

# HEFCE business plan 2011-2015

## Principles, priorities and practices



2011/34

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# Foreword



At a time of significant economic, social, cultural and environmental challenge, higher education has a vital role to play. Universities and colleges generate the skills, knowledge and insights that help us to tackle the big national and global issues. They pursue

educational excellence, promote diversity and creativity, and provide social and intellectual leadership.

The success of higher education in England depends in large part on the commitment of its staff and students to high-quality learning and teaching, research and knowledge exchange. These activities are interdependent; they cannot be teased apart. Taken together, they are greater than the sum of their parts. They have intrinsic value, and they make a major contribution to society and the economy.

HEFCE is well-placed to understand and respond to these interdependencies. Our roles and responsibilities span all three activities. Over the period of this business plan we will continue to support continuous improvement in learning and teaching, invest in world-leading research and support high-performance knowledge exchange activity. We will also maintain our commitment to widening participation in higher education, and to encouraging a diverse and flexible range of provision. We will continue to monitor the financial health of institutions, and to support progress on efficiencies and environmental responsibility.

This is a time of considerable uncertainty for higher education. HEFCE's primary aim is to support a smooth transition to the new funding and regulatory arrangements, with minimal disruption to students, universities and colleges. We will do this in partnership with universities, colleges, students, other higher education bodies, charities and businesses.

The Government's reforms aim to put students at the heart of higher education, and propose a new role for HEFCE, to protect and promote the interests of students. Our commitment to this goal will be unequivocal, and it will drive everything that we do.

During a time of significant change, HEFCE will be guided by the principles of opportunity, choice and excellence in higher education. We will respect institutional autonomy, and we will strive always to be open, impartial, fair and objective.

HEFCE will continue to be a passionate advocate for the value and importance of higher education. For people of all backgrounds, higher education can be a life-changing experience. Universities and colleges enhance our understanding of the world, develop creativity, innovation and enterprise in their students and staff, and deliver significant economic and social benefits. We will not lose sight of this wider purpose, and this bigger picture, as we work to deliver the objectives set out in this plan.

A handwritten signature in blue ink, which appears to read 'Alan Langlands'. The signature is written in a cursive style.

**Alan Langlands**  
Chief Executive

# Introduction

1. HEFCE will play a pivotal role in delivering the Government's vision for the future of higher education in England. We set out our aims and ambitions for the next few years in our strategy statement, 'Opportunity, choice and excellence in higher education' (HEFCE 2011/22), published in July. Now, this business plan describes in more detail what we need to achieve, and how we will do it.
2. At the heart of our work is continued support for the core academic activities of learning and teaching, research, and knowledge exchange. Through these activities and their outputs, universities and colleges<sup>1</sup> support a strong and successful economy and society. Our integrated approach to regulating and investing in these activities ensures that public money can be used to deliver the greatest benefit to students and the wider public.
3. We will encourage continuous improvement in higher education. We are working with universities, colleges and other partners to develop high-quality, accessible information for students, prospective students and others. We will maintain a clear focus on fair access and widening participation.
4. High-quality research and knowledge exchange are essential to keep the UK at the forefront of the global knowledge economy. HEFCE will continue to be the single biggest funder of research in the UK. We are on course to implement the new Research Excellence Framework from 2014, and we will continue to strengthen the research base through the dual support system. We will provide performance-based funding for knowledge exchange activity.
5. All of these activities – learning and teaching, research and knowledge exchange – are inextricably linked. They benefit from and influence one another, and the drive to explore, learn and share knowledge is the force behind all three. HEFCE understands these interdependencies, and the crucial importance of an integrated approach as the new arrangements take shape.
6. The Government proposes HEFCE as the new, independent lead regulator for the higher education system. We will need to carefully consider how we can regulate intelligently to protect the interests of students and to ensure the best use of public money.
7. We will need to understand the impact of the Government's reforms on students, universities, colleges, and the wider higher education landscape. To aid this, HEFCE will build on the work we currently do to monitor trends in the system and use this to inform and prompt action.
8. Significant change brings significant challenge, but HEFCE has a proven capacity to adapt and respond to new challenges and opportunities. Our staff are experienced, committed, and experts in their field. Where our new areas of work call for further skills and knowledge, we will help our people to develop them and, if necessary, draw on external expertise.
9. This business plan describes the things we know we have to do, and how we intend to do them. However, we are in a period of rapid change and key aspects of our work are subject to consultation or awaiting further clarification. We will be forward-looking and flexible, and will review this plan regularly to ensure that it reflects new issues and priorities as they emerge.

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<sup>1</sup> We use the term 'universities and colleges' throughout this plan to refer to the full range of organisations that conduct higher education teaching, research and knowledge exchange. This includes higher education institutions, further education colleges which provide higher education, and alternative and new providers of higher education courses.

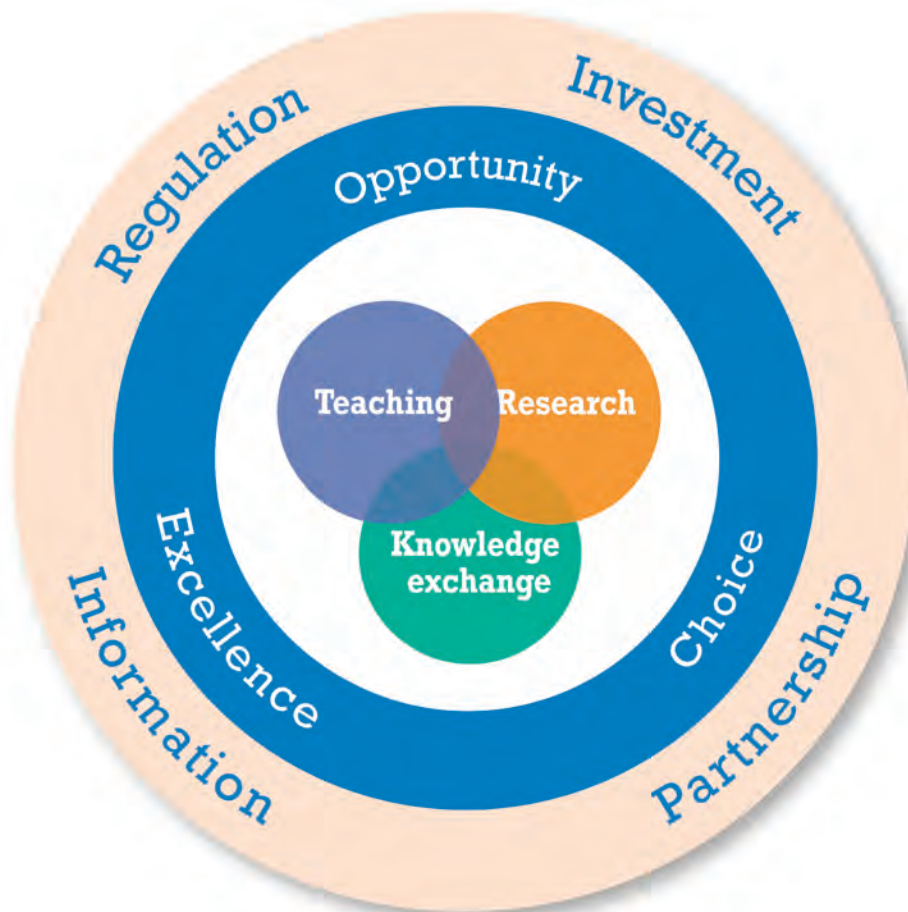
# A framework for transition and beyond

10. The diagram below illustrates HEFCE's view of how it will approach the challenges and opportunities of the next few years:

- we have identified three key **principles** – opportunity, choice and excellence – that will inform our work over the coming years
- our **priorities** are to continue to support the core academic activities: learning and teaching, research and knowledge exchange

- the ways in which we will deliver our objectives – our **practices** – will include an emphasis on high-quality information; a proportionate approach to regulation; investment for public benefit; and a commitment to working in partnership with government, students, universities, colleges, and key national agencies.

11. Our role in safeguarding the collective interests of students runs through all of our work.





# Our principles

12. The principles of opportunity, choice and excellence will guide our work over the period of this business plan.

## Opportunity

13. People with the potential to benefit from higher education should have the opportunity to do so, regardless of their income or background. Widening participation in this way, extending opportunities to other non-traditional learners and supporting them throughout their higher education, brings considerable public benefit. It encourages a higher education offer that is socially and culturally distinctive; and it creates a diverse student population that is essential to vibrant intellectual enquiry and a resilient knowledge economy.

14. It is also essential that the principle of opportunity extends to postgraduate taught programmes and research students, and that study in England remains open to overseas students at all levels.

15. HEFCE will work with the Office for Fair Access (OFFA) to monitor the impacts of the new funding arrangements on diverse groups of learners and potential learners, and to ensure that initiatives on student support deliver their objectives.

## Choice

16. HEFCE will support a higher education sector that offers a diverse, flexible range of provision, embracing all academic disciplines and building on the wide range of qualifications currently available through full- or part-time study and accelerated learning. We will help potential students to access the information they need to make informed choices about what, where and how to study.

## Excellence

17. Higher education in England has an excellent international reputation. We need to maintain and build on this reputation. This means a renewed commitment to high-quality provision that is more responsive to student choice, which provides the best possible student experience, and which helps improve social mobility. Equally, we will continue to promote world-leading research through the dual support system, and to fund high-performance knowledge exchange activity.

# Our priorities

18. High-quality learning and teaching, research and knowledge exchange are the essential elements of a successful higher education system. They play a vital role in contributing to social mobility, a strong economy and national wellbeing, and they enrich the lives and experiences of students.

19. The interests of students must be safeguarded from the very moment they start to make their choices about their higher education. Students should always be assured of a high-quality experience of higher education.

20. Alongside this, we recognise that the activities of teaching, research and knowledge exchange are interrelated. Having a broad remit that covers all of these activities gives us the opportunity to ensure that policies in each area are complementary. We will harmonise our approaches to funding and regulating each of these activities to ensure that in combination they deliver maximum benefit to students and the public.

## Financial context

21. In academic year 2009-10, HEFCE allocated nearly £8 billion<sup>2</sup> to universities and colleges, the large majority of which was paid to higher education institutions. This represented 36 per cent of English HEIs' total income of £22.2 billion<sup>3</sup>.

22. HEFCE's total funding allocation for 2011-12 is £6.5 billion (see 'Recurrent grants for 2011-12', HEFCE 2011/07). This represented cuts of £572 million in recurrent funding and £1,040 million in non-recurrent and capital funding from the 2009-10 position (as announced in 'Recurrent grants for 2009-10', HEFCE 2009/08).

23. These reductions were not offset by any increase in income from regulated fees. From 2012-13, however, the reductions in HEFCE grant will be replaced by fees from students as successive cohorts paying up to £9,000 per year enter universities and colleges. The 2010 grant letter to HEFCE from the Secretary of State indicated that by 2014-15 cash from HEFCE (including research but excluding capital) and tuition fees from students would increase in total by nearly 10 per cent<sup>4</sup>. This would restore some of the previous reductions.

24. Within these totals research funding continues to be ring-fenced and has been protected in cash terms in the 2010 spending review. Although, this implies real-terms reductions between 2011-12 and 2014-15 of 8 per cent<sup>5</sup>, the level of reductions was much lower than in other areas of public expenditure. Higher Education Innovation Funding is also ring-fenced and maintained in cash terms at £150 million per year until 2014-15.

25. Recent reforms to introduce greater selectivity into research funding and performance measures into HEIF will mean this funding is more targeted than at present.

26. Pressure to maintain the volume and quality of research output with diminishing resources poses risks to the renewal of research infrastructure. Research capital reductions of £335 million<sup>6</sup> between 2009-10 and 2011-12 will lead to pressures on our ability to support the full economic cost of research and for institutions to invest in the infrastructure necessary to sustain the research base in the longer term. The efficiencies identified by the Wakeham Report<sup>7</sup> will need to be secured in order to manage these pressures.

<sup>2</sup> £7,994 million was allocated in March 2009. This included some capital funding brought forward from 2010-11 and some monies allocated to higher education providers in the further education sector. See 'Recurrent grants for 2009-10' (HEFCE 2009/08). All HEFCE publications are available at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs)

<sup>3</sup> Source: Higher Education Statistics Agency finance record. Figure for total income of higher education institutions in England. See [www.hesa.ac.uk/dox/dataTables/finance/download/staffin0809-0910.xls?v=1.0](http://www.hesa.ac.uk/dox/dataTables/finance/download/staffin0809-0910.xls?v=1.0)

<sup>4</sup> Grant letters to HEFCE from the Secretary of State can be read at [www.hefce.ac.uk/finance/fundinghe/grant/](http://www.hefce.ac.uk/finance/fundinghe/grant/)

<sup>5</sup> Based on Gross Domestic Product (GDP) deflator figures from Office for National Statistics. GDP deflator is currently running more than two percentage points lower than Retail Price Index inflation. GDP deflators (actual and projected, converted to academic years by HEFCE): 2009-10: 2.08 per cent; 2010-11: 2.95; 2011-12: 2.77 2012-13: 2.57; 2013-14: 2.70; 2014-15: 2.70. Retail Price Index (actual): Aug 09-Aug 10: 4.7 per cent Aug 10-Aug 11: 5.2 per cent. Sources: Office for National Statistics; [www.thisismoney.co.uk](http://www.thisismoney.co.uk)

<sup>6</sup> Comparisons between HEFCE research capital allocation 2009-10 (excluding capital brought forward) and HEFCE research capital allocation 2011-12.

<sup>7</sup> 'Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institutions: Report of RCUK/UUK Task Group' (Universities UK/Research Councils UK, June 2010), available in full at [www.rcuk.ac.uk/documents/reviews/fec/fECReviewReport.pdf](http://www.rcuk.ac.uk/documents/reviews/fec/fECReviewReport.pdf)

27. The HEFCE teaching grant under the new funding arrangements will still be significant at around £2 billion. However, there will also be significant calls on this funding to achieve objectives that are set out in the June 2011 higher education White Paper. This will require prioritisation between competing objectives and hard policy choices, for instance between subjects that are considered strategically important and vulnerable.

### Additional risks

28. There is a significant additional risk to all of these figures. In February, the Minister of State for Higher Education, David Willetts, warned that, were universities and colleges to charge average fees above £7,500, the resulting pressure on the student support budget could lead to further reductions in HEFCE grant:

‘If the average of charges comes out higher than the £7,500 which we have used as a modelling assumption, we will have to consider the option of meeting that increased cost to the student finance budget by making offsetting reductions in the remaining HEFCE grant.’ (Speech to Universities UK Spring Conference 25 February 2011; see [www.bis.gov.uk/news/speeches/david-willetts-uuk-spring-conference-2011](http://www.bis.gov.uk/news/speeches/david-willetts-uuk-spring-conference-2011)).

29. OFFA has calculated that the average fee level for 2012-13, once fee waivers are taken into account, will be £8,161 (see ‘Access agreement data tables for 2012-13’, OFFA 2011/3). However, average fees and their uptake may be lower in practice, which would reduce the financial exposure.



# Learning, teaching and student choice



30. Higher learning has intrinsic value, supporting personal and intellectual development for individuals. When we are inspired to explore and enquire about the world around us, our lives become richer. Those who have developed enquiring minds, as well as specific skills, enter the world of employment more able to innovate, make improvements, and deliver good products and services. Higher education in all its forms, from part-time, work-based learning to full-time doctoral study, is crucial to a knowledge-based economy and to long-term prosperity.

31. Graduates also bring qualities gained from their student experience into their wider lives and society; their education benefits them, and the economy and society in which they live. And some go on into academic careers, maintaining the cutting-edge research for which our universities and colleges are renowned and passing on their own knowledge and inspiring further learning. With almost a quarter of a million undergraduates graduating each year in England alone<sup>8</sup>, higher learning is clearly a valued component of life for many people, central to our national fabric and many of our nation's successes. Those who have the potential to benefit from and succeed in higher education should have access to it.

32. The systems for funding higher education learning and teaching are changing. Under the new arrangements, students' decisions will play a larger part in determining where funding goes. Where HEFCE retains a role in ensuring costs to the public purse are managed, this will be in a context of greater competition. But the most powerful drivers of improvement will be the students themselves, who will have high expectations of all aspects of their experience of higher education.

33. HEFCE will ensure that universities and colleges deliver high-quality education by supporting continuous improvement of teaching, learning and assessment in all their diverse forms. We will work with the Quality Assurance Agency for Higher Education (QAA) and others to develop a proportionate, risk-based quality assurance system that also encourages improvement in

those universities and colleges authorised to recruit publicly funded students.

34. HEFCE supports activity and policies that raise aspiration and attainment pre-higher education and also places an emphasis on supporting students to succeed and graduate successfully. To make informed choices, prospective students need to know about the available options. By listening to their needs and working with partners, we will extend and enhance the information available about universities and colleges and their courses, including developing the Key Information Set (KIS).

35. The Government wishes to increase dynamism and competition between providers of higher education, so the best can expand and to encourage new providers to enter the system. To enable the system to respond to student demand and choice, we will seek to free up student number controls, while controlling overall costs in an orderly, well-managed way.

36. Although the majority of teaching funding will be directed through fees, a substantial direct public investment will remain. We will use this to ensure, among other things, that opportunity, choice and excellence are maintained, by targeting support at high-cost subjects, small and specialist universities and colleges, and the extra costs of attracting and retaining students from disadvantaged backgrounds.

37. HEFCE will continue to support higher education's contribution to social mobility. We will encourage all universities and colleges to take a strategic approach to widening participation, meeting the needs of a diversity of people at all stages of the student life-cycle through all provision and processes. Such an approach will provide a framework within which universities and colleges can undertake activities funded by additional fee income and any targeted investments we make.

38. The sections on [regulation](#), [investment](#) and [information](#) explain how we will do all of this in practice.

<sup>8</sup> HESA Table 5a - Qualifications obtained by students on HE courses at HEIs in the UK, available at [www.hesa.ac.uk/dox/pressOffice/sfr153/SFR153\\_table\\_5a.pdf](http://www.hesa.ac.uk/dox/pressOffice/sfr153/SFR153_table_5a.pdf)

## HEFCE's objectives for learning, teaching and student choice are:

- To continue to develop a more risk-based system that assures quality in universities and colleges that are authorised to recruit publicly funded higher education students, including a wider range of further education colleges and alternative providers.
- To extend and enhance the information about higher education that is available for students, prospective students and others with an interest (including careers advisers, students' families and employers).
- Subject to consultation in early 2012, to target teaching funding towards high-cost subjects and activities, such as widening participation, which have a clear public benefit and which may not be fully funded by tuition fees.
- To work with partners to understand and respond to subjects that prove vulnerable as a result of the reforms and other changes, to monitor the demand and supply for key subjects, to understand the higher-level skills valued by employers, and to address these issues.
- To support: the continuous improvement of teaching, learning and assessment; diverse forms and modes of provision; the effective use of learning technologies; and the increased accessibility and use of open educational resources.
- To develop, through consultation with the sector, an approach to managing student numbers that meets the Government's twin aims of increasing competition and driving up quality, while keeping student support affordable.
- To work with universities, colleges, OFFA and other partners to ensure that the higher education sector continues to extend opportunities to participate in undergraduate and postgraduate programmes, and contributes effectively to increased social mobility.

## Key activities

### Developing a more risk-based quality assurance system

39. We will continue to work closely with QAA and monitor the introduction, in academic year 2011-12, of the new Institutional Review method for assuring academic quality and standards in universities and colleges in England.
40. From October 2011, we will oversee QAA's consultation on a new method to review higher education provision in further education colleges, to be introduced from academic year 2012-13.
41. We will support work to revise the agreed set of reference points, known as the Academic Infrastructure, that guide policies for maintaining academic standards and quality.
42. We will consult in 2012 on the introduction, from academic year 2013-14, of a risk-based approach to quality assessment that would substantially decrease regulation for low-risk providers.
43. In the run-up to 2013-14, we will work with QAA to better align processes for reviewing quality across different forms of higher education provision.

### Enhancing information to support student choice

44. We will work to extend and enhance the information about higher education that is available for prospective undergraduate students by:
  - implementing the KIS for the majority of undergraduate courses by September 2012
  - merging the data currently available on the Unistats web-site with the KIS to create a single portal for information by September 2012
  - advising on the publication of anonymised information about staff teaching qualifications, fellowships and expertise at all levels by April 2012
  - pursuing improved ways to publish graduate salary and employment data on the Unistats web-site and its successor
  - working with the National Union of Students (NUS) to advise universities and colleges on ways to publish student evaluation surveys on their web-sites by 2013
  - reviewing, by September 2012, how much student charters, or similar high-level statements that set

out the mutual expectations of universities and colleges and their students, are used and whether they should be made mandatory.

## Targeting funding for teaching at priority areas

45. In 2012, we will seek views on a new method for funding teaching from 2013-14 that will reflect the new fee arrangements, government priorities and changes to the regulatory framework for higher education. This consultation will consider how we should target our investment, including funding for widening participation, high-cost and vulnerable disciplines, and accelerated and intensive provision.

46. Subject to future government spending decisions, we will continue to support the teaching of all students who entered higher education before 2012-13 for the duration of their programmes in a way that minimises instability and administrative burden for universities and colleges.

## Supporting continuous improvement of teaching

47. We will work closely with the Higher Education Academy (HEA), NUS and other organisations to promote teaching excellence and enhance students' experiences throughout the higher education system.

48. We will review the National Student Survey in 2014-15 and use the review outcomes to advance the survey and its use to enhance quality.

49. Where funding is available, we will invest in specific projects and programmes to enhance the quality and flexibility of educational provision and students' experiences. Recently, these have included Open Educational Resources, student engagement and forms of provision that are diverse and more flexible.

## Developing our approach to managing student support costs

50. In 2012, we will seek views on managing overall student support costs for 2013-14 onwards, with a revised student number control system, potentially to include controls for part-time students and for those on courses offered by alternative providers.

51. We will create a 'margin' of 20,000 student places for 2012-13, available through a bidding process to

those universities and colleges charging average tuition fees of less than £7,500 net per year.

52. We will revise student number controls for 2012-13 to enable universities and colleges to recruit without restriction those students who have qualifications equivalent to AAB or higher at 'A' level.

53. In 2012, the Government may ask us to consult on how we can make the system more responsive by increasing competition for a larger proportion of student places from 2013-14. We will develop advice about extending opportunities for employers and charities to sponsor programmes, including, potentially, incentives for upfront fee payment by employers.

## Supporting social mobility

54. In our consultation on our future teaching funding, we will seek to ensure that any future allocation to support widening access and student success is appropriately targeted and delivered to recognise the additional costs for universities and colleges of extending successful participation to diverse learners.

55. We will continue to ensure that our work complements rather than duplicates that of OFFA, and to manage any areas of overlap.

56. We will continue to require information from universities and colleges on their overarching strategy for widening access, student success and contributing to social mobility.

57. We will investigate how we can more effectively support progression into postgraduate study for students from disadvantaged backgrounds, and provide a focus on broader graduate outcomes for such students.

58. We will ensure that the legacy of programmes such as Aimhigher and the Lifelong Learning Networks is secured, and that the lessons learned are available to inform future approaches to outreach and progression activity.

59. We will continue to analyse participation data to gain early warning of any changes in national rates or patterns of participation that might signal new trends. Within this we will ensure that we are aware of any changes in participation in groups with protected characteristics under the Equality Act 2010.

60. We will continue to encourage universities and colleges to recognise and act upon issues of equality and diversity as they affect students with protected

characteristics under the Equality Act 2010. We will look to do this through the submission of widening participation strategic documents and by monitoring the allocation of widening participation funding.

61. We will continue to monitor how the reforms affect policy and practice in universities and colleges by convening a reference group of widening participation officers and practitioners.

### **National Scholarship Programme**

62. We will manage and administer the National Scholarship Programme on behalf of the Department for Business, Innovation and Skills (BIS).

63. Working with BIS and other partners, we will continuously enhance and improve the programme to provide the best possible outcomes for students.

64. We will manage the formative evaluation of the programme which will commence in the autumn of 2011 and will run alongside the programme for its first three years of operation. A final report will be delivered in July 2015.

# Research

65. We want higher education in England to continue to lead the world in developing new knowledge and fundamental insights. The research base in our universities and colleges plays a key role in driving economic and cultural prosperity and national well-being, attracting investment in research and development, and giving the country a competitive edge.

66. Sustained public investment in our universities and colleges has produced a steady stream of groundbreaking research and an exceptional flow of highly talented people, supporting a research base that ranks second in the world for excellence and is the most efficient in the G8 group of major economies. We have the potential for our universities and colleges to continue to be leading sources of the most significant research findings.

67. HEFCE funding for research supports universities and colleges in maintaining coherent, integrated research groups across a broad range of fields, well-informed by and well connected to excellent research elsewhere in the UK and the world, by:

- providing the baseline capability on which research funded from other sources can build
- underpinning short-term grant funding from private and public sources
- maintaining the physical and human infrastructure needed to attract further public and private investment
- supporting the capacity and freedom to innovate – universities can deploy our funding at their discretion, so they can invest in new areas of research including untried fields and lines of enquiry
- supporting doctoral students and early-career researchers, helping to build the knowledge economy
- supporting the next generation of researchers, taking a long-term and sustainable view of research needs across all subjects.

68. We ensure that our funding is used effectively and efficiently by:

- funding selectively to reward evidence of performance, impact, and the best environments for conducting world-leading research

- encouraging collaborations that improve efficiency and effectiveness
- understanding and influencing the drivers for research that contributes substantially to societal and economic development
- encouraging universities and researchers to engage with business and the broader public, to inform research directions and disseminate the direction and outcomes of research
- ensuring our input complements that of other research funders, notably the Research Councils (in the dual support system) but also charities and businesses, to ensure maximum return on investments.

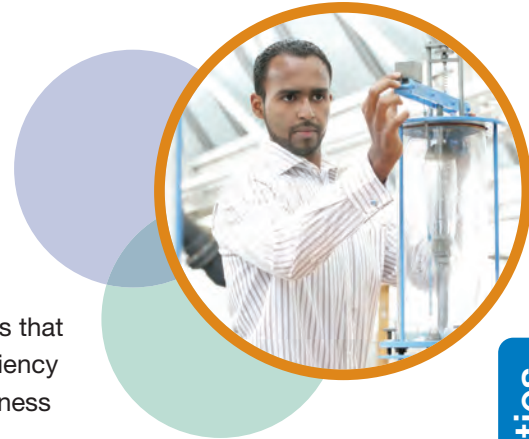
69. We welcome the recent government decision to ring-fence recurrent funding for research until 2015. This will maintain and strengthen excellent research capacity through a period of funding constraint, and ensure that high-quality research is disseminated and shared for maximum impact.

70. Channelling our funding for research through the dual support system helps to stimulate creative, groundbreaking research while supporting efforts towards national priorities. In the longer term, we will increase this emphasis on the contributions of higher education research to economic health and national wellbeing, through our assessment of and credit for impact in the Research Excellence Framework (REF).

71. The REF is the new UK-wide system for assessing the quality of research in UK universities and colleges. It is a framework for the expert review of submissions made by universities and colleges, and it will provide an efficient way to help us to direct our future investment activity. The REF is collectively owned by universities, colleges and the academic community, working with the four UK funding bodies.

72. It will provide:

- assessment outcomes that will inform the UK funding bodies' selective allocation of research funding to universities and colleges from 2015-16





- accountability for public investment in research and evidence of the benefits of this investment
- benchmarking information and reputational yardsticks.

73. The success of our continued investments in high-quality research depends on our strong relationships with other funders of research: the Research Councils, charities and industry. We are committed to maintaining and building these relationships, and will work closely with our partners to maintain the strength and diversity of the national research base, including the health of key disciplines.

### HEFCE's objectives for research are:

- To maintain the strength and dynamism of the research base through the selective allocation of grant funding based on quality, and by working closely with other funders including the Research Councils.
- To implement the Research Excellence Framework in 2014 as a basis for future funding allocations and to help provide robust public information about the achievements of the higher education sector.
- To support institutions in training and developing the next generation of excellent researchers.
- To encourage and enable universities and colleges to undertake excellent research funded from a variety of sources including international research agencies, businesses and charities.

## Key activities

### Funding selectively, on the most recent information, so that the best current performers are rewarded, thus providing incentives that maintain the strength and dynamism of the research base

74. We will fund internationally excellent research through the selective allocation of mainstream quality-related research funding. By March 2012 we will revise the method for allocating our QR funding to ensure that we invest preferentially in departments, universities and colleges with a strong track record in research of world-leading and international excellent quality (4\* and 3\* in the 2008 Research Assessment Exercise). To maintain this level of funding universities and colleges will have to demonstrate their success in an expert review system.

### Implementing the Research Excellence Framework to provide an improved method of research assessment

75. The first REF in 2014 will enable universities and colleges to showcase and be rewarded for their excellent research and its economic, cultural and social impact. In determining an overall quality profile, REF panels will assess evidence provided by institutions of: the rigour, originality and significance of their research; the reach and significance of the non-academic impact of their research; and the vitality and sustainability of their research environment. In January 2013, we will launch the REF submission system and guidance, ready to receive submissions by 29 November 2013. The outcomes of the REF will be published in December 2014, and from 2015-16 we will reward universities and colleges for the impact their excellent research has achieved.

### Developing the next generation of excellent researchers

76. Through the REF, we will give explicit credit to an institution's policies and practices for developing research staff, and for developing the next generation of highly qualified, research-trained people who will work across the national and global economy as well as within the higher education sector.



77. We will continue to embed good practice in equality and diversity in research careers, through training material we have developed with Vitae and the Equality Challenge Unit, and through our support for the Research Careers Concordat.

### **Encouraging universities and colleges to conduct excellent research with, and co-sponsored by, private companies and other organisations**

78. We will continue to reward universities and colleges through our funding allocations for the research they undertake in support of businesses and charities. In partnership with those other funders, we will develop research policy and directions that make the most efficient use of private and public funding.

### **Exploring and developing the role of impact in assessing research quality**

79. We will build on the REF pilot impact exercise, REF2014, academic work in assessing the impact of research and an understanding of best practice elsewhere, to investigate how research directions are influenced by attention to impact.

### **Encourage efficiencies and better research**

80. Working in partnership with other research funders, including the Research Councils, and with the universities and colleges that we fund, we will:

- encourage universities and colleges to implement proper costing and pricing for research and to reduce the indirect costs associated with research and related postgraduate training
- explore where collaboration – for example, through greater sharing of research equipment and infrastructure – can deliver both efficiencies in the conduct of research and synergies that lead to new research developments.

81. Savings achieved in quality-related research (QR) funding through greater efficiency will be reinvested within QR.

### **Encourage wider access to research data and to research outputs**

82. Working in partnership with other research funders we will support the sharing and curation of research data and outputs, and wider access to them.

# Knowledge exchange



83. The UK competes in an increasingly knowledge-based world economy and our universities and colleges support this with research, ideas, expertise and by teaching the skills the workforce needs. 'Higher Education – Business and Community Interaction Survey: 2009-10' (HEFCE 2011/25, 'the HE-BCI survey') demonstrates that higher education provided knowledge and expertise worth more than £3 billion to businesses, public and third-sector partners, and the community in 2009-10.

84. Knowledge created by higher education also enriches the development of our society, forming part of the intellectual infrastructure that enables us to reach out to the rest of the world and tackle global challenges.

85. Knowledge exchange – the range of knowledge-based interactions between higher education and business, public and third-sector organisations, communities and the wider public – is linked with both research and teaching. It has become embedded in the missions of higher education institutions (HEIs) since targeted funding was introduced in 1999: an assessment of institutional strategies for knowledge exchange in 2008 judged that knowledge exchange was embedded in institutional mission in 79 per cent of HEIs. It also provides a vital, growing source of income for universities and colleges: HEFCE 2011/25 shows that income from knowledge exchange has increased in real terms by over £800 million since 2003-04.

86. Just as economic and social development is increasingly global, universities also operate globally in knowledge exchange, and practice, performance and policy here is at the leading edge. The 2011-12 World Economic Forum report on Global Competitiveness ranked the UK at number two in the world for higher education-business relations, ahead of the USA which has always previously been regarded as the most successful country in technology transfer and higher education-business links. Indeed, a recent HEFCE-supported research paper comparing US and UK knowledge exchange practice<sup>9</sup> concluded that, nationally, knowledge and technology transfer practice is very similar in both countries, and in October 2010, the US National Academies of Science published a review of university technology transfer in the USA

which recommended that the USA should follow the UK's knowledge exchange approach.

87. HEFCE's allocations of knowledge exchange funding to universities and colleges are described as Higher Education Innovation Funding (HEIF). A comprehensive evaluation in 2009 of the achievements from HEIF to date show its effectiveness and impact, finding that, on average, an investment of £1 in knowledge exchange activities by HEFCE (primarily through HEIF) produced a return of at least £5 ('Evaluation of the effectiveness and role of HEFCE/OSI third-stream funding', HEFCE 2009/15). This investment for universities and colleges to work with business and other partners delivered measurable benefits of between £2.9 billion and £4.2 billion. Since the evaluation further investment of £600 million has been committed for 2011-2015.

88. HEFCE funding for knowledge exchange activities enables universities and colleges to:

- build infrastructure for knowledge exchange activity
- create new forms of knowledge exchange including rapid response mechanisms
- embed legacies from projects funded by other sources
- develop long-term, sustainable relationships with external partners of all sorts and all sectors
- develop capacity and good practice
- increase academic capabilities to work with knowledge exchange partners, adding value to research and teaching, and expanding opportunities
- develop ways to identify, measure and document the impact of working with external partners and feed that back into strategy.

89. To ensure that our funding is used effectively and efficiently, we:

- base it on performance, with strong incentives to improve
- focus on the economic and social challenges faced by the country and link to government policies, so

<sup>9</sup> 'The Higher Education Knowledge Exchange System in the United States' (PACEC, 2011) [www.pacec.co.uk/index.php/publications/easytablerecord/5-publications/204](http://www.pacec.co.uk/index.php/publications/easytablerecord/5-publications/204)

that institutions understand the context of prioritising activity with the highest public benefit (including supporting and encouraging universities to respond to new sub-national economic growth developments, such as Local Enterprise Partnerships, Enterprise Zones, Business Coaching for Growth and the Regional Growth Fund)

- stimulate HEIs to use partnerships and approaches that create long-term, sustainable relationships (ranging from local to global) that are efficient, effective and deliver value for all involved
- work closely with other knowledge exchange and innovation funders so that our policies and actions are complementary and achieve best value overall for public money
- learn, from universities and colleges, what works on the ground, and build close relationships between universities, HEFCE, other funders, Government, and businesses, so that we all act as good partners in the innovation ecosystem
- develop a robust evidence base, including international comparisons, on knowledge exchange activity and the use of our funds, so that we can stimulate improvement in efficiency and demonstrate the return on our investment (including scrutinising evidence provided to us by universities, such as knowledge exchange strategies and HE-BCI data, and providing feedback, benchmarking information and support).

90. We will now build on our past successes to deliver the Government's proposals for the reform of HEIF, focusing on higher performance and demonstrating increased efficiency and effectiveness.

91. We will work with other funders of knowledge exchange and innovation to contribute to the Government's Innovation and Research Strategy and Growth Reviews to be published in autumn 2011.

92. We will work closely with relevant bodies, including the Research Councils and the Technology Strategy Board (TSB), to achieve greater impact from joined-up policies, and to ensure our policies help higher education providers to contribute most effectively to economic and social development regionally, nationally and globally, such as through Local Economic Partnerships. We will continue to support and work with relevant divisions of BIS, including Research Base (on knowledge exchange funding), Innovation (including on impact), Enterprise, Higher Education/Skills, Business (on growth) and Economic Development (on EU regional funding and local approaches to growth).

93. We will also seek new partnerships, working with universities and business-facing agencies, to enhance our understanding of how higher education can most effectively support economic growth; this includes the Council for Industry and Higher Education, and the Big Innovation Centre.

94. HEIF supports the entrepreneurial aspirations and activities of higher education providers, academics and students. We will focus on this contribution to the enterprise agenda, particularly student entrepreneurship, supporting students' efforts to enhance their employability and pursue their own business opportunities.

95. We will improve our evidence base for policy and funding, including international working, and institutional benchmarking and good practice development; and we will target funding at less established knowledge exchange development areas. Notably this will include, in early 2012, taking forward work based on our successful pilot project to promote social entrepreneurship in higher education (that is, enterprises with socially motivated rather than profit-led objectives).

### HEFCE's objectives for knowledge exchange are:

- To support, through our funding, evidence, partnerships and communications, higher education in delivering effective knowledge exchange that meets the highest-priority economic and social challenges, consistent with government policies.
- To allocate innovation funding for 2011-2015 to meet the Government's ambitions for reform and HEFCE's long-term objective of embedding knowledge exchange as a central mission of universities, drawing on excellence in learning, teaching and research.
- To ensure that HEIF delivers value for money, developing a robust evidence base to demonstrate achievements in knowledge exchange and to provide performance improvement data to inform future policy and practice.

## Key activities

### Supporting economic recovery and growth, and longer term policy on higher education-business links, innovation and enterprise

96. We will continue to engage with the Government's forthcoming Innovation and Research strategy and Growth Reviews, ensuring that we understand their implications and acting as appropriate.

97. We will review institutional knowledge exchange strategies to identify, assess and promote effective approaches to addressing the economic challenges of this country and to working more closely and effectively with business. This will include attention to the local contribution that universities can make as 'anchors' in their areas.

### Supporting universities and colleges as interactive partners with business in economic growth

98. We will support opportunities for universities and colleges to innovate in working with business, including internationally, and in addressing economic challenges.

99. We will support vehicles that enable universities and colleges to work with businesses as interactive partners: for example, we will build existing and new relationships with business-focused bodies, including the Council for Industry and Higher Education task forces and the Work Foundation's Big Innovation Centre. We will also support activities whereby universities can set out their own ideas on making higher education-business relationships work, drawing on institutional experience and academic knowledge, and events to help improve performance.

100. We will continue to engage with the Wilson Review of higher education-business links related particularly to higher-level skills and employability and respond to its recommendations.

### Embedding knowledge exchange in HEI missions

101. We will continue our long-term work to embed knowledge exchange within HEIs' missions: meeting a wide range of economic and social needs, including the present economic and social challenges; unlocking the potential across the sector; and making knowledge exchange sustainable, including exploiting synergies with research and teaching.

102. We will assess and approve institutional knowledge exchange strategies and plans for use of HEIF, with support from expert researchers (PACEC consultants) and an advisory group of key external partners (BIS, CBI, Research Councils UK, TSB and enterprise agencies). This will include: consideration of efficiency, effectiveness and how far knowledge exchange has been embedded (including providing feedback and data to support improvement); and analysis of how much and what is being done by universities and colleges with businesses, including local developments, to address the economic and social challenges of this country. By November 2011 institutions will know whether their strategies have been accepted and funding will be released. In the spring of 2012 we will publish an overview of the state of knowledge exchange in higher education, including singling out institutions that are examples of good practice.

### Allocation and monitoring of knowledge exchange funding

103. We will allocate HEIF for 2011-2015 to meet the Government's ambitions for reform (including incentivising higher performance and increased efficiency and effectiveness) and our long-term objective of embedding knowledge exchange in institutional missions.

104. We will provide some targeted funding for under-developed areas of knowledge exchange, notably social entrepreneurship, in spring 2012.

105. From December 2012 to March 2013 we will complete our monitoring of HEIF round 4, and undertake the first round of monitoring of HEIF 2011-2015. Through monitoring, we will: improve our evidence on how effectively universities and colleges are improving performance, efficiency and value for public money; increase our understanding of barriers and enablers; and assess progress to deliver strategies and plans.

### National collaboration in knowledge exchange policy and funding

106. We will maintain our strong connections with BIS, TSB, the Research Councils and enterprise bodies to seek joined-up approaches to knowledge exchange, innovation and enterprise, and to contribute most effectively to economic growth and the Government's growth strategy, as well as to sub-national economic growth developments, such as Local Economic Partnerships.

## International development of knowledge exchange links

107. We will focus on comparisons with leading knowledge exchange practitioner countries, including extending work we have done comparing US-UK practice, to seek comparative benchmarks of performance.

108. We will encourage our universities in their global knowledge exchange partnerships, by showcasing leading practice.

109. We will continue our work with international partners on knowledge exchange policy, practice and metrics, including the EU and OECD.

110. We will continue to contribute to the growth of knowledge exchange in the developing world.

## Development of the evidence base

111. In spring 2012 we will publish an overview of the present state of development of knowledge exchange in higher education and future plans, based on analysis of HEIF 2011-2015 institutional strategies.

112. The overview report and the results of the 2010-11 HE-BCI Survey will inform our development and review of the evidence base on knowledge exchange, particularly the evidence on impact, performance (including international comparisons) and enterprise, and benchmarking information. This will lead to stakeholder discussions on evidence base improvements and confirmation of monitoring arrangements to higher education providers later in spring 2012, as well as future support, such as through events, toward performance improvement.



# Activities which span our priorities

113. HEFCE's remit spans the core academic activities of learning and teaching, research, and knowledge exchange. These activities cannot be considered in isolation: we recognise, and respond to, the fact that they are interdependent. High-quality research and teaching influence each other across the system; teaching, at undergraduate and postgraduate level, develops the next generation of researchers; and knowledge exchange relies on research and teaching to provide expertise, while producing income to support the other activities and ensuring that higher education as a whole benefits the wider economy and society.

114. As a result of our broad remit, some of our activities span across teaching, research and knowledge exchange. We have set these out here.

## Strategically important and vulnerable subjects

115. We must ensure that changes to the higher education funding system do not lead to unintended consequences, particularly around the availability of teaching and research in strategically important and vulnerable subjects (SIVS). Our interests in this area extend from securing the flow of students into undergraduate and postgraduate courses and through to employment, to sustaining research capability and expertise.

116. We will gather evidence on the risks to subject provision from, for example, the level of student demand, the cost of teaching and research, and wider economic conditions. We will develop a joint approach with key partners such as the National Academies, government departments and industrial representative organisations, and other funders such as the Research Councils. This will enable us both to identify risks to strategically important subjects and to take the action necessary to prevent undesirable reductions in their provision.

## Postgraduate study

117. HEFCE has a well established role in supporting provision of postgraduate study on both taught and

research programmes. These programmes play an important role in a continuing flow of very highly qualified people both into the research base and into a wide range of activities central to economic growth and national wellbeing.

118. The consequences of the new arrangements for postgraduate provision are yet to be fully understood. As direct HEFCE teaching funding diminishes, students potentially face higher fees at both undergraduate and postgraduate levels; this may have an impact on demand, which could endanger the viability of some fields and disciplines.

119. To understand and respond to the full range of issues relating to postgraduate study, and to ensure that we respond effectively to the challenges that the new funding regime may present, we will revise our approach so we treat postgraduate study as a single, coherent field. Within this, we will advance our understanding by: monitoring demand for postgraduate courses; examining progression to and through postgraduate study; studying the effects of postgraduate qualifications on employment outcomes; and determining how postgraduate provision benefits the economy and society. We will investigate and monitor the makeup of the postgraduate population at different levels and in different subjects and modes of study, and explore further the contribution that postgraduate provision makes to the academic workforce.

120. An evidence-based approach to understanding postgraduate study will be essential to determining how we fund this area. We will consult on how we allocate our public funding for postgraduate teaching in late 2011, and continue to work with Government and our partners to determine the priorities for the funding of postgraduate research courses.

121. We need to understand and articulate how the role proposed for us in the White Paper, 'Students at the Heart of the System'<sup>10</sup>, in promoting the student interest, relates to postgraduate study. We will draw on our partnerships with the Research Councils and other key stakeholders to determine our approaches to postgraduate research and education, and we will systematically consider the implications of the funding reforms on equality and diversity at postgraduate level.

<sup>10</sup> Full text of the White Paper is available at <http://discuss.bis.gov.uk/hereform/>



122. To better understand postgraduates' information needs, we will ask the Higher Education Public Information Steering Group (HEPISG) to consider whether to introduce a student survey of taught postgraduate courses, and whether to encourage universities and colleges to provide a standard set of information for their taught postgraduate programmes.

## Sustainable development

123. Higher education has a unique and leading role to play in sustainable development. The UN Intergovernmental Panel on Climate Change concluded that climate change is unequivocal and that human activities make a big contribution. The 2006 Stern Review, 'The economics of climate change', showed how the benefits of strong early action greatly outweigh the costs of inaction. The overwhelming view of scientists is that without large reductions to our carbon emissions, we are likely to see adverse climate change with severe impacts on coastal communities, food supplies and the number of species.

124. The higher education sector is already demonstrating strong commitment supported by policy interventions that have been successful in developing good practice and encouraging change. Universities have produced carbon management plans and challenging carbon reduction targets which will move the sector towards legally binding national targets. Research commissioned by HEFCE<sup>11</sup> shows that for those with data for both years, emissions per student (full-time equivalent) were on average 64 per cent higher in 1990 than in 2005. The best HEIs are leaders in the field but the challenge is large and momentum needs to increase.

125. Higher education has the potential to lead wider society and is already doing so, making a substantial contribution through teaching and research, business operations, and influence on communities, staff and students. Universities can effect powerful social change through the behaviours students adopt at this formative time in their lives. Such leadership is being called for by students and the skills, knowledge and attitudes that they themselves acquire as a result will make a lasting difference.

'It is crucial that the sector contributes strongly to sustainable development. It can do so by training and expanding minds; researching answers to challenges and informing public policy; showing its

own understanding and commitment through careful campus management; and by being a responsible employer and active member of the business and local community.' (Lord Stern of Brentford, London School of Economics and Political Science, Foreword to 'Sustainable development in higher education' HEFCE 2009/03)

126. In some respects this agenda is pushing at an open door; employers and professional institutions are seeking graduates with an understanding of sustainable development and this is affecting student choices. The vision for a new 'green economy' presents a range of employment opportunities and universities are responding to the demands of students and employers. In other areas, for example the efficient use of accommodation and equipment by the sector, there are significant financial, technical and cultural barriers.

### HEFCE's objective for strategically important and vulnerable subjects is:

- To work with others to develop a joint approach to managing any risks to strategically important subjects, and to take the action necessary to prevent undesirable reductions in their provision.

### HEFCE's objective for postgraduate study is:

- To develop, in partnership, a coherent approach to postgraduate funding and information, drawing on a wide range of evidence from a variety of sources in order to be better placed to exert strong positive influence over the national pattern of postgraduate provision in future.

### HEFCE's objective for sustainable development is:

- To support higher education in making a unique and leading contribution to society's efforts to achieve sustainability.

<sup>11</sup>'Carbon baselines for individual Higher Education Institutions in England: Report to HEFCE by SQW' (August 2010). Available at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs)

## Key activities

### Strategically important and vulnerable subjects

127. We will monitor trends and gather evidence to determine any risks to SIVS on a national scale.

128. With other funders and stakeholders, we will develop a joint approach to managing and addressing any risks to subject provision over time. This could include information, advice and guidance, and targeting investments to avoid undesirable reductions in SIVS provision.

### Postgraduate study

129. We will revise our approach to postgraduate study to consider it as a single coherent field.

130. We will monitor activity across a wide range of indicators, including participation, working with partners to develop a holistic understanding of postgraduate provision.

131. We will consult on how we allocate our public funding for postgraduate teaching.

132. We will consult on what additional data should be collected about postgraduates to inform thinking on the longer term future of postgraduate funding.

133. We will prepare proposals for HEPIISG to consider:

- a student survey of taught postgraduate courses
- whether to encourage universities and colleges to provide a standard set of information for their taught postgraduate programmes.

### Sustainable development

134. We will work with the sector to determine a new strategy to support sustainable development and carbon reduction.

135. We will complete the distribution of £10 million for carbon reduction projects under the second Revolving Green Fund.

136. We will continue to improve the quality and scope of environmental information and good practice. This will include scope 3 carbon emissions from procurement and travel and the dissemination of good practice from projects that we and others support.

# Our practices

137. Learning and teaching, research and knowledge exchange should be of the highest quality and reach the people they need to reach. We will use information, investment, regulation and partnership, working to support universities and colleges in their work. We discuss each of these briefly below, and in detail in the following pages.

138. We will:

- Provide or collate high-quality, accessible **information** and expert opinion to: inform student choice; ensure that public money is used for the purposes intended; facilitate orderly and efficient regulation; shape future policy; and enable scrutiny by the public and their representatives.
- Develop and operate an intelligent, proportionate approach to **regulation** that protects the interest of students and the public while minimising the administrative burden for universities and colleges.
- Develop an approach to **investment** that uses public money where necessary to achieve the greatest possible benefit for the public while minimising transaction costs.
- Work in **partnership** with other public bodies, universities and colleges, student representatives and representatives of the public, to develop and operate systems for regulation, investment and the collation and provision of information.

## Information

139. A system that distributes large amounts of public money through various streams, including a student finance system, requires high-quality, accessible information to be available.

140. Students need high-quality, relevant, easily accessible information to help them make the right choices. HEFCE and our partners need sufficient information to ensure that student loan payments are calculated correctly, and that public funds go to the right places and are used as intended. We also need information to ensure that regulatory requirements are met, specifically regarding quality and the financial sustainability of universities and colleges.

141. We will require universities and colleges to publish easily comparable information about their courses and we will work with partners to provide teaching quality appraisals in a way that is useful to students. We will be transparent with the information that we hold.

142. The Research Excellence Framework is a major source of public information on research activity, which will underpin assessment and inform investment. We will work with our partners to collect this information efficiently and avoid duplicating requests.

143. In knowledge exchange, we use Higher Education Statistics Agency (HESA) data from the HE-BCI Survey to inform allocations and to identify the benefits to the public of investing in this activity.

144. Overall, we and the Government need to understand whether policies are working so that changes can be made where necessary. To support this, we will establish an observatory to monitor higher education in England, to look for opportunities and risks and, if necessary, to prompt action. The initial areas where we will focus our monitoring activity will include:

- student demand and participation levels
- the effect of the new student loan arrangements on part-time students
- trends in students entering postgraduate teaching and research programmes
- student fee levels
- evidence of the impact of increased competition on the basis of quality and price, and its effect on the interests of students and the wider public.

145. To minimise the administrative workload of universities and colleges, and in line with the request in the White Paper, we will work with HESA, the Higher Education Better Regulation Group (HEBRG) and the Information Standards Board for Education to redesign the information landscape for higher education to meet users' needs while reducing the burden of data collection. We are also committed to a risk-based approach that will ask for less information from those who demonstrate that they pose a low risk of financial, educational or ethical failure. This will include consulting on streamlining the Transparent Approach to Costing (TRAC).

## HEFCE's objectives for information are:

- To collate and publish the information necessary to ensure that: public funds are distributed appropriately; students can make informed choices; basic regulatory requirements are met; and policymakers understand risks and opportunities.
- To ensure the information we collect helps with distributing public funds, student choice, regulation or public policy, and meets a clear purpose that cannot be met by information we already have.

## Key activities

### Information landscape

146. We will work with HESA, HEBRG, the Information Standards Board for Education, the Research Councils and UCAS to redesign the information landscape for higher education to: meet the needs of a wider group of users; reduce duplication and unnecessary burdens; and provide timelier, more relevant data.

### The observatory for higher education

147. We will establish an observatory for higher education to maintain an overview of developments and issues in higher education. This will draw together and build on our existing monitoring activities. To begin with, we will track: student demand and participation levels; the effect of the new student loan arrangements on part-time students; trends in students entering postgraduate teaching and research programmes; student fee levels; and evidence of the impact of increased competition on the basis of quality and price, and its effect on the interests of students and the wider public.

### Transparency

148. We will make more, and more detailed, data available in a re-usable format, and encourage others to do the same.

### Transparent Approach to Costing

149. We will consult on streamlining the requirements of TRAC, keeping in mind the need to determine the costs of higher-cost subjects and the continuing need for TRAC to underpin the Research Councils' funding of full economic costs for research projects. This will

include considering, with BIS, how TRAC data might be used to increase transparency and inform the choices of prospective students.

## Regulation

150. The Higher Education White Paper, 'Students at the Heart of the System', proposes a single, transparent, regulatory framework for all providers in higher education in England, with HEFCE as the independent lead regulator.

151. A well-founded regulatory framework has significant benefits:

- It provides a framework within which well-run, student-focused providers are free to respond and to innovate to meet students' needs. In this way, good regulation is enabling rather than restrictive, and builds on the principle of institutional autonomy.
- It helps to maintain confidence in higher education in England, which is crucial in attracting students, including those from overseas, and investment.

152. We will therefore continue to ensure that public funding (including fee loans and student support) is properly directed and used. We will act firmly in cases of significant risk, to protect students, to protect publicly supported activity (including research and knowledge exchange), and to maintain confidence in higher education in England.

153. All our regulatory work will be transparent, accountable, proportionate, consistent, and targeted only where needed, in compliance with the Better Regulation Executive's principles of better regulation. Our approach will be risk-based, so that well-run providers who demonstrate that they look after their students' interests will experience less regulation.

154. The Government's technical consultation – 'A New, Fit-for-Purpose Regulatory Framework for the Higher Education Sector', available at <http://discuss.bis.gov.uk/hereform> – also proposes that HEFCE takes on the role of the 'single gateway' for entry to the higher education system. We would:

- maintain the registers of organisations eligible for student support funding and HEFCE funding, and of those with degree-awarding powers and university title
- be central to assessing organisations that wish to join these registers, requiring them to demonstrate quality, fair access, information and financial sustainability as appropriate

- ensure that the requirements to enter and operate in higher education in England are even-handed, clear and simple
- monitor whether organisations are fit to remain on these registers, and act where needed in proportion to risk.

155. The White Paper and BIS' subsequent regulatory consultation propose a new role for HEFCE in promoting the collective student interest, with a duty to consider competition issues when making funding decisions. We anticipate that this role will extend to cover all students at universities and colleges on any of the registers for student support, HEFCE funding, university title and/or degree awarding powers. We are now thinking through in detail what this new role might entail. An important first step will be to work closely with the higher education sector and other regulatory bodies to define clear roles and responsibilities.

156. HEFCE continues to act as Principal Regulator of most higher education institutions as charities. This is a statutory responsibility and, in partnership with the Charities Commission, we will continue to fulfil our duty to promote compliance by institutions' trustees with their obligations under charity law.

157. In all our work, we will respect the principles of academic freedom and institutional autonomy, but will investigate and intervene resolutely where provision fails substantially. We will consider competition issues in relation to this role; in particular we will aim to identify where stimulating further competition would benefit students.

### HEFCE's objectives for regulation are:

- To ensure a well-managed transition to the new regulatory arrangements for all universities and colleges.
- To embed consideration of the collective student interest and the wider public interest through HEFCE's operations.
- To continue our risk-based approach to assessing and maintaining the sustainability of universities and colleges, and of higher education in England as a whole.

## Key activities

### Promoting the collective student interest

158. We will develop further our relationships with student groups and include student representation on our Board and Strategic Advisory Committees.

159. We will use current mechanisms (such as the National Student Survey) to monitor student satisfaction. National Student Survey results and the Key Information Set will inform decisions by prospective students, help provide assurance on quality, and help universities and colleges improve quality.

160. We will continue to work with and through other bodies to fulfil our responsibilities, including with the Office of the Independent Adjudicator on individual student complaints.

161. In developing our role in promoting competition where appropriate, we will seek to agree a Memorandum of Understanding with the Office of Fair Trading and its successor (the proposed Competition and Markets Authority).

### Single regulatory framework

162. We will provide information, support and advice to the Government on the development of the new regulatory framework, maintaining appropriate boundaries between our role and the Government's.

### Designation system

163. During 2012-2013, we will prepare to take over responsibilities for designation for student support, HEFCE funding, degree-awarding powers and university title from August 2013 (subject to the outcomes of the regulatory consultation and legislation). This will include developing appropriate and proportionate transition arrangements for universities and colleges on existing designated lists, which is likely to mean existing designations and arrangements continue. We will bring alternative providers into the regulatory framework over a reasonable period.

### Institutional sustainability

164. We will continue to monitor the financial sustainability of universities and colleges that receive HEFCE and/or student support funding, taking a risk-based approach. Where we assess a university or college as being at higher risk, we will engage with it to



resolve any issues, aiming to protect students and the wider public interest. We will also engage where there is increased risk to other publicly supported activity, including research and knowledge exchange. Our engagement will be proportionate to the risks involved, ranging from dialogue, for less significant issues, to fines and potentially de-designation in extreme circumstances.

## Finance and funding memorandum

165. We will develop a new finance and funding memorandum for universities and colleges that receive student support funding and/or HEFCE funding, consulting on this in 2012-13 for introduction from August 2013. This will be tailored to different types of university or college, while supporting proper accountability for public funds.

## Better regulation

166. We are working with HEBRG to identify areas for regulation while safeguarding the interests of students and the taxpayer, as it develops its report by November 2011.

## Investment

167. HEFCE must always invest to secure the greatest possible benefits to the public, guided by the Government's priorities, particularly during a period of financial constraint. We will need to be clear about how we prioritise our investment to achieve both these aims while continuing to listen closely to the needs of universities and colleges, sector bodies and the Government.

168. To support this, we will work closely with our partners to draw together evidence gathered from all areas of our work: our processes for quality assurance; our monitoring of demand, participation and access; our data on knowledge exchange and research activity; our assessment of the financial sustainability of universities and colleges; and our role as the observatory for higher education. We will use this evidence to ensure that our principles of opportunity, choice and excellence are at the heart of our investment activity.

169. The Government has clearly signalled the kinds of areas in which we should target our investments in the immediate term, most of which are covered in more detail in other areas of this plan. They include: the teaching of subjects where costs may not be fully covered by tuition fees; the teaching of strategically important and vulnerable disciplines; widening participation, retention

and supporting social mobility; and the additional costs associated with specialist universities and colleges, some of which are relatively small.

170. We expect universities and colleges to continue to invest in their own infrastructure, but we will continue to assess the sustainability of the whole higher education system, supported by our own observations and measurements, and our continued work with key partners. Our assessments will inform any investments we make in capital programmes (including through the Capital Investment Fund and the Revolving Green Fund) and into larger-scale, longer-term, cross-system activities and organisations.

171. We will be alert to the needs of universities and colleges, sector bodies and Government when determining our priorities for investment. The reforms of funding for teaching will be a clear driver of change, but support for managing the costs of transition, including for restructuring and other activities, may also be needed. With this in mind, we will establish a new catalyst fund to address this and other developmental needs and to support our objectives.

172. We also recognise that universities and colleges secure a proportion of their funding from sources outside of either tuition fees or direct public funding, including through philanthropic donations. We must ensure that these investments are not lost during a time of financial constraint, and will work closely with universities, colleges and other bodies to sustain the momentum built in this area into the future.

### HEFCE's objective for investment is:

- To invest to secure the public interest and policy objectives in a targeted and effective manner.

## Key activities

### Targeted investments to secure the public interest

173. We are moving towards a more targeted approach to investment which seeks to secure the public interest while achieving government priorities. We have described this approach in more detail elsewhere in this plan, and set out the main areas below.



174. We will be targeting our teaching funding to invest in:

- the teaching of those subjects where costs may not be fully covered by tuition fees
- the teaching of strategically important and vulnerable disciplines
- widening participation, retention and supporting social mobility
- the additional costs associated with specialist universities and colleges, some of which are relatively small.

175. Please refer to the [learning, teaching and student choice](#) section for further information on our approach to funding teaching.

176. Our approach to funding research is becoming more targeted through greater selectivity. Please refer to the [research](#) section for further information.

177. Our funding for knowledge exchange is becoming more targeted to focus on performance. Please refer to the [knowledge exchange](#) section for further information.

### Investments in infrastructure for a sustainable higher education system

178. We will continue to use capital funding to invest in longer-term and large-scale projects to secure the financial sustainability and reputation of higher education in England. This may include taking a more targeted approach to capital funding in the interests of students and the public.

179. We expect universities and colleges to continue to invest in their infrastructure, and will continue to use the Capital Investment Framework (CIF) to determine the level of direct investment into capital projects for teaching and research. Carbon reduction and the efficient use of space will remain key components of CIF.

180. We will consider integrating the CIF assessment mechanism into our existing assurance review processes, and widening the scope of the CIF to include infrastructural measures of equipment and IT.

181. We will continue, with the Research Councils, to use CIF as a mechanism for allocating capital to support the full cost of large-scale research projects.

182. We will continue to use our funding to invest in cross-system activities and organisations where public investment is needed. This includes supporting key activities, currently carried out by such organisations as the Joint Information Systems Committee, HEA, Equality

Challenge Unit, Leadership Foundation for Higher Education (LFHE), HESA, British Universities Film and Video Council, QAA and Research Information Network.

183. We will continue to help universities reduce their carbon emissions to contribute to national targets by investing £10 million over 2011-12 and 2012-13 via our Revolving Green Fund.

### Catalyst funding

184. We will provide a new stream of catalyst funding to support a smooth transition to the new system and to facilitate innovative developments and collaborations in support of HEFCE's objectives. We will develop more detailed proposals and criteria for this funding over the coming months.

### Voluntary giving

185. We will consider our future role in encouraging voluntary giving, and will continue to work with universities and colleges to embed activity and put in place sustainable systems for voluntary giving for the longer term. Working with sector bodies such as Universities UK (UUK), the Committee of University Chairs and the LFHE, we will encourage universities and colleges to attract charitable and philanthropic donations, including to augment the overall size of the National Scholarship Programme.

### Partnership

186. To succeed in our work, we must work with others.

187. In our new role to promote the student interest, we will need to develop more, and more varied, ways of hearing students' voices.

188. We will also need to have respectful and proportionate dialogue with universities and colleges, including developing relationships with new providers where required.

189. Good relationships and dialogue with our regulatory partners are essential to enable us to oversee the operation of a proportionate, well co-ordinated regulatory framework, and where action is required, we will always seek to co-ordinate it with the other organisations involved.

190. We will continue the dual support approach to research funding, in partnership with the Research Councils, and will maintain appropriate relationships with research charities and business funders of research.

191. We will work with other bodies in developing the connections between higher education and the economy and society, to further the effective development of knowledge exchange.

192. Because partnership is so central to achieving our goals of ensuring opportunity, choice and excellence in higher education, our partnership approach is embedded throughout this plan. In this section, we re-emphasise the importance of partnership, and include a number of work areas where there is a specific need to co-ordinate and engage with others.

### HEFCE's objective for partnership is:

- To maintain strong, honest and proportionate relationships with all partner organisations.

## Key activities

### Relationships with universities and colleges

193. We will take a risk-based approach to our regulatory interactions with universities and colleges, so that those with lower levels of risk experience lower levels of engagement. This will include developing good, open and proportionate interactions with universities and colleges that are entering our regulatory remit for the first time. We will engage and build relationships with representative bodies, such as the Association of Colleges, as appropriate.

194. We will publish research and a policy position on collaborations, alliance and mergers in higher education in late 2011.

### Co-ordination with the Student Loans Company

195. We will develop a strong relationship with the Student Loans Company (SLC) to ensure that: universities and colleges do not encounter cash flow issues as financial streams shift from HEFCE grant to SLC payments; data and information linked to publicly supported finance are reliable; and processes are in place for a proportionate level of data audit. This will support proportionate controls on public support for student loans.

### Interim Regulatory Partnership Group

196. We have established the Interim Regulatory Partnership Group to ensure a smooth transition to the new regulatory arrangements. It comprises HEFCE, SLC, the Office of the Independent Adjudicator (OIA), QAA, HESA, and UCAS, with representation from Universities UK and GuildHE. We will consider in what form continuing co-ordination arrangements will continue, including with further education and alternative providers, following BIS' consultation on the new regulatory framework.

### Partnerships in research and knowledge exchange

197. We will continue to work with the Research Councils, research charities and business as a funder of research to ensure appropriate co-ordination in research funding.

### Partnerships for healthcare

198. We will continue to ensure strong links with NHS bodies involved in healthcare education and research as both higher education and the NHS experience changes in the coming years. This will include work with the Health Education National Strategic Exchange, the UK Healthcare Education Advisory Committee, and, once it is established, Healthcare Education England.

### Training and professional development for teachers

199. We will develop strong relationships with the new Teaching Agency, and until then continue working with the Training and Development Agency for Schools, to ensure coherence in funding for teacher training and professional development.

### Partnerships for sustainable development

200. We will continue to maintain strong relationships with sector bodies such as the Association of University Directors of Estates, the Environmental Association for Universities and Colleges, and the HEA, as well as the Department of Energy and Climate Change, The Department for Environment, Food and Rural Affairs, and the Carbon Trust, in order to maintain a constructive and supportive policy environment.

## Partnerships for efficiency in higher education

201. We will continue to work with existing funding efficiency initiatives, including: a range of feasibility studies, for example in shared legal services; investment in cloud computing; and the development of shared services in administrative systems. In line with the White Paper's indication that there is scope to do more and more radically in this area, we will look at where we can provide support in future if universities and colleges demand it (for example, in business process efficiency), working closely with UUK's efficiency and modernisation task group. This includes new work with LFHE to stimulate efficiencies in higher education through the Innovation and Transformation fund, and working with the Research Councils to take forward recommendations from the Wakeham Review to reduce the indirect costs of research training.

202. The University Modernisation Fund (UMF) provided £132 million for 10,000 additional full-time equivalent entrants in academic year 2010-11 and for efficiency projects to release savings to support the teaching of these students as they continued their studies into 2011-12 and beyond. Roughly one-third of the funding was allocated as teaching funding for 2010-11, and two-thirds to support efficiency projects. In addition to the monitoring of student numbers, we will require those in receipt of these funds to report on outcomes in the December 2011 Annual Monitoring Statement. We plan to publish examples of efficiency measures that represent innovative practice early in 2012. There will also be a full report to the Board in April 2012 on the shared service element of the UMF (£20 million) in April 2012.

## International engagement

203. We will continue to engage with key higher education bodies in other countries and to monitor international developments that may impact on higher education in England. We will also support universities and colleges by continuing our support for the UK Higher Education International and Europe Unit.

# Delivering the plan

## Operational challenges

204. The reforms to higher education present significant operational challenges for HEFCE. We will need to work actively with Government, students, universities and colleges, and our other partners to ensure their successful delivery. In so doing, we will be guided by the principles of opportunity, choice and excellence, and by our belief in the value of higher education to individuals, society and the economy.

205. On the basis of current government policy, over the next few years HEFCE will:

- allocate student numbers to universities and colleges effectively determining the distribution of £9 billion of student loan finance every year
- become the lead regulator, working closely with our partner organisations to ensure that regulation serves the interests of students and the public
- establish a new designation and monitoring function which licenses organisations to provide higher education, receive public funding and award qualifications.

206. We will also need to sustain a clear focus on our ongoing work: maintaining accuracy in funding allocations, supporting activity in research and knowledge exchange, and ensuring clarity in our communications.

207. Everything that we do will aim to provide maximum benefit to students and the public, and to enable higher education organisations to focus on their core tasks of teaching, research and knowledge exchange. This means:

- streamlining information and data requirements on universities and colleges
- listening and responding to the student voice
- funding and regulating in a open, transparent and proportionate way that prioritises the interests of students and the public.

208. To deliver this plan successfully HEFCE needs to be well run and sustainable. Last year, the 'Independent Review of the efficiency and effectiveness of HEFCE'

(HEFCE 2010/07) concluded that we are a high-performing organisation that provides good value for money to the taxpayer. The Review's steering group noted, though:

'Greater pressure on public funding is likely to require a much sharper prioritisation of policies and funding, to drive more complex and time-consuming models of resourcing such as contested bidding. The ability to plan for alternative realities, and to be ready to implement policy quickly, will be crucial skills requiring imagination and innovation. At the same time HEFCE will need to deliver difficult solutions while facing pressure on its own resource' (HEFCE 2010/07, Commentary by the Review Group)

209. We have achieved real-terms savings in our running costs consistently over recent years, and by 2014-15 the indicative figure of £22,178,000 for our administrative budget will represent real-terms savings of 16 per cent over the four years 2011-12 to 2014-15<sup>12</sup>. During this period it is likely we will need to take on a number of new functions, some of which are outlined in this document (others remain subject to current and pending consultations or to legislation). In order to be able to deliver all that is asked of us, we will need to be sure that we have sufficient resource, particularly in the set-up phase when new systems and processes will need to be developed.

## Our people and relationships

210. HEFCE is well placed to meet the challenges and opportunities of the next few years. We have made a number of organisational changes that enable us to deploy our staff more effectively to meet needs as they arise. We will continue to review our resourcing levels to ensure that they reflect the work we have to do. We will ensure we have the flexibility to adapt to changing priorities, and we will offer clear leadership and direction to our staff.

211. To be effective, our Board and staff will have to be open, impartial, fair and objective in all that we do, constantly seeking to build trust with the people we

<sup>12</sup> Based on GDP deflator figures from Office for National Statistics, and indicative administration costs advice from BIS. Financial year figures.

work with in higher education and the wider public. Survey evidence and other feedback indicate that our stakeholders and partners value the skills, knowledge and integrity of HEFCE staff. Sustaining this level of satisfaction through a period of significant change, and in a constrained funding environment, will be a robust test of our approach. We will need to ensure that we are actively listening and responding to our stakeholders, particularly those with whom we will be working for the first time, in new ways, or differently.

212. The successful delivery of this plan depends on the expertise, talent and motivation of our staff. Our People Strategy (available at [www.hefce.ac.uk/aboutus/people/](http://www.hefce.ac.uk/aboutus/people/)) affirms our commitment to high performance and continuous improvement, and sets out what we are going to do to support people do their jobs to the best of their ability. The 2011 Best Companies survey revealed high levels of staff satisfaction, and ranked HEFCE in the top 100 best places to work in the public and third sector (for more details see [www.bestcompanies.co.uk/BestCouncils/CouncilSurvey/List.aspx](http://www.bestcompanies.co.uk/BestCouncils/CouncilSurvey/List.aspx)). We will make every effort to maintain and improve these levels of staff satisfaction over the coming years. As part of this, we will continue to work closely and constructively with our trade union colleagues.

213. We will continue to be a strong advocate for equality and diversity, in HEFCE and throughout the sector, and will reflect this next year with the publication of our revised Equality Scheme, on which we recently sought views from the sector ('HEFCE Equality Scheme 2011-2014: Draft for consultation', HEFCE 2011/15). We remain committed to social and environmental responsibility, and we will keep using Business in the Community's 'Universities that Count' framework to benchmark our performance in these areas.

## HEFCE's objectives for delivering the plan are:

- To provide the highest levels of public service.
- To be trusted and respected by our stakeholders.
- To be an organisation that talented people want to work for.



# Strategic risks

214. HEFCE is currently revising its risk register following discussions with the HEFCE Board in October 2011. A new register of strategic risks will be published on the HEFCE web-site in late 2011.

# Sector impact assessment

215. A sector impact assessment has been undertaken for this plan and is available at [www.hefce.ac.uk/aboutus/sia](http://www.hefce.ac.uk/aboutus/sia).

As with all HEFCE initiatives, the work programmes described in this plan will be assessed for impact throughout their development.

# Annex A

## List of objectives in this plan

### HEFCE's objectives for learning, teaching and student choice are:

- To continue to develop a more risk-based system that assures quality in universities and colleges that are authorised to recruit publicly funded higher education students, including a wider range of further education colleges and alternative providers.
- To extend and enhance the information about higher education that is available for students, prospective students and others with an interest (including careers advisers, students' families and employers).
- Subject to consultation in early 2012, to target teaching funding towards high-cost subjects and activities, such as widening participation, which have a clear public benefit and which may not be fully funded by tuition fees.
- To work with partners to understand and respond to subjects that prove vulnerable as a result of the reforms and other changes, to monitor the demand and supply for key subjects, to understand the higher-level skills valued by employers, and to address these issues.
- To support: the continuous improvement of teaching, learning and assessment; diverse forms and modes of provision; the effective use of learning technologies; and the increased accessibility and use of open educational resources.
- To develop, through consultation with the sector, an approach to managing student numbers that meets the Government's twin aims of increasing competition and driving up quality, while keeping student support affordable.
- To work with universities, colleges, OFFA and other partners to ensure that the higher education sector continues to extend opportunities to participate in undergraduate and postgraduate programmes, and contributes effectively to increased social mobility.

### HEFCE's objectives for research are:

- To maintain the strength and dynamism of the research base through the selective allocation of grant funding based on quality, and by working closely with other funders including the Research Councils.
- To implement the Research Excellence Framework in 2014 as a basis for future funding allocations and to help provide robust public information about the achievements of the higher education sector.
- To support institutions in training and developing the next generation of excellent researchers.
- To encourage and enable universities and colleges to undertake excellent research funded from a variety of sources including international research agencies, businesses and charities.

### HEFCE's objectives for knowledge exchange are:

- To support, through our funding, evidence, partnerships and communications, higher education in delivering effective knowledge exchange that meets the highest-priority economic and social challenges, consistent with government policies.
- To allocate innovation funding for 2011-2015 to meet the Government's ambitions for reform and HEFCE's long-term objective of embedding knowledge exchange as a central mission of universities, drawing on excellence in learning, teaching and research.
- To ensure that HEIF delivers value for money, developing a robust evidence base to demonstrate achievements in knowledge exchange that informs future policy and practice.

### HEFCE's objective for strategically important and vulnerable subjects is:

- To work with others to develop a joint approach to managing any risks to strategically important subjects, and to take the action necessary to prevent undesirable reductions in their provision.

### **HEFCE's objective for postgraduate study is:**

- To develop, in partnership, a coherent approach to postgraduate funding and information, drawing on a wide range of evidence from a variety of sources in order to be better placed to exert strong positive influence over the national pattern of postgraduate provision in future.

### **HEFCE's objective for sustainable development is:**

- To support higher education in making a unique and leading contribution to society's efforts to achieve sustainability.

### **HEFCE's objectives for information are:**

- To collate and publish the information necessary to ensure that: public funds are distributed appropriately; students can make informed choices; basic regulatory requirements are met; and policymakers understand risks and opportunities.
- To ensure the information we collect helps with distributing public funds, student choice, regulation or public policy, and meets a clear purpose that cannot be met by information we already have.

### **HEFCE's objectives for regulation are:**

- To ensure a well-managed transition to the new regulatory arrangements for all universities and colleges.
- To embed consideration of the collective student interest and the wider public interest through HEFCE's operations.
- To continue our risk-based approach to assessing and maintaining the sustainability of universities and colleges, and of higher education in England as a whole.

### **HEFCE's objective for investment is:**

- To invest to secure the public interest and policy objectives in a targeted and effective manner.

### **HEFCE's objective for partnership is:**

- To maintain strong, honest and proportionate relationships with all partner organisations.

### **HEFCE's objectives for delivering the plan are:**

- To provide the highest levels of public service.
- To be trusted and respected by our stakeholders.
- To be an organisation that talented people want to work for.

# Annex B

## Abbreviations and glossary

<b>Access agreements</b>	Agreements submitted by HEIs to OFFA, which indicate how institutions intend to: <ul style="list-style-type: none"><li>• support improvements in participation rates in higher education from under-represented groups</li><li>• where appropriate, increase the amount of funding available for bursaries and/or for outreach work with schools, further education colleges and so on.</li></ul>
<b>Accountability</b>	The process through which institutions and individuals are expected to demonstrate the fulfilment of their obligations, including the proper use of public funds.
<b>Benchmarking</b>	A process through which practices are analysed to provide a standard measurement ('benchmark') of effective performance within an organisation (such as a university). Benchmarks are also used to compare performance with other organisations and other sectors.
<b><a href="#">BIS</a></b>	The Department for Business, Innovation and Skills: the government department to which HEFCE is accountable, but as a non-departmental public body we operate at arm's length from it.
<b>CIF</b>	Capital Investment Framework
<b>Diversity</b>	A broad term to describe the range of visible and invisible differences between people and institutions. It can mean the varieties of learners with different backgrounds, requiring varied methods of entry to courses and of instruction. It is also used to describe the variety of provision available in the higher education sector and the different types of institution that deliver it.
<b>Dual-support system</b>	The system of funding research, partly by HEFCE and partly by the Research Councils.
<b><a href="#">Equality Challenge Unit</a></b>	A body that works to further and support equality and diversity for staff and students in higher education across all four nations of the UK, and in further education in Scotland.
<b>EU</b>	European Union
<b>Full-time equivalent</b>	Full-time students count as 1 full-time equivalent. Students on their sandwich year-out count as 0.5 full-time equivalent. The full-time equivalence for part-time students is measured by comparing their learning activity with an equivalent full-time course.
<b>Fees</b>	See tuition fees.
<b>Full economic cost</b>	The full economic cost of an activity incorporates all direct and indirect costs, including all cost adjustments required under the Transparent Approach to Costing (TRAC) methodology.
<b>Further education</b>	Further education is for people over compulsory school age (currently 16 in England) which does not take place in a secondary school. It may be in a sixth-form college, a further education college or a higher education institution. Further education courses are generally up to the standard of GCE A-level or NVQ Level 3.

<b>Graduate</b>	Someone who has attained a bachelors or higher degree.
<b>GDP</b>	Gross Domestic Product
<b><a href="#">GuildHE</a></b>	One the two representative bodies for higher education in the UK.
<b><a href="#">HEA</a></b>	The Higher Education Academy, which works to help universities, colleges and others to deliver the best possible learning experience for all students. The academy was formed in 2004 from a merger of the Institute for Learning and Teaching in Higher Education, the Learning and Teaching Support Network, and the Teaching Quality Enhancement Fund National Co-ordination Team.
<b>HE-BCI</b>	The Higher Education – Business and Community Interaction survey. This annual survey examines the exchange of knowledge between universities and the wider world, and informs the strategic direction of ‘third stream’ activity that funding bodies and higher education institutions in the UK undertake.
<b><a href="#">HEBRG</a></b>	The Higher Education Better Regulation Group, which promotes proportionate and risk-based regulation and supports the higher education sector, its agencies and Government in achieving better regulation for higher education.
<b><a href="#">HEFCE</a></b>	Higher Education Funding Council for England
<b>HEI</b>	Higher education institution (university or college of higher education)
<b>HEIF</b>	Higher Education Innovation Funding. Supports projects in which HEIs can engage in knowledge exchange activities.
<b>HEPISG</b>	The Higher Education Public Information Steering Group, which oversees issues relating to making information on higher education publicly available, including the KIS.
<b><a href="#">HESA</a></b>	The Higher Education Statistics Agency, which collects, analyses and reports on higher education statistics for universities and colleges in the UK.
<b><a href="#">Joint Information Systems Committee</a></b>	A shared service for higher education’s information and digital technologies.
<b>Institutions</b>	A general term for higher education institutions, which may include universities, higher education colleges and further education colleges.
<b>KIS</b>	Key Information Set: a set of comparable, standardised information about undergraduate courses. It is designed to meet the information needs of prospective students and will be published ‘in context’ on university and college web-sites.
<b>Knowledge exchange</b>	The process by which HEIs’ knowledge, expertise and intellectually linked assets are constructively applied beyond higher education for the wider benefit of the economy and society, through two-way engagement with business, the public sector, cultural and community partners.
<b><a href="#">LFHE</a></b>	The Leadership Foundation for Higher Education, which provides a dedicated service of support and advice on leadership, governance and management for all the UK’s higher education institutions.
<b>Level</b>	Level of study refers to undergraduate, postgraduate taught and postgraduate research.
<b>Mode</b>	Mode of study refers to full-time (FT), part-time (PT) or sandwich.



<b>NHS</b>	National Health Service
<b>Non-recurrent funding (special funding and earmarked capital)</b>	Used to secure change or fund activities that cannot be secured through core teaching/research funding. Earmarked capital is additional funding provided by the Government over and above the annual budget it allocates for general higher education funding.
<b><a href="#">NUS</a></b>	The National Union of Students: a representative body for students in higher and further education.
<b><a href="#">OECD</a></b>	Organisation for Economic Co-operation and Development
<b><a href="#">OFFA</a></b>	The Office for Fair Access: a non-departmental public body set up in 2004 to promote and safeguard fair access to higher education for under-represented groups, in light of the introduction of variable tuition fees in 2006-07.
<b><a href="#">Office of the Independent Adjudicator</a></b>	An independent scheme for investigating student complaints in England and Wales.
<b>Overseas students</b>	Overseas students are defined as students from outside the European Union.
<b>Postgraduate study</b>	Courses that normally require a first degree as a condition of entry.
<b>Principal regulator</b>	Principal regulators have the duty, as far as they reasonably can, to promote compliance with charity law by the exempt charities for which they are responsible. On 1 June 2010 HEFCE became principal regulator of most English HEIs.
<b><a href="#">QAA</a></b>	The Quality Assurance Agency for Higher Education, which provides a quality assurance service for higher education institutions throughout the UK.
<b>QR funding</b>	Quality-related research funding, which is allocated according to research quality (as judged by expert review in the Research Assessment Exercise), and the amount of research activity at each HEI.
<b>Recurrent funding</b>	HEFCE's yearly allocations to support ongoing, core activities.
<b>REF</b>	Research Excellence Framework
<b><a href="#">Research Councils</a></b>	There are seven subject-specific Research Councils. They are funded by the Government to support research in their own establishments and to fund research projects in universities. Research Councils UK (RCUK) is the strategic partnership of the UK's seven Research Councils.
<b><a href="#">Research Information Network</a></b>	A policy unit funded by the UK higher education funding councils, the seven Research Councils and the three national libraries.
<b>SIVS</b>	Strategically important and vulnerable subjects
<b>Specialist institution</b>	A higher education institution that has 60 per cent or more of its courses in one or two subjects only, such as music or art colleges.
<b><a href="#">SLC</a></b>	Student Loans Company
<b>Student support</b>	Financial help available from the Government to students in higher education.
<b>Transparency</b>	Making an institution's processes visible and comprehensible to interested parties outside that institution, such as external examiners, quality control committees and the general public.

<a href="#"><u>Transparent Approach to Costing (TRAC)</u></a>	A uniform approach to the costing of activities undertaken by all UK HEIs since 2002. More information is available at <a href="http://www.hefce.ac.uk/finance/fundinghe/trac/">www.hefce.ac.uk/finance/fundinghe/trac/</a>
<a href="#"><u>TSB</u></a>	The Technology Strategy Board: a national innovation agency for the UK.
<b>Tuition fees</b>	Students have to pay tuition fees to a university or college to attend a course there. For academic year 2011-12, tuition fees can be charged to a maximum of £3,375 per year of study. From 2012-13, this maximum will increase to £9,000.
<a href="#"><u>UCAS</u></a>	The organisation responsible for managing applications to higher education courses in the UK.
<b>Undergraduate</b>	A student working towards a first degree, foundation degree, higher education certificate or diploma, or equivalent.
<b>UMF</b>	The University Modernisation Fund: this was a £152 million initiative designed to support a sustained increase in student places at universities and colleges by adopting greater savings and efficiencies.
<b>Universities and colleges</b>	The full range of organisations that conduct higher education teaching, research and knowledge exchange. This includes higher education institutions, further education colleges which provide higher education, and alternative and new providers of higher education courses.
<a href="#"><u>UUK</u></a>	Universities UK, the representative body for the executive heads of UK universities.
<b>Widening participation</b>	Activities undertaken and policies implemented by a funding council, institution or other organisation with the aim of ensuring that everyone with the potential to benefit from higher education have the opportunity to do so, whatever their background and whenever they need it.

# About HEFCE

The Higher Education Funding Council for England (HEFCE) was established on 6 May 1992 under Section 62 of the Further and Higher Education Act 1992.

HEFCE assumed its funding responsibilities from its predecessor councils on 1 April 1993. Its role is set out in the Further and Higher Education Act 1992 and can be summarised as:

- to administer funds to support education and research in higher education institutions and other organisations
- to administer funds to support prescribed higher education courses in further education colleges
- to provide the Secretary of State for Business, Innovation and Skills with information relating to all aspects of higher education teaching and research, including the financial needs of the sector
- to secure the assessment of the quality of education at institutions that receive HEFCE funding.

HEFCE is therefore responsible for distributing public money to universities and colleges in England that provide higher education.

HEFCE's role and responsibilities are currently being reviewed, with new legislation expected in 2012. The Government's recent White Paper, 'Students at the Heart of the System', proposes HEFCE as the independent lead regulator for the higher education system, acting to promote the collective interests of students. These proposals are described in more detail in the BIS technical consultation on regulation<sup>13</sup>, and much of this business plan reflects the changes proposed in the White Paper.

We have a statutory duty to ensure that provision is made for the assessment of the quality of education at institutions that receive HEFCE funding. This assessment is carried out on our behalf by the Quality Assurance Agency for Higher Education and monitored through our Teaching, Quality and Student Experience committee.

As principal regulator for higher education institutions, we have a statutory responsibility to promote compliance by institutions' trustees with their obligations under charity law.

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<sup>13</sup> Full details of the BIS technical consultation are available at <http://discuss.bis.gov.uk/hereform/>