was established in 1919. It changed its name in 2000 to Universities UK to reflect the work of the organisation and so that the name had a direct link to higher education and a more modern sound to it. Nevertheless, the members are the individual vice-chancellors and principals of the universities in the United Kingdom, as well as the colleges of higher education in Scotland and Wales (but not in England and Wales, which are represented by Guild HE).

Universities UK’s vision: “...is of UK universities that are autonomous, properly funded from a diversity of sources, accessible to all, delivering high quality teaching and learning, and at the leading edge of research of regional, national and international significance.”<sup>33</sup> Its mission: “...is to be the essential voice of UK universities by promoting and supporting their work.” It achieves this by:

- Influencing stakeholders (such as the Government; students, their families and the general public; the professions; employers, business and industry and so on);
- Providing informed policy analysis (on which to base its political lobbying, media relations and submissions to various reviews);
- Co-ordinating sector agencies (such as the Universities and Colleges Admissions Service, the Universities and Colleges Employers’ Association which negotiates on pay and conditions of employment, and the Higher Education Statistics Agency. UUK also recently helped set up the Leadership Foundation and the Higher Education Academy);

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<sup>32</sup> Rhoades (2007) *Op. Cit.* p6.

<sup>33</sup> <http://www.universitiesuk.ac.uk/mission/>

- Providing member exclusive services (such as information on technical issues, research findings, guidance on good practice, negotiating agreements on behalf of the sector, for example, on copyright); and
- Enhancing its own operational efficiency and effectiveness (by reducing costs and ensuring income streams in addition to institutional subscriptions).

### **The key constituent elements of Universities UK**

The *membership* of Universities UK is currently 128 heads of higher education institutions. The new *President* from August 2007 is Professor Rick Trainor, Principal of King's College, University of London, a member of the Russell Group, as was his predecessor. The President is elected by the membership and serves for two years, and he or she continues in their role as head of their institution at the same time. The President chairs the Members' Meetings and the other key committees. Since 1995, the *Chief Executive* has been Baroness Diana Warwick, who was made a life peer in the House of Lords in 1999.

Universities UK has three autonomous National Councils covering England and Northern Ireland, Scotland and Wales. *Universities Scotland* represents the Heads of higher education institutions in Scotland, and *Higher Education Wales* represents Heads of institutions in Wales. The *England and Northern Ireland Council* represents the remaining members on issues that do not have UK-wide implications. The chairs of the three National Councils are the Vice-Presidents of UUK.

The membership of UUK elects a *UK Board* of 24 members including the President, the three Vice-Presidents and the Treasurer. The President nominates up to 6 members to serve on this board. The UK Board is Universities UK's main decision-making body and it meets five times a year.

The *Executive* is a sub-committee of the UK Board and comprises the President, the three Vice-Presidents and the Treasurer. The Executive meets five times a year and acts on behalf of the UK Board as necessary to support and advise the Chief Executive, and authorises action as required when issues arise demanding a response from UUK before the next meeting of the Board. The Executive also undertakes certain routine monitoring, co-ordinating, planning and liaison functions on behalf of the Board and reports the outcomes to the full Board.

More detailed policy work is undertaken by a series of *Policy Committees* listed here.

Employability, Business and Industry Policy Committee

Funding and Management Policy Committee

Health and Social Care Policy Committee

International and European Policy Committee

Research Policy Committee

Student Experience Policy Committee

Teacher Education Advisory Group

The *Longer Term Strategy Group* provides a forum to involve Universities UK members in developing longer-term policy by identifying and debating new issues of potential significance.

This Group aims to strengthen UUK's capacity to set the national agenda for higher education.

This organisational structure is supported by a staff of approximately 55, comprising of the four groups shown here.

- The External Relations and Communications Group manages campaigning and lobbying;
- The Policy Development Group advises on a range of policy and technical issues and supports the Policy Committees and the Longer Term Strategy Group;
- The Research Unit undertakes and commissions research and analysis to support policy development and campaigning; and
- The Resources Group manages finance, personnel and membership issues as well as servicing the key committees.

### **Where has CVCP/Universities UK had most impact in recent years?**

It is revealing to ask where CVCP, now Universities UK, has had most impact in the last 25 years. Of course, it is difficult to separate the effect of the organisation as a whole from that of particular influential universities, like Oxford and Cambridge, and powerful alliances of institutions such as the Russell Group. The following is a personal assessment of its major influences – although these should not be seen as absolute successes, as some of the long term effects have been mixed.

Starting from the early part of this period during Margaret Thatcher's premiership, the management of universities was significantly influenced by what was known in 1985 as the Jarrett Report on university efficiency and management, prompted by the University Grants Committee (or UGC), which gave voice to the pressure for universities to adopt commercial or industrial models of strategic planning in order to achieve efficiencies and seek alternative sources of funds to dwindling UGC grants. This was really the start of the 'managerial revolution' referred to earlier.

Shortly afterwards in 1989, the CVCP resisted an attempt by the short-lived successor to the UGC, the Universities Funding Council, to expand higher education 'on the cheap' by encouraging universities to bid for additional student numbers at lower than the marginal unit cost<sup>34</sup>.

In 1992, when the polytechnics (created in 1965) became universities, the CVCP was prompt in merging with its equivalent (in what had been called the Public Sector of Higher Education [or PSHE]) – the Committee of Directors of Polytechnics. This formed a representative body for all universities that suddenly increased in size from 47 to 100 and offered a united front to the newly formed Higher Education Funding Councils for England, Scotland, Wales and Northern Ireland.

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<sup>34</sup> Tapper, Ted and Salter, Brian (1997) 'Who will speak for the universities? The Committee of Vice-Chancellors and Principals in the age of mass higher education', *Higher Education Quarterly*, 51(2), 113-133

In the mid-1990s, the CVCP provided significant impetus to the National Committee of Inquiry on Higher Education (commonly known as the Dearing Report, after its chair, then Sir Ron (now Lord) Dearing), which helped to achieve recognition of the need for cost-sharing in higher education, with students paying towards the costs of their tuition.

The change of name in 2000 to 'Universities UK' helped to raise the profile of the organisation and its capacity to speak on behalf of universities and enhance its role in the policy-making process. However, this was also assisted by the New Labour Government increasingly focusing on universities and the media's obsession with issues such as unequal access to the most prestigious universities, and rising student debt.

In a series of reports and submissions to the Government's Comprehensive Spending Reviews in the early 2000s, UUK established the gap between existing institutional income and what was needed to fund expansion towards the Government's target of 50% of 18-30 years olds in higher education by 2010.

This certainly helped to build the case for what became known as 'top-up' or 'variable' fees – or allowing higher education institutions to charge up to £3,000 per year to UK (and other European Union) students for full-time undergraduate courses. By negotiating with the various university interest groups and supporting the Government's policy, UUK managed to neutralise the opposition within higher education to 'top-up' fees, at least for the passage of the Higher Education Bill through Parliament in 2004.

It is clear from these few examples that, even when CVCP/UUK has had a significant impact, it is either in support of the existing direction of governments' thinking or a more broadly developing consensus, or it is simply moderating the most damaging effects of government-initiated policies.

In recent years, much of what has been achieved by the sector has not been by the organisation as such, but by its most influential members. For example, a 'lighter touch' teaching quality assurance regime for institutions, the case for reform of the Research Assessment Exercise, and the retention of the 'dual support' system for funding research. HEFCE has probably had more influence on reining in the more interventionist tendencies of the New Labour Government. For example, by setting limits on the concentration of research funding in a handful of universities, and forestalling Government intervention on the provision of teaching of 'strategic and vulnerable' subjects that were susceptible to cuts or departmental closure by institutions.

Indeed, I would argue that some of UUK's policies and pronouncements have actually damaged its reputation among academics and administrators in universities. Many see UUK as the vice-chancellors' club working in the interests of the leaders and senior management in institutions, and not necessarily on behalf of the sector as a whole. But the teaching unions, subject associations and professional associations, such as the Association of University Administrators, have little influence of their own at a national policy level.

### **The main problems facing Universities UK**

So, this discussion indicates where Universities UK's key problems lie.

The Government wants to be able to negotiate with UUK as long as the organisation can 'deliver' the majority of its members<sup>35</sup>, including the most influential universities. The more a body like UUK can help the Government achieve its policy goals, the more influence it can potentially have with ministers<sup>36</sup>. However, UUK has no real influence over its members: it has no sanctions if they do not fall into line, and little in the way of incentives to encourage them if they do not want to 'play ball'.

Indeed, many of the recent developments in policy have increased the divisions among member institutions. During the last decade, devolution has widened the variation between the national higher education systems, particularly between Scotland (which has always had distinctive arrangements) and the rest of the UK. The 2004 Higher Education Act changed the criteria for university title in England, so that institutions applying for this status no longer require research degree awarding powers. Eleven higher education colleges have become universities in the last two years – albeit teaching-orientated and locally-based. They are eligible for membership of UUK, and most have joined. The increased marketisation of higher education has set universities in greater competition with each other for students (both UK and international), research funding and business contracts.

The increased prominence of the interest groups of universities has both contributed to this differentiation within the sector and been caused by it. These groups are becoming mini-versions of UUK, each with a full-time secretariat, their own lobbying capacity, a website and distinctive branding. The three main groupings are:

- The Russell Group, representing 20 research-intensive universities like Oxford and Cambridge;
- The 1994 Group of 19 other smaller, research-orientated pre-1992 universities; and
- CMU (or *Campaigning for Mainstream Universities*) representing 32 post-1992 universities that were previously polytechnics.

In addition, there is a recently formed, loose-knit coalition of 22 pre- and post-1992 universities not aligned to any of the other three groups called, ironically, the University Alliance.

As a result of these increasing divisions, there are fewer and fewer policy issues on which UUK can engineer a consensus among its members. The differences in size and in branding and reputation between its members have become too great for this. Competition for resources as a result of funding constraints and the introduction of quasi-markets has made it harder to achieve a common sense of purpose. It has become increasingly difficult to handle internal conflict as institutional heads place the individual interests of their own university above those of the higher education sector as a whole – or even the interest group to which

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<sup>35</sup> Tapper, Ted (2007) *The Governance of British Higher Education: The struggle for policy control*, Dordrecht, The Netherlands: Springer.

<sup>36</sup> King (2004) *Op. Cit.*



they belong. There are still 35 members of UUK that do not belong to any interest group – even eschewing the less formalised University Alliance.

UUK's messages, as a consequence, have become increasingly bland, reduced to the lowest common denominator and designed not to cause offence to any of the interest groups, and particularly the influential research-intensive universities – which include the 'world class' universities that the Government has become so preoccupied with. UUK's statements, therefore, are often of less interest to journalists than the internal arguments and conflicts between various parts of the higher education sector that leak out from time to time.

This gives UUK and its members an interesting dilemma: institutions have been placed in competitive situations in which they must act in their own best interest and yet, if they wish to influence how the system operates, they need to act with others to shape the overall governing structures and processes<sup>37</sup>. No doubt, the Government and Funding Council will continue to 'consult' with UUK, partly because it always has, but also because it is a more efficient way of getting its message across to the sector, by dealing with one organisation rather than three or four. However, this is not the same as *negotiating* with the universities; the State still determines policy and UUK reacts to it and is only partially engaged with the implementation of some of the policy decisions. Consultation is largely symbolic and unlikely to give rise to substantive policy shifts. In fact, increasingly, the new Prime Minister Gordon Brown's approach is not even to 'consult' – or, to be more accurate, forewarn – universities and their representative bodies about impending policy interventions. In 2006, as Chancellor of the Exchequer, he announced the abolition of the existing Research Assessment Exercise without consultation. Now, as Prime Minister, he has done the same in combining universities with science, innovation and skills for employment in the new Department for Universities, Innovation and Skills, and in announcing improved financial support for students from low income families.

Universities UK recognised some of these divisive issues in a review of its structures between 2004 and 2006. A working party was set up "to define what changes are needed better to accommodate the increasing diversity of institutions in the sector". It eventually made 18 recommendations for change which were to be achieved through four projects. The aims of the projects were to secure:

- increased member engagement and commitment based on more transparent decision-making;
- higher levels of personal contact between members and the UUK office;
- more effective communication; and
- the development of member responsive services and value for money.

Different external consultants were commissioned to undertake each project and produce a separate report.

The focus on structure and communication in this review, rather than organisational purpose, leadership and culture are, in my view, telling. The resulting changes have no doubt had some positive impacts, such as a sharper focus on the needs of members rather than those

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<sup>37</sup> Tapper and Salter (2003) *Op.Cit.*

of the organisation and its more prominent personnel, a concentration on providing value for money, and greater transparency in decision-making. Those managing the review certainly avoided some of the more damaging suggestions that were floated, such as reserving membership of the Board for a certain number of representatives from each interest group and cutting subscriptions so that the secretariat could provide only the most basic services to members. However, the review failed to answer some pressing questions, such as: How can UUK regain a primary position of influence in the policy-making process? What is the optimal balance between advocacy and providing services to members? How can UUK represent the special interests of particular groups of institutions as well as the common interests of the higher education sector as a whole?<sup>38</sup> How can a UK-wide organisation speak for institutions operating in increasingly divergent national systems and – since recent local elections – under different political regimes? The review of structures has not resolved these issues, and so they will re-emerge in the medium term, if not the short term.

#### **4. The challenges for intermediary bodies in the UK and beyond**

In changing recently from the Australian Vice-Chancellors' Committee (AVCC), *Universities Australia* appears to have adopted a more radical approach to reorganisation than UUK<sup>39</sup>. It comes after a decade of division in the sector over how it should be reformed, which had undermined its influence on the Government. The final report of the review that informed this change deliberately portrayed higher education as an *industry* and the AVCC as needing to reconstitute itself as a 'peak body'<sup>40</sup>. In Australia, peak bodies are associations of companies generally established to act on behalf of all members when lobbying government or promoting their interests. In other words, they explicitly recognise competition among their members, but also know that it is possible to improve trading conditions for their industry as a whole. The key developments are that:

- The members are now the universities as institutions represented by their heads, and not just the individual vice-chancellors themselves.
- The new name actually reflects a significant change, rather than being largely a matter of branding, as in the case of UUK in 2000.
- Universities Australia has adopted a more outward-looking statement of purpose and is focusing mainly on advocacy, together with analysis and services to members.
- It is developing a more sustained and strategic approach to advocacy, and ways to pursue common positions while recognising legitimate differences of view.
- It is recruiting a new Chief Executive Officer, who will combine the roles of the AVCC's chief executive with that of the president.

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<sup>38</sup> One notable recent UUK approach is to develop general principles or guidelines on a particular policy area, for example reform of the Research Assessment Exercise.

<sup>39</sup> Universities Australia media release, 'Universities Australia established', 22 May 2007, [http://www.universitiesaustralia.edu.au/content.asp?page=/news/media\\_releases/2007/avc\\_c\\_media\\_09\\_07.htm](http://www.universitiesaustralia.edu.au/content.asp?page=/news/media_releases/2007/avc_c_media_09_07.htm)

<sup>40</sup> PhillipsKPA (2006) *Review of the Australian Vice-Chancellors' Committee*, Richmond, Victoria: PhillisKPA. <http://www.universitiesaustralia.edu.au/documents/publications/corporate/AVCC-Review-Aug2006.pdf>

- The Board will be responsible for identifying those issues on which Universities Australia should speak on behalf of the whole sector and those which are most appropriately left to individual universities or university groups to pursue.

However, in July 2007 the *Group of Eight* research-intensive universities (the equivalent of the UK's Russell Group) divided opinion in the sector with a new and bold plan for deregulation<sup>41</sup>, so it remains to be seen whether Universities Australia can hold the ring.

In a sense, the first challenge for intermediary bodies in the United Kingdom, Australia and beyond, is to understand what is going on and, if they can, to come to terms with it<sup>42</sup>. The key challenges in their relations with governments, then, are:

- Representative bodies achieving sufficient consensus among their members to warrant the Government negotiating with them, and
- Intermediary bodies having real influence on policy in higher education, by formulating proposals, rather than just reacting to Government steering.

The key challenges in their relations with institutions of higher education are:

- Representative bodies reconciling the tensions between exerting political influence and providing services to members that offer value for money.
- Intermediary bodies assisting institutions in rebuilding shared governance and strengthening the academic and administrative heartland.
- Intermediary bodies ensuring that students fully participate in this new approach, rather than being treated merely as passive customers.

However, there are deeper and more fundamental questions to address, such as:

- What does higher education offer apart from increased economic productivity, in the spheres of society, culture, the environment and democratic participation, for example?
- Who are universities' best allies in promoting higher education as being in a good position to make a positive contribution to these spheres?
- How can UUK, UA and other representative bodies help promote real diversity among institutions of higher education in which differences of mission and purpose are more important than status distinctions?

Of course, there are also challenges for governments in the increasingly complex sphere of higher education policy-making: the more fragmented the higher education sector is, the more difficult it is for governments to relate to it. They need the co-operation and engagement of higher education institutions and of the academic community to realise their policies at institutional and departmental levels. They cannot regulate and closely manage the performance of universities and, at the same time, expect them to experiment, innovate, achieve distinctiveness and compete internationally. For the UK Government, in particular,

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<sup>41</sup> Group of Eight (2007) *Seizing the Opportunities: Designing new policy architecture for higher education and research*, Manuka ACT: Group of Eight; 'Go8 plan triggers fears for non-elite', *The Australian*, 13 June 2007.

<sup>42</sup> Tapper (2007) *Op. Cit.*

can the Higher Education Funding Councils act as buffer bodies any more? Are they, in effect, becoming more like planning bodies, and therefore in danger of attempting to manage the performance of institutions?

## 5. Questions for university associations in Japan

This final section offers a number of questions for university associations in Japan, drawn from the foregoing analysis of the UK situation – and the particular position of Universities UK – the recent literature in English on developments in Japanese higher education since the 2004 reforms and the discussion at the conference in August 2007 at which the original version of this paper was first given.

How should university associations position themselves in relation to the contradictory trends of deregulation (of curricula, financial management and staff recruitment) and regulation (through medium-term planning, evaluation and institutional funding allocations)? As Keiko Yokoyama asks<sup>43</sup>, has the mode of co-ordination really changed that much since the incorporation of the national universities? Several other authors have also pointed out that strong governmental control persists, augmented by pressures from external stakeholders and new intermediary bodies<sup>44</sup>. Perhaps there is as much onus on MEXT to avoid micro-managing institutions through the medium-term plans and external evaluation and ensure the flexibility and autonomy that has been promised to institutions?<sup>45</sup>

How can university associations increase their capacity for lobbying the decision-makers, such as those in MEXT and the Ministries of Finance and Local Government? If the associations decide to employ professional lobbyists and media relations experts, how will they pay for them? (Do they need to seek additional sources of income?) Who should they lobby, how and what should be the aims and objectives of campaigning?

What role can university associations play in medium-term planning and external evaluation? Is real negotiation with MEXT and its intermediary bodies possible?<sup>46</sup> As Jun Oba asks, can a real higher education community be built on a genuine culture of dialogue?<sup>47</sup> What is the

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<sup>43</sup> Yokoyama, Keiko (2006) 'Modes of Higher Education Co-ordination: the Cases of England and Japan', *Higher Education Research in Japan*, Volume 3, 85-100.

<sup>44</sup> Goodman, Roger (2005) 'W(h)ither the Japanese University? An Introduction to the 2004 Higher Education Reforms in Japan', in Eades, J S, Goodman, Roger and Hada, Yumiko (eds), *The Big Bang in Japanese Higher Education: The 2004 Reforms and the Dynamics of Change*, Melbourne: Trans Pacific Press; Huang, Futao (2006) 'The Academic Profession in Japan: Major Characteristics and New Changes', in Amimoto, Akira (ed) *Reports of Changing Academic Profession Project Workshop on Quality, Relevance, and Governance in the Changing Academia: International Perspectives*, Hiroshima: Research Institute for Higher Education, Hiroshima University.

<sup>45</sup> Birnbaum, Robert (2004) 'Governance and Management: U.S. Experiences and Implications for Japan's Higher Education', *Reviews in Higher Education*, Research Institute for Higher Education, Hiroshima University, No.80 (July): 1-25.

<sup>46</sup> Yokoyama (2006) *Op. Cit.*

<sup>47</sup> Oba, Jun (2007) 'Incorporation of National Universities in Japan and its Impact upon Institutional Governance', in *Changing Governance in Higher Education: Incorporation*,

purpose of evaluation? For organisational learning and development? To increase competition and the marketisation of higher education? To impose universal standards on all universities? There are many different reasons for evaluating institutions, and the purpose ought to determine the approach and methodology to be used. Can evaluation lead to real improvement and innovation, rather than game-playing and risk aversion (as in the UK) by universities? Who will train and evaluate the evaluators? In particular, can the university associations assist the evaluation and accreditation bodies in finding more appropriate ways of evaluating education and research processes?<sup>48</sup> If performance indicators are to be developed for universities, how can the associations ensure that the indicators used actually measure quality, and not just what can be measured? What role will research in higher education play in this, for example, can it help to promote 'evidence-based' policy-making?

Do the national university corporations and private universities have increasingly common interests? Especially as the national university corporations are being encouraged to augment their income from external sources and competitive MEXT funding streams have been opened up to private universities. Should the different university associations seek to collaborate where the interests of their members start to converge? International exchange of students is, perhaps, one area that university associations of all types can collaborate on. Can the vertical hierarchy of institutions be turned into a series of horizontal distinctions between different university missions that have equal status as well as a diversity of purposes?

How can university associations encourage institutions to involve academics and students more in decision-making and the governance of their institutions?<sup>49</sup> Is there a national role for guidance, advice, support and training? If there is, do university associations have a role to play in this? Should external members of the administrative councils and governing boards be more aware of the importance of academics' and students' involvement?

Are there parallels between the developments in the governance of universities and changes in the governance of university associations? Perhaps both need to ensure the quality and transparency of their decision-making, meaningful input from external stakeholders and the prioritising and focusing of efforts. The presidents – at least of the National University Corporations – now have considerable power and influence. How can university associations help to ensure there are no governance failures, where a president becomes too powerful, to the detriment of the university? How can the associations represent all parts of a university, and not just its leadership?

The management capacity of universities needs to be enhanced, with new people and new expertise. What is the role of the Centre for National University Finance and Management in this? Is it working together with the university associations in providing training, support, advice and funding for appropriate initiatives in this area? Are there new postgraduate courses catering for administrators and managers at different points in their careers?

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*marketisation, and other reforms – A comparative study*, COE Publication Series No. 29: pps 15-36, March, Research Institute for Higher Education, Hiroshima University.

<sup>48</sup> Oba, Jun (2005) 'The Incorporation of National Universities in Japan: Initial Reactions of the New University Corporations', *Higher Education Management and Policy*, 17(2): 105-125.

<sup>49</sup> Oba (2007) *Op. Cit.*

In particular, how can university administrators' and managers' understanding of the processes of education and research be enhanced, so that they can administer and manage them better? Are there professional associations in which specialist managers can share experiences and offer each other support? Are academics being prepared for management roles? Is the Government providing sufficient funding for this? For, if university managements focus on operational matters rather than the core functions of the university, the quality of education and research may suffer. If they ignore the cultural dimension of universities and, in particular, the management of change, the reforms they try to introduce will more often fail<sup>50</sup>.

Is enough being done to raise the status of education in relation to research in the National University Corporations?<sup>51</sup> More so, are the links between research and teaching being made, and strategies put in place to maximise the synergies? What is the role of the intermediary bodies in this?

The steady reduction of the public funding for higher education in the UK led to a decline in the quality of university buildings and facilities. Mr Aizawa, President of the Japan Association of National Universities, has publicly expressed his concern about this happening in Japan, too<sup>52</sup>. What can the university associations do to highlight the problem and reverse this trend?

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<sup>50</sup> Birnbaum (2004) *Op. Cit.*

<sup>51</sup> Amano, Ikua and Gregory S Poole (2005) 'The Japanese University in Crisis', *Higher Education*, 50: 685-711.

<sup>52</sup> Oba (2007) *Op. Cit.*