

DEVELOPMENTS IN UNIVERSITY AUTONOMY IN ENGLAND

1988 – 2004

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submitted by

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Contents

Introduction	1	
I	Autonomy	6
1	Definitions	9
2	Academic Freedom	15
3	Accountability	17
	Conclusion	22
II	Policy Changes	25
	Context I : From Welfare State to Civil Society	25
	Context II : Mass Higher Education	28
1	Economics in Higher Education	31
1.1	The Market and Competition	31
1.2	Managerialism	34
	The Steering Committee for Efficiency Studies in Universities (Jarratt Report)	37
1.3	Entrepreneurialism	39
	National Inquiry into Higher Education (Dearing Report)	41
	Lambert Review on University – Business Collaboration	43
	The 2003 White Paper	46
2	Implementation of policies	48
2.1	Legislation	48
	1988 Education Reform Act	48
	1992 Further and Higher Education Act	51
	1998 Higher Education and Teaching Act, 2004 Higher Education Bill	53
2.2	Higher Education Funding Council for England	55
III	Identity in Higher Education	61
1	The Idea of the University	62
2	The Entrepreneurial University	64
3	Knowledge in the University	69
	Conclusion	71
	Bibliography	74

Appendices

- Appendix I Illustration of the Interrelations between a University and its Partners
as taken from the 2002 Report by the Better Regulation Taskforce
- Appendix II A New Compact in Higher Education as taken from the 1997 Dearing Report
- Appendix III 2004 Grant Letter to the HEFCE by the Secretary of State
- Appendix IV HEFCE Publications With Regards to Institutional
Management Since 1994
- Appendix V Draft Code of Governance as taken from the 2003 Lambert Review of University
– Business Collaboration

List of Abbreviations

AAU	Academic Audit Unit
CDP	Committee of Directors of Polytechnics
CNAA	Council for National Academic Awards
CUC	Committee of University Chairmen
CVCP	Committee of Vice Chancellors and Presidents (now UUK)
DfES	Department for Education and Skills
HEFCE	Higher Education Funding Council for England
HEFCWL – ELWa	Higher Education Funding Council for Wales – Education and Learning in Wales
HEQC	Higher Education Quality Council
OST	Office for Science and Technology
PCFC	Polytechnics and Colleges Funding Council
SCOP	Standing Conference of Principals
SHEFC	Scottish Higher Education Funding Council
UFC	University Funding Council
UGC	Universities Grants Committee
UUK	Universities UK

Introduction

Within the framework of European integration, the creation of a European Higher Education Area by 2010 is one of the major steps to be achieved. Higher education in Europe moved closer together after the Lisbon *Convention on the Recognition of Qualifications Concerning Higher Education in the European Region*¹ was signed in 1997.

In 1998, the *Joint Declaration on the Harmonisation of the Architecture of the European Higher Education System*² (the so called Sorbonne Declaration) was signed by France, Germany, Italy and Britain. The need was acknowledged for a greater homogeneity of the national systems to achieve the mobility of the members of the academic community as declared an aim the previous year³.

In 1999, the *Joint Declaration of the European Ministers of Education*⁴ (the so called Bologna Declaration) was signed by 29 European states. In contrast to the Sorbonne Declaration, it clearly argued for the improvement of Europe's international competitiveness and global attractiveness in terms of higher education as the ultimate goal of the creation of a European Higher Education Area. The Declaration set out the objectives for the harmonisation of the individual national higher education systems⁵, and thereby made obvious the universities' need to reposition themselves within the broader societal context⁶. Accordingly, in the course of the Bologna Process the states that had signed the Declaration began or continued to implement reforms of their national higher education

¹ For the full text see www.bologna-berlin2003.de/pdf/Lisbon_convention.pdf

² For the full text see www.bologna-berlin2003.de/pdf/Sorbonne_declaration.pdf

³ Cf. Keller, Andreas (2003), *Von Bologna nach Berlin. Perspektiven eines Europäischen Hochschulraumes am Vorabend des europäischen Hochschulgipfels 2003 in Berlin*, www.bdwi.de/texte/001.htm, p. 4.

⁴ For the full text see www.bologna-berlin2003.de/pdf/bologna_declaration.pdf

⁵ The Sorbonne Declaration had stated most of these objectives already in rather general terms. The Bologna Declaration reformulated them to become the definite goals of the process, the perceived importance of which is reflected by the considerable number of signatories.

⁶ Cf. Commission of the European Communities (2003), *Communication from the Commission: The Role of the Universities in the Europe of Knowledge*, www.bologna-berlin2003.de/pdf/rols_unis.pdf

systems. Although they have never been discussed or made explicit reference to in any of the relevant documents, there seems to be a consensus that the British and US-American higher education systems serve as models for the structural reforms to be achieved.

Following the Sorbonne Declaration, and prior to the Bologna Declaration, Germany in 1998 amended its Framework Act for Higher Education which in its new form aimed at an increase in the higher education institutions' flexibility and autonomy so that especially the criterion of competitiveness within the higher education sector could be met⁷. However, although Germany was one of the first states to initiate the creation of a European Higher Education Area, and although decisive steps were taken to reform the national higher education system, changes within the German system are hardly noticed. One reason for this is a lack of public awareness of (and arguably interest in) the developments on the European level and their implications for national policies. Another one can be seen in the public discourse being dominated by debates about the causes and consequences of the financial crisis of the sector, which more often than not lacks a critical reflection of the universities' governance and management structures. There appears to be agreement that what is perceived as a predominantly economical problem can be successfully resolved if German universities are restructured following the models of academic and monetary success that can allegedly be found in the US, and if the sector as a whole becomes more independent and decentralised as is perceived to be true for the UK.

However, especially when involving the UK the debate neglects in particular the ideological side effects of the increased, ultimately economic competition amongst universities. It does not take into account the cultural change accompanying the long process of re-positioning, re-structuring and re-defining of the universities, their roles and their identities, which was conducted both by the higher education institutions themselves and the stakeholders in higher education. The thesis was inspired by this public debate about higher education in

⁷ The Act was revised in 2002 (www.bmbf.de/pub/hrg_20020815.pdf).

Germany, and motivated by the interest to lay the foundation for a comparison of the two states' higher education systems with regards to management and governance structures, their potential for facilitating/enhancing change within the higher education sector, and the transformations which these structures experience themselves in interrelation with wider social, political, economic and ideological developments. Although this motivation was essential to this thesis, an actual comparison between the national higher education systems will not be achieved within its framework.

In the UK, the 1988 Education Reform Act⁸ established a framework legislation which has ever since been continuously filled in. The enactment of the 2004 Higher Education Bill⁹ would be the logical continuation of the developments so far. Therefore, the thesis focuses on the period of time framed by the two above mentioned pieces of enacted or drafted legislation. Through developments in the wider socio-economic and political sphere on both a national and international level prior to the period of time covered by this thesis, conditions were created that impacted massively on the UK higher education sector. Some of these shall be briefly outlined as they form the background to the issues in question.

Furthermore, all discussion is limited to the English university sector. This takes into account the issue of devolution and its implications for the extent to which actions by the central government affect the countries England, Scotland, Wales and Northern Ireland. It is also based on the assumption that since there is no parliament or assembly for England, central government policies affect England's affairs more directly than those of Scotland, Wales or Northern Ireland which have some discretion at their hands.

The period 1988 to 2004 is perceived to have been particularly critical to the maintenance of the principle of university autonomy. Universities saw and still see themselves

⁸ www.legislation.hmso.gov.uk/acts/acts1988/Ukpga_19880040_en_1.htm

⁹ www.publications.parliament.uk/pa/ld200304/ldbills/056/2004056.pdf

confronted with demands for more flexibility, efficiency and transparency in their operations in the face of the internationalisation and massification of higher education, and of an increased public and economic interest in the higher education sector's workings and outputs. These demands pose a significant challenge to the universities' self-perception. Together with the individual universities' dependence on public funding they have major implications for the understanding of what is, and what is not, university autonomy, and impact directly on the issue of the higher education institutions' identity. Therefore, the focal point of this thesis lies with the issue of university autonomy in England: what is understood with university autonomy today, who or what contributes to the conceptualisation of university autonomy, in what ways and to which effect does the concept of university autonomy influence the universities?

In order to arrive at an understanding of both university autonomy as a concept and the dimensions of the continuous debate about it, several views on what criteria constitute university autonomy shall be introduced. In this context, the connection between university autonomy and the issue of accountability shall be discussed, as this is perceived by the author to be the focal point of the debate about university autonomy.

Departing from this discussion, changes in policy and discourse shall be analysed with regards to their impact on university autonomy. For this purpose, primary sources, and in particular White Papers, relevant legislation and committee reports will be referred to. In this context, recourse will be taken to developments within the higher education sector prior to the period of time covered here, as they have significantly contributed to the present state of affairs. In particular, mention shall be made of the emergence of a mass higher education system after the implementation of the public sector of higher education¹⁰. Furthermore, examples for the ways in which changes in policy and ideology

¹⁰ Until 1992, the public sector of higher education comprised the polytechnics and colleges of further education. These were created in the 1960s following the recommendations of the 1963 Robbins Report to

are implemented on universities shall be given by means of a brief discussion of higher education legislation as well as the functions and role of the Higher Education Funding Council for England (HEFCE). An outline of the changes and also crises in the universities' identity shall weld together the discussion of the concept of university autonomy and the explications on policy changes and their implementation.

The bigger part of the secondary literature used for the purposes of this thesis arrives at the conclusion that due to its financial dependence on the state, the higher education sector in England has come to be extremely limited in its freedom to self-governance by an elaborate administrative system imposed on it. Through this, central government is stated to exert both direct and indirect influence on the sector, thereby reducing the sector to a mere provider for the state.

This thesis accepts that there is currently a heavily regulatory framework in place in which the English higher education sector has to accommodate. It shall argue, however, that the purpose of this framework is not to subject universities to central planning and control, but to lead them to increased autonomy and greater independence by providing them with the context, knowledge and mechanisms necessary to survive successfully in an increasingly complex and competitive environment.

exist parallel to the university sector with the aim to provide for a less elitist and more vocational further or higher education. The so called binary divide between the public and the university sector was abandoned by the 1992 Further and Higher Education Act (www.legislation.hmso.gov.uk/acts/acts1992/Ukpga_19920013_en_1.htm), which allowed for polytechnics and colleges to acquire university status. However, the divide has continued to exist by the distinction in status, reputation and also funding of what are now referred to as pre-1992 and post-1992 universities.

I **Autonomy**

In the following, several views on what is university autonomy shall be introduced. It will become clear that there is a consensus amongst the authors presented here about a number of criteria which have come to be seen as basic indicators for a university's autonomy. The aim of this chapter is to arrive at a definition of university autonomy and a catalogue of criteria against which to assess a higher education institution's independence. This particular understanding of university autonomy is intended to form the background of the further work.

Universities have been entrusted by society with major responsibilities with regards to human development, and will in turn remain vital in meeting society's need to accommodate and steer rapid and sometimes radical changes. Universities exist not only for the sake of knowledge but also to the benefit of the society they are embedded in. Therefore, university autonomy and academic freedom are not privileges, but basic and inalienable conditions that enable universities to fully assume and fulfil their societal responsibilities¹¹.

University autonomy is a shifting notion which is a historically dated, relational feature of a given moment in time, with an impact on the functioning of science. Universities are not exempt from overall societal changes and therefore have to take over responsibilities of a highly practical nature alongside their historic commitment to universalism, pluralism and humanism. Therefore, university autonomy has experienced re-interpretations and re-formulations over time. It is conceded that total independence from government cannot be

¹¹ International Association of Universities (IAU)(1998b), *Statement on Academic Freedom, University Autonomy and Social Responsibility*, www.unesco.org/iau/tfaf_statement.html, p. 1.

achieved, particularly so in higher education systems where universities rely heavily on funding by the state.

Accordingly, there is not university autonomy as such, but there are degrees of autonomy that depend on the relation between co-existing, different forms of interests at a given point in time¹². Thus an *idea* of university autonomy is challenged by the versions of university autonomy that can be achieved in *reality*. This parallelism of the ideal and the real-life forms of university autonomy has massively contributed to a crisis in identity for ‘the university’ as an institution.

Although the numerous definitions of university autonomy focus on four to five key criteria to university autonomy, they imply different things when seen against the background of the historical context they are part of. Furthermore, as will be seen in the course of this chapter, most of the verbal conceptualisation of university autonomy, the discussion and dissemination of concepts are conducted by academics and their representative bodies (i.e. insiders of the higher education sector) on the basis of long established conventions. These conventions aim to determine the ways in which universities and the society they are embedded in interact, and therefore have the potential to bind both higher education institutions and the stakeholders of higher education. However, the material dependence of the universities on the society (as represented by central government) has come to be a stronger argument than the state’s intellectual dependence on the universities in the discourse driven by economic considerations.

¹² Felt, Ulrike & Glanz, Michaela (2002), *University Autonomy in Europe: Changing Paradigms in Higher Education Policy. Special Case Studies: Decision-Making Structures and Human Resources Management in Finland, France, Greece, Hungary, Italy, The Netherlands, Spain and the United Kingdom*, www.eua.uni-graz.at/Ulrike_Felt.pdf, p.14.

Therefore, it is eventually the state and its actions with regards to higher education which define and determine the criteria for university autonomy. This is not articulated in programmatic writing but through policy making and the implementation of political strategic aims¹³. From the universities' point of view these measures and their emphasis on the universities' responsibility (in the sense of utility) to the society come close to a disregard of the conventions governing the interrelations between the state and higher education institutions. From the state's perspective, policy changes and their implementation are compatible with these conventions, and reflect their non-static character which allows for their interpretation as required by the multiple dimensions of the wider national, and even international context.

¹³ See chapters II.1 and II.2 for examples for the ways in which wider political aims impact on higher education policy making. National reports tend to be prescriptive in their recommendations for both the higher education sector they review and the central government they were established by. More often than not government White Papers result from the reports' findings and recommendations, and are themselves the basis for legislation.

1 Definitions

At the International Conference convened by UNESCO in Nice in 1950, the Universities of the World stipulated three principles which each university shall stand for. These are

the right to pursue knowledge for its own sake and to follow wherever the search for truth may lead;

the tolerance of divergent opinion and freedom from political interference;

the obligation as social institutions to promote, through teaching and research, the principles of freedom, justice, of human dignity and solidarity, and to develop mutually material and moral aid on an international level¹⁴.

These principles are inherent to the concepts of university autonomy which are presented here.

In order to safeguard university autonomy, arrangements have to be made for the accommodation of different forms of interests. This includes tolerance of the development and maintenance of both a mode of, and a discourse about autonomy which is peculiar to the higher education sector only. In this sense, university autonomy means self-referentiality, i.e. the existence of a language of its own, of a history of relevant problems and ways to deal with research questions, and of a high degree of symbolic capital¹⁵. This concept of university autonomy contributes to the seclusion and insulation of higher education institutions from the surrounding society. It clearly distinguishes insiders and outsiders to the university system by the nature of its discourse. It is furthermore focussed on genuinely academic issues.

¹⁴ IAU (1998b), p. 1.

¹⁵ Felt (2002), p. 23.

In less abstract terms, the Oxford English Reference Dictionary defines autonomy in general as the right to self-government. In this sense, it was exercised increasingly after 1945 under the donnish system. University autonomy was understood as the force that enabled universities to appoint academic staff without external interference, to admit students, to determine the contents of the curriculum and teaching methods, to control their own standards, to establish own academic priorities, and to determine internally patterns for the university's future development¹⁶. Accordingly, it was seen as essential to university autonomy that “the academic staff in modern British universities and *not* the partially lay governing bodies [...] should have at least de facto control of the following university functions:

1. The admission and examination of students
2. The curricula for courses of study
3. The appointment and tenure of office of the academic staff
4. The allocation of income among different categories of expenditure
- [...]
5. The final authority in determining the proper subjects of research”¹⁷.

For an appreciation of the validity of this claim, the background to it has to be taken into consideration¹⁸. The emphasis on academics maintaining control over the listed university functions results from the then common understanding of a university as a grouping of departments that are each headed by an academic rather than an entity the constituents of which are led from an administrative centre. The higher education sector was small and unified, with the Robbins Report and the subsequent gestation of the binary system

¹⁶ Salter, Brian & Tapper, Ted (1995), ‘The Changing Idea of University Autonomy’, *Studies in Higher Education*, Vol. 20, No. 1.

¹⁷ Berdahl, Robert (1995), *British Universities and the State*, London: CUP, p. 162. Of particular importance is the emphasis on the right of academics to have decisive powers with respect to the criteria.

¹⁸ Only a few aspects can be given. For more detailed accounts see Berdahl (1959), Salter, Brian & Tapper, Ted (1994), *The State and Higher Education*, Ilford: The Woburn Press.

through the introduction of the polytechnics still to come. Furthermore, universities provided such a small proportion of the age cohort with such specialist education that the sector as a whole appeared (and was) to the majority of the public a remote sphere. Public interest in the sector, and the awareness of the public's right to intervene were yet to develop as results of the introduction of a mass higher education system. The funding system was marked by rather informal, personal relationships between the providers and the receivers of public money.

Since then, the context in which universities operate has changed massively. A distinction between *substantive* and *procedural* autonomy evolved, the former of which concerns “the power of the university [...] in its corporate form to determine its own goals and programmes”¹⁹. This has to be maintained, and in the case of government intervention in substantive actions the two sides' positions, roles and powers need to be negotiated. Procedural autonomy means “the power of the university [...] in its corporate form to determine the means by which its goals and programmes will be pursued”²⁰. Intervention by the state in procedural matters can have enormous impacts on a university, but it does not necessarily prevent the institution from achieving its goals. The essential aspects to autonomy in this sense are the freedom to select both staff and students as well as to determine the conditions under which they remain in the university, the freedom to set both the curriculum content and the standard for the award of degrees, and the freedom to allocate funds internally²¹.

¹⁹ Berdahl, Robert (1990), ‘Academic Freedom, Autonomy and Accountability in British Universities’, *Studies in Higher Education*, Vol. 15, No. 2, p. 172.

²⁰ Ibid.

²¹ Ibid.; Thorens, Justin (1996), ‘Role and Mission of the University at the Dawn of the 21st Century’, *Higher Education Policy*, Vol. 9, No. 4, p. 267 – 275, defines the universities' autonomy as formal which allows them to allocate funds internally as they think fit.

This ties in with the distinction in legal terms between *external*, *organic*, and *administrative* autonomy²². Whereas external autonomy is pre-eminently a formal criterion²³, organic autonomy confers upon the university the capacity to determine its own internal forms of academic organisation (it thus corresponds with the notion of substantive autonomy). Administrative autonomy is grounded in institutional self-coordination, and is therefore the touchstone of the institution's material independence (compare with the notion of procedural autonomy). It includes the university's freedom to choose priorities, to decide on duties and opportunities, and to set complementary detailed procedures for institutional administration, personnel policy and budgetary control. The latter has come to include the generation of income from non-public sources to supplement public funding²⁴.

More and more the discourse has to acknowledge the universities' massively increasing interrelations and interconnections with other higher education institutions, and public as well as private sector bodies on both national and international levels²⁵. It also has to take into consideration the perception of universities as responsible partners by the cooperating institutions of higher education, public sector bodies, and business. Therefore, university autonomy in a broad sense comprises a university's ability to define strategic tasks, to set institutional aims and to determine links to other fields of society, to decide on criteria of

²² International Association of Universities (IAU)(1998a), *The Feasibility and Desirability of an Instrument on Academic Freedom and University Autonomy*, www.unesco.org/iau/tfaf_feasibility.html, p. 7.

²³ It means that once a private person decides to found a university, it will stand as an independent legal personality. Such a free, i.e. non-state university may become subject to general university legislation once government subsidies were accepted or diplomas officially recognised.

²⁴ IAU (1998a), p. 8; With regards to staff, the several possible career structures, conditions of appointment, salary structure, sickness benefits, vacation allowance etc. are laid down at the national level. The crucial aspect therefore focuses on the appointment of new staff and whether an institution is independent in its personnel choices and appointments. In terms of teaching and research, the subjects offered by a university are most often confined to those that received validation, accreditation and recognition from central government, which is true for diplomas as well. Due to the universities' reliance on public funding, the prime task of national framework legislation for higher education is to strike a balance between the budgetary continuity for each of the nation's universities against their intellectual freedom and the central government as prime paymaster. A higher education institution's identity or degree of administrative autonomy do not prevent the central government from requiring this institution to implement certain procedures in the interest of clarity in decision making and accountability to the public.

²⁵ See Appendix I for an illustration of the relational network a university is part of.

access for all its members, and to assume responsibility for the decisions taken and their possible effects on the society²⁶.

Against the background of a growing government demand for greater efficiency of higher education and economic applicability of its outcomes, the issue of academic freedom has come to play an increasingly important role for the understanding of university autonomy. The demand for independence from government interference concerning course contents, the methods of assessing and standards of awarding degrees, and the admission of academic staff is accompanied by the demand for freedom with regards to the conduct of research and to the free expression of opinion²⁷.

To summarize the above, university autonomy is given if a higher education institution has the freedom on the institutional level to

- define strategic aims
- set criteria for the admission of academic staff
- interact freely with other fields of society
- allocate funds internally as thought fit
- decide on both contents and methods of teaching and research

In the author's perception, this catalogue of criteria as derived from the representative sources mentioned above does not take into consideration the managerial structures necessary to achieve what are listed here as features of university autonomy. In order to execute its rights, and to display as a result the above mentioned characteristics of

²⁶Stichweh, Rudolf (1994), *Wissenschaft, Universität und Professionen: soziologische Analysen*, Frankfurt/Main: Suhrkamp.

²⁷McDaniel, Olaf (1996), 'The Paradigms of Governance in Higher Education Systems', *Higher Education Policy*, Vol. 9, No. 4, p. 140.

university autonomy, a university needs to establish internally properly working management structures. This is particularly true against the background of the increasingly complex network universities are a part of, and within which the boundaries become more and more blurred between purely academic work and its economic exploitation for the benefit of the higher education institution itself²⁸.

Therefore, in the political discourse about higher education, the term ‘autonomy’ is used in a technical sense, i.e. autonomy is understood as a technical or operational tool which is necessary to run a university and is formally recognised by the state through clearly defined legal provisions. With respect to this development, and due to the relational networks universities are supposed to participate in as actors, the capacity for economic accountability alongside ethic and academic responsibility to the stakeholders of higher education has evolved as the most indicative feature of institutional autonomy. Economic accountability in particular presupposes management structures that can be evaluated by externals to a university (even to the higher education sector as a whole) by means of objective criteria applicable to *any* actor in a society’s economic life. This hints at the massive conflicts related to universities’ self-perception and academic identity as shall be discussed in chapter III.

²⁸ On the one hand, the issues of teaching, research and the dissemination of knowledge are genuinely academic by nature. On the other hand, many stakeholders in higher education demand a say or some kind of share in contents, methodologies, or research findings. Therefore, issues such as intellectual property rights, university mergers, research centres at the periphery of universities, or the internationalisation of courses or whole universities become more and more important due to both their potential to enforce a further blur of boundaries and their implications for university management.

2 Academic Freedom

The basic function of the university with regards to the development of knowledge is to offer cultural, scientific and ethical education to a nation's citizens. Thus, knowledge transfer via teaching is one way to execute academic freedom. Not only are facts disseminated or opinions discussed, the methodologies developed to both conduct research and teaching, and to make known their results are achievements of the academics using their right to work freely.

Apart from teaching and research, it is the academics' duty to use their intellectual potential to steer a society's development to some extent by commenting on it²⁹. Academic freedom is the fundamental philosophical premise or optimal condition for academic work in general, and for the academics' function as critical commentators on the society's development in particular. It allows for the members of the academic community to follow their academic activities within the framework determined by this community under consideration of ethical rules and international standards, without external pressures. Academic freedom is thus both the right and the duty of academics to think different from the mainstream and to express themselves.

Academic freedom is influenced by both open and disguised pressure from without as well as from within the academic community. The members of this community are exposed to the public as audience in the discourse about academe, to the public as paymaster, and to other academics in the context of scientific competition. Academic freedom is interlinked with university autonomy, and so it is a specific feature of university education as opposed

²⁹ Cf. Thorens, Justin (1996), 'Role and Mission of the University at the dawn of the 21st Century', *Higher Education Policy*, Vol. 9, No. 4, pp. 267 – 275; this view on academic freedom appears to focus predominantly on humanities.

to other post-secondary education (i.e. the curriculum is defined through academics themselves and oriented towards the individual university's strategic aims and not given by the state)³⁰.

In legislation, academic freedom is a specific application of the right to the free holding of an opinion, and the free expression of it, to the members of the academic community. It is therefore part of any human rights treaty and democratic constitution. In the UK, where there is no written constitution, academic freedom can be said to be protected and guaranteed in writing by the 1998 Human Rights Act. Generally speaking, academic freedom is perceived to guarantee the liberty of members of the academic community to teach, to research, and to express their opinions in any area for which they are qualified, and to advance knowledge without fear of repression. More specifically, in the Germanic legal tradition the UK is part of academic freedom is understood as the exemption in the area of academic endeavour and scholarship from government instructions and intervention³¹. In turn academics are obliged to excellence, innovation, the extension of knowledge through research, and the dissemination of the obtained knowledge through teaching and publication. Also, each member of the academic community carries ethical responsibilities in determining the priorities of research, taking into account the implications of the possible results³².

³⁰ Thorens (1996), p. 276.

³¹ IAU (1998a), p. 3; The problem here is obviously one of definition and understanding of the term 'intervention'. Policy making involves rather prescriptive programmatic public discourse about what universities shall stand for and achieve. The London government has made its views on higher education, its role/function, and the government's expectation towards the higher education sector very clear on several occasions (the latest one being the 2003 White Paper and the subsequent 2004 Higher Education Bill, which mention shall be made of in chapter II).

³² IAU (1998a), p. 4.

3 Accountability

According to the IAU³³, there is a trend towards governments withdrawing from a detailed oversight of higher education and concentrating on the elaboration of an overall strategy. Such development leaves the means by which to achieve the national goals for higher education as decisions to be taken within the individual universities. The concept of the ‘modest state’ vis a vis more responsible universities is based on the notion that the more deregulated or modest the part of central administration is in the workings of higher education, the greater is the degree of university autonomy. Conversely, by increasing a university’s discretion, latitude and initiative, the effective scope of university autonomy is enlarged. The expansion in the range of responsibilities that are assigned away from central government down to the individual institution is paralleled by a strengthening of the principles of accountability, performance assessment and audit³⁴. With the increase in independence comes the duty for universities to uphold and demonstrate to society the consciousness of the collective obligation to quality, ethics, fairness, tolerance, as well as the establishment and upkeep of both academic and administrative standards. Whereas the former address issues of academic freedom, the latter is related to the autonomy of a higher education institution as an entity in its own right. With regards to the latter, accountability is understood and implemented as a technical exercise which is evaluated by means of a clear set of indicators³⁵.

³³ IAU (1998a), p. 4.

³⁴ In the course of this thesis it will become clear that in the UK, the state’s withdrawal from higher education has been a political aim for a considerable period of time. In order to achieve this aim, however, such regulatory mechanisms and prescriptive guidelines have been imposed on the higher education sector that the degree of the universities’ independence is underestimated more often than not. There is thus the paradox situation that on their way to independence, universities are often massively limited in their liberties – not by legislation, but due to highly complex administrative structures that are actually to support the universities on their way to autonomy. The most notorious example of cumbersome administrative effort is the Research Assessment Exercise (for further information see www.rae.ac.uk).

³⁵ Cf. Felt & Glanz (2002).

Due to their dependence and reliance on public funding, higher education and its institutions are legally, economically and intellectually accountable to the public as represented by parliament. Of utmost concern is the question about how accountability can be prevented from being used as a tool for inspection, and interference from without the higher education sector as a consequence. Within reasonable measures accountability is perceived to be appropriate and to have good effects on those who are to account to the stakeholders of higher education about their proceedings. The reasonability of these measures is seen to be dependent on the ways in which accountability is achieved³⁶.

Accountability through auditing is compatible with institutional autonomy as an audit is perceived to be minimally invasive and to concern the *processes* by which an institution governs and regulates itself in the light of its own self-declared standards and purposes. An audit tests the standards of accountability which are set by the institutions, but not the standards applied to the measurement of learning and teaching or those set for the award of degrees. In contrast, accountability through inspection is not compatible with institutional autonomy, as it is not limited to the process domain but intrudes into the *product* sphere as well³⁷.

Process control focuses on the conditions, means and resources that form the product of a higher education institution, i.e. on the ways in which universities govern and manage themselves. It takes into consideration the individuality of each higher education institution as determined by its own set of standards against which the university's performance in the process domain is evaluated. Process control concerns each university

³⁶ Sutherland, Stewart (1996), *Universities – a Crisis of Confidence or of Identity?* Speech delivered at Melbourne University 28 August 1996, www.cpa.ed.ac.uk/trans/mo/, p. 2.

³⁷ Sutherland (1996), p. 3; inspection was justified when applied to the old polytechnics and colleges because they did not have the power to set own standards, to award degrees assessed by such sets of standards, and most significantly because autonomy was not to be a constituent element of these higher and further education institutions.

as an individual entity, i.e. it is the execution of internal self-regulation as the backbone of university autonomy.

The products of higher education are for instance the student output, their qualification and certified abilities, research projects, publications or patents. Control in this domain holds the danger of evaluating a university's performance against the background of an understanding of the purposes of higher education that is applied to the sector as a whole, thereby neglecting the inter-institutional differences in outlook, i.e. the universities' identities they are given the right to determine themselves. Furthermore, it is exercised against the background of centrally anticipated, and planned for, results. Product control is predominantly applied to universities from without the higher education sector, and it does therefore not discriminate individual institutions but tends to see the sector as a whole. The current debate revolves around the extent to which product control can be accepted to impact on process control. The extent of institutional self-regulation is dependent on the success or good performance in the product domain.

The rise of *a posteriori* financing, performance monitoring and quality assessment in England shows that the universities' greater autonomy in the process domain does not necessarily lead to a similar development in the product domain. Enhanced self-regulation in the process domain is accompanied by a closer surveillance over the universities' performances within the product sphere. If the real outcomes generated on the basis of increased university control in the process domain do not meet the central authorities' expectations, these authorities are likely to enforce the achievement of anticipated results in the product domain through mechanisms of regulation.

In this context, a conceptual distinction has occurred between academic freedom and institutional autonomy, the result of which is the subordination of the former to the requirements that need to be fulfilled to achieve the latter. This is not to say that academic freedom as an essential aspect of an academic's individual (professional) autonomy has been limited. It was, however, singled out off the concept of 'university autonomy', the identity-building dimension of which has been omitted as a result. Due to this conceptual change university autonomy could be perceived as similar to other public sector institutions' autonomy: if academic freedom as a concept of intellectual autonomy is protected in its own right by legislation, it need not be safeguarded via a special status attached to university autonomy which originally embraced both autonomy in the sense of institutional/administrative self-government and autonomy in the sense of the intellectual self-determination of the academics. Due to the conceptual separation of academic freedom and institutional autonomy, universities could no longer justify their demand to be regarded as exempt from government influence.

As a result of the universities' increased autonomy in process control at the price of intensified government surveillance of product control, the distinction of individual autonomy/academic freedom (as based on traditional, rather non-material values) and institutional autonomy (as based on new, predominantly economic principles and values) becomes more and more manifest. The same is true for the subordination of the former to the latter: universities have been given a mission in correspondence with their (increasingly material) integration into society. In order to comply with this mission, the individual academics' efforts are channelled and the intellectual potential of a university's academic staff is supposed to serve the achievement of this university's aims as determined in its statutes. Thus accountability also questions the individual academic's performance, i.e. links

an institution's economic achievements with the intellectual efforts of its academic staff. One result of this is the subsequent demand for academics to re-define themselves³⁸.

University accountability through auditing, i.e. through allowing for externals to evaluate a university's conduct against the standards set by this university has come to be generally accepted by the higher education sector. It is even acknowledged to be potentially supportive of structural improvements within the sector³⁹. The sensitive issue about accountability in the higher education sector, however, is its regulatory potential. It has therefore been in the higher education sector's interest to keep the responsibility for the mechanisms of accountability within the sector. The history of the funding councils⁴⁰ exemplifies this as well as the central government's attempts to gain more control over the ways in which accountability can be achieved.

³⁸ Felt & Glanz (2002), p. 14.

³⁹ Felt & Glanz (2002), p. 23.

⁴⁰ Cf. Henkel, Mary (2000), *Academic Identities and Policy Change in Higher Education*, London: Jessica Kingsley Publishers; Kogan, Maurice & Hanney, Stephen (2000), *Reforming Higher Education*, London: Jessica Kingsley; Salter, Brian & Tapper, Ted (1994), *The State and Higher Education*, Ilford: The Woburn Press; Taggart, Gerard J. (2003), *A Critical Review of the Role of the English Funding Body for Higher Education in the Relationship between the State and Higher Education in the Period 1945 – 2003*, unpublished manuscript.

Conclusion

A model is developed and presented here to put into relation the categories of autonomy as introduced above. It is supplemented by a catalogue of criteria against which to assess the degree of a university's autonomy⁴¹.

The broad concept of *university autonomy* representative of the principles as articulated in Nice in 1950 and of traditional academic values was broken down into *procedural autonomy* to stand for the ways in which a university realises its programmes and achieves its goals as established under its *substantive autonomy*.

Within procedural autonomy, *organic* and *administrative autonomy* were established as further subcategories to describe a university's liberty to establish internal forms of academic organisation and to determine/control priorities, personnel policy, administrative processes as well as budgetary issues respectively.

Substantive autonomy is underpinned by the principle of academic freedom and can be subdivided into aspects of concern for a university as a whole and those related to the individual academics. *Programmatic autonomy* denotes a university's freedom to develop and establish its curriculum as well as standards and procedures of assessment of both the academic and administrative domain. *Traditional autonomy* here refers to the acts of teaching and research, and it is therefore understood as the academics' *individual* autonomy.

⁴¹ Both the model and the catalogue are developed by the author as the result of her analysis and interpretation of the literature as reviewed above, and of observations of the discourse about higher education since the 1980s.

Administrative, organic and programmatic autonomy together constitute *institutional* autonomy. Within the framework of legislation, convention and common sense, it gives a university freedom to

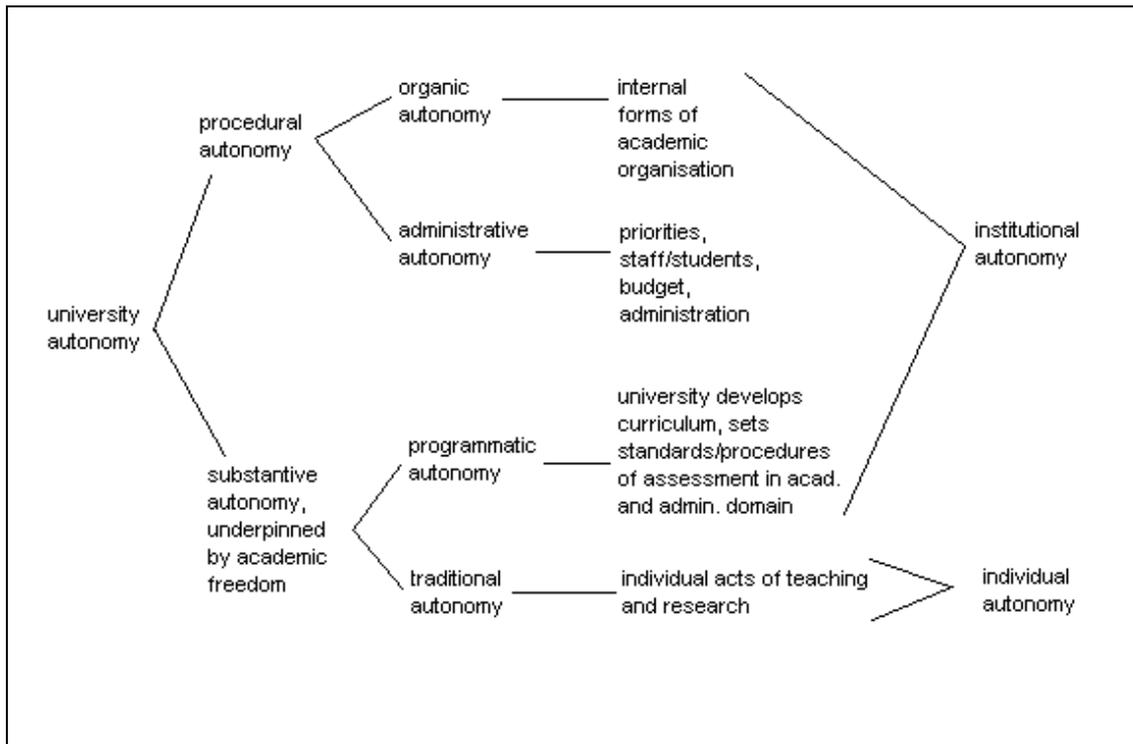
1. generate and distribute internally sums derived from public and non-public sources
(this implies the university's right to enter contracts with business and its initiative to develop and make use of intellectual property rights)
2. determine the criteria for admission of academic staff and students
3. set standards of achievement and establish procedures of assessment
4. develop a strategy and establish the structures necessary to achieve its aims.

Individual autonomy was recognised to be subordinated to institutional autonomy in order to achieve the university's intellectual and economic goals as set out by this institution's strategic plan. The degree of both institutional and individual autonomy is determined by the

capability to accountability through audit

which is the fifth and most indicative criterion of a university's autonomy, as it presupposes a set of properly working management and governance structures.

The scheme may serve to clarify the differentiations:



In principle, English universities have been given the means to enable them to achieve institutional autonomy as defined above, namely by the implementation of management and governance structures as consequences of both legislation and ideology. In the following, ways in which this was achieved, and to what effect, will be explored.

II Policy Changes

Post-war higher education has undergone massive changes, in particular since the publication of the Robbins Report in 1963⁴². Most significantly, the emergence of a mass higher education system, changing conceptions of the welfare state, the development of a quasi-market for higher education, the insertion of higher education in the national economy, and a changing notion of what it means to know the world and of the relationship between higher education and the world of work contributed to changes in policy⁴³. These have sought, and seek to achieve the universities' capability to occupy a central position within contemporary society, and to be largely independent from government funding. Consequently, frameworks have been established to provide universities with the practical tools necessary for a transformation of higher education institutions into more (pro-)active participants of public, and parallel to that of economic life.

Context I: From Welfare State to Civil Society

In the UK, the welfare state's moral and administrative core used to be in the health service, the pensions and social security⁴⁴. This 'primary' welfare state can be described as being designed to provide a safety net for the poor, i.e. to protect vulnerable individuals and groups. It can therefore be described as reactive. For a considerable period of time, the

⁴² For a historical account of the developments within the sector prior to the period covered here see Salter & Tapper (1994) and Hanney & Kogan (2000).

⁴³ Barnett, Robert & Bjarnason, Svava (1999), 'The Reform of Higher Education in Britain', in David C. B. Teather (ed.), *Higher Education in a Post-Binary Era. National Reforms and Institutional Responses*, London: Jessica Kingsley, pp. 87 – 110.

⁴⁴ Cf. Scott, Peter (1995), *The Meanings of Mass Higher Education*, Buckingham: SRHE & OUP.

distance between higher education and the welfare state was made clear by the universities and colleges, which established an elite system based on notions of social selectivity rather than social mobility. Therefore, the development of tertiary education and of the university sector in particular was peripheral to such an extent that it may not be regarded as a component of the welfare state at all.

The pro-active 'secondary' welfare state saw the mobilization of political, social and educational institutions to promote a democratic culture and to encourage social mobility. It sought to reshape society through legislation as well as through regulatory and redistributive policies. The links between higher education and the secondary welfare state are more significant.

The 'tertiary' welfare state is characterised by two features.

First, there is a shift from the fiduciary state towards the contractual state. The central government is less likely to see the responsibility for higher education as an absolute duty but begins to perceive itself as a purchaser on behalf of the taxpayers of a range of teaching, research and consulting services. The emphasis shifts from the state as provider either towards the state as regulator who establishes the conditions under which the internal markets are allowed to operate, or towards the state as auditor assessing these markets' outcomes⁴⁵. The perception of the state as auditor is more novel and has important implications for the evolution of the 'tertiary' welfare state. There is no longer a planning of inputs but rather an audit of outcomes, which has resulted in a new articulation of values and a rationalisation and reinforcement of public images of control. This was

⁴⁵ The notion of the state as regulator is a regression to the older conception of the state as regulator of voluntary initiatives. The state was obliged first to sponsor, then to fund, and eventually to organise such initiatives on its own account. In this sense, the old universities under the University Grant Committee's (UGC) regime were archaic as the state's role was confined to sponsorship and funding. Cf. Salter & Tapper (1994), Hanney & Kogan (2000), and also Taggart (2003).

already implemented as a system when the polytechnics existed parallel to the universities, and has impacted on the latter since the abolition of the binary system of higher education in 1992.

Second, the transition from the welfare state to the welfare society reflects the shift from the corporatist state to the civil society. The starting point for the gestation of the civil society is the perception that interests are not sufficiently covered by the officially recognised representation of corporative groups or social partners which historically served to negotiate the interests of capital, labour and government. Other preconditions for the rise of the civil society are a transformation of the mode of economic production, a continuously growing service sector, and changes to the educational background of those engaged in it. The replacement of the physical concentration in the factory of labour and capital by new organisational forms has resulted from the shift from manufacturing towards the service industry together with the development of increasingly global economic structures. The tendency towards the physical dispersion of production, capital and labour is facilitated by new communications technologies. As a result, network structures become important organisational patterns. Individuals are virtually grouped together for a specific purpose, i.e. on a temporary basis, and are supported by communication systems that allow for the transfer of massive amounts of services. In the course of these developments, there can be observed a trend away from institutions, and an increasing difficulty to distinguish clearly between the private and the public sector as there is more and more interaction between the two⁴⁶.

The transformations in the socio-economic sphere feed into the policy making with regards to higher education, and the universities' output in terms of research and human resources

⁴⁶ Scott (1995), p. 81; cf. Neave, Guy (1990), 'On Preparing for Markets: Trends in Higher Education in Western Europe 1988 – 1990', *European Journal of Education*, Vol. 25, No. 2, pp. 105 – 122.

in turn impacts on, as well as fuels the further development both within the higher education sector and society as a whole. The internationalisation of courses and modes of studies, distance learning on the basis of the current information technologies, and interdisciplinarity are examples for the complex interrelations between the overall societal development and that of one of this society's elements. More importantly with regards to the issue of university autonomy, the members of the civil society feel and are emancipated enough to express their own views and to demand both a say in, and some control over crucial areas of social development. This is an explanation for the increasing involvement of non-academics in the formerly exclusively academic processes of institutional management and, more significantly, of teaching and research⁴⁷.

The civil society is rather preoccupied with quality-of-life issues in contrast to the welfare state which is predominantly concerned with instrumental, cumulative, progressive and materialistic agendas. Therefore, the perception of higher education and its institutions is prone to change⁴⁸.

Context II: Mass Higher Education

Above, the evolution of the civil society was causally connected to the educational background of its members. It is therefore inevitable to make reference to the mass higher education system which had emerged by the early 1980s as a result of the introduction of the binary system of higher education following the 1963 Robbins Report⁴⁹.

⁴⁷ Cf. Neave, Guy (1990), p. 111; Non-academics become involved in university matters on several levels. Professionals may teach as guest lecturers at universities, making use of their practical experience rather than being reputed academics. Research is often stimulated by questions raised in the course of technological development in industries. Increasingly, university management is conducted and/or evaluated by professionals from without the higher education sector.

⁴⁸ Scott (1995), p. 82.

⁴⁹ On the following cf. Barnett & Bjarnason (1999), pp. 87-110.

By the time it had arrived, tensions within the mass system of higher education were no longer manageable, and the administrative burden of two separate yet supposedly equal systems with different financial structures and quality arrangements proved difficult to sustain. Also, the associated task for the state to preserve the distinctive, but complementary missions between the two sectors was impossible to fulfil as the systems increasingly overlapped in terms of profiles, student intakes and research interests. The public sector (polytechnics and other colleges) was encouraged to grow rapidly, and it eventually overtook the university sector in sheer size as it enrolled an overwhelming proportion of undergraduates and below-degree level students (the universities in contrast enrolled the majority of post-graduates).

The arrival of the mass higher education system was an explicitly intended part of government policy with the agenda of supporting the UK's repositioning within the global economy. The state saw in higher education the vehicle for assisting its wider plans for reshaping the UK economy and its human capital. When it had been established, government wanted and had to ensure that the new system was responsive in the ways envisaged for it. Amongst the intended consequences of central government's actions was the state's active role in attempting to modify the higher education that the students received, in particular the shift of the curriculum more towards a vocational education that took into account the need of specific skills for the labour market. Government actions increasingly concerned the higher education system as a whole and tended not to make any difference in terms of the state's expectations as to the outcomes between universities and polytechnics. If, however, there is no divisibility in expectations towards the outcomes generated by conceptually different institutions, then the case for a divided system of higher education weakens. Arguably, abandoning the binary system was less making the

polytechnics into universities but rather asking the universities to become more like polytechnics, which had obvious implications for the universities' self-perception in both academic and administrative terms.

The introduction of the binary system in the 1960s was an implicit criticism of the universities for not being responsive to the demands posed to them by society as a whole. As a result of the establishment of the polytechnics, the universities were left to more theoretical, non-worldly activities, whereas the polytechnics had a more vocational orientation ('educational apartheid'). The potential for economic and increasingly academic competition both between and within the sectors is evident. The existence of an alternative higher education system next to the university sector gave policy makers the opportunity for comparison in particular with respect to the ways in which each of the sectors managed and governed itself. It is therefore not surprising that values which were applicable to the public sector of higher education were increasingly imposed on the university sector as well, and that a transformation of governance and management structures characteristic for the latter was aimed at. In particular, the accountability structures within the public sector of higher education which were based on the conceptualisation of polytechnics as non-autonomous institutions were desired to be transferred to the university sector. Consequently, economic ideologies were introduced into the university domain of higher education even before the abolition of the binary divide⁵⁰.

⁵⁰ Cf. Barnett, Robert (2003), *Beyond All Reason: Living With Ideology in the University*, Buckingham: SRHE & OUP.

1 Economics in Higher Education

1.1 The Market and Competition

“Formally speaking a market is a means of organizing the exchange of goods and services based upon price, rather than upon other considerations such as tradition, or political choice.”⁵¹

There are several ways in which public policy can introduce or modify market behaviour in higher education⁵². First, the actual performance of a higher education system can be affected by the *conduct* of both consumers and suppliers of higher education. This includes the pricing of academic programs, research and services, and inter-institutional cooperation. Second, the conduct is in turn influenced by the *structure* of the market in question, i.e. by the number of consumers and suppliers, the degree of differentiation between the competitors’ academic programs, the presence or absence of barriers to the entry and the exit of academic competitors, and the availability of substitute products. Third, *basic conditions* impact on the market structure such as the legal framework within which a higher education system operates.

Competition within the higher education sector is not a new phenomenon. However, whereas universities used to compete against each other against the background of the inner values of the academic community itself, the state-orchestrated competition as described above is founded on values external to higher education, namely efficiency, consumer-responsiveness and accountability. These values are not problematic in themselves but have a critical potential when put into the context of the value structure that is embedded in the traditional understanding of what a university stands for.

⁵¹ Dill, David D. (1997), ‘Higher Education Markets and Public Policy’, *Higher Education Policy*, Vol. 10, No. 3/4, p. 168.

⁵² Cf. Dill (1997).

Competition on the grounds of efficiency, consumer-responsiveness and accountability cuts across institutionalised processes of communication within the academic community which are governed by the exchange of intellectual argumentation and have their ultimate purpose in human development⁵³.

Broadly speaking, there can be distinguished in the higher education sector two forms of competition: that between individuals (academic competition to generate knowledge) and that between universities (institutional competition focussing on predominantly economic issues). Within the higher education sector, there are thus the members of the academic community themselves, who compete with regards to the core functions of universities, i.e. in research and teaching. They have the potential to contribute from within the higher education sector to forms of competition which are capable of corrupting the nature and values of academic work, even more so as the boundaries between competition within the genuinely academic sphere and that within the economic area of higher education increasingly disappear. There are also universities as a whole as parties to the competition, i.e. institutions that have acknowledged that they are in competition and have the resources to do so.

Without the higher education sector there are those parties that keep competition going, i.e. the state as the most obvious and significant player as well as other stakeholders in higher education. These parties raise expectations as to what competition in the higher education sector may achieve. In doing so, the integrity of academic acts is disfigured and their original purpose, i.e. to develop and advance understanding within a community or an individual, is reduced to a means to achieve essentially non-academic ends. As a result, “[a]cademic acts are no longer characterized as a matter of promoting understanding [...]

⁵³ Cf. Barnett (2003).

but are broken open to allow in extraneous considerations that constitute forms of competition.”⁵⁴

There need to be distinguished competition for innovation and competition for efficiency, which on first glance appears to be a reflection of inner-academic competition along the lines of traditional university values as opposed to inter-institutional competition on the basis of originally non-university values imposed on the higher education sector from without. An amalgamation of the two concepts can be observed as the result of the successive predominance of the ideas of managerialism and entrepreneurialism in government policy making. Managerialism focussed on the implementation of mechanisms in the universities to achieve greater efficiency and manageability by central government of the higher education sector. Entrepreneurialism is designed to encourage universities to use their intellectual potential for the development of structures (amongst them those of institutional management and governance) which allow for an increase of the institutions’ efficiency and a withdrawal of central government from sector management.

⁵⁴ Barnett (2003), p. 84.

1.2 Managerialism

The Thatcher government had an unfavourable view of the nature of British universities, to say the least. The quality of higher education provided by universities and its utility to the national economy was first questioned by Keith Joseph, the then Secretary of State for Education who explicitly linked the issues of quality and efficiency in 1983. In 1984, the Secretary of State for Education argued that the universities must be subject to efficiency scrutiny as are any other public services⁵⁵. Universities were regarded as backwards, conservative, self-serving, and came to be given their share of blame for the UK lagging behind in the overall global economic development and competition. Like many other established institutions, universities were seen as unable to reform from within, and therefore must be forced from outside to reshape their roles, missions and functions⁵⁶.

The introduction of the market idea into the higher education sector during the 1980s was seen as a means to encourage economic competition amongst sufficient numbers of buyers and sellers of higher education products⁵⁷. Competition, it was held, would assure discipline within the sector with regards to institutional decisions about costs, prices, and product quality. The discourse was underpinned by the idea of ‘perfect competition’. First, it was believed that the prices attached to higher education’s goods and services would effectively capture the costs of production, and the private benefits the purchaser would gain as well. Second, it was assumed that the consumers of the goods and services delivered by higher education would make selective, economically rational decisions about what to purchase if

⁵⁵ Henkel, Mary (2000), *Academic Identities and Policy Change in Higher Education*, London: Jessica Kingsley, p. 41f.

⁵⁶ Trow, Martin (1994), ‘Managerialism and the Academic Profession: The Case of England’, *Higher Education Policy*, Vol. 7, No. 2, pp. 11-18.

⁵⁷ Cf. Barnett (2003).

they were provided with sufficient information about the qualitative characteristics of these goods and services⁵⁸.

However, it was obviously recognised that on the one hand the amount and diversity of information on higher education institutions could not possibly be managed by prospective students and their families, and that on the other hand rather menial aspects determine the students' choices (geography, costs and standard of living). The consideration of the 'immature consumer' supported the implementation of quasi-markets⁵⁹, rather than consumer-oriented markets, for the distribution of academic programs. In such a system, information was disseminated by academic institutions under government mandate, by independent quality assurance agencies which serve as principals representing consumer interests, and by secondary information markets⁶⁰. The students' choices on the basis of the available information would subsequently provide incentives for the universities to improve with regards to their scholarly performance, particularly so as information about their performance would usually not only be collated, but also be processed by the quality assurance agencies, and would serve as the basis for further funding. However, a system of

⁵⁸ Cf. Dill (1997).

⁵⁹ Trow, Martin (1996), 'Trusts, Markets and Accountability in Higher Education: A Comparative Perspective', *Higher Education Policy*, Vol. 9, No. 4, pp. 309 – 324, observes that higher education policy in the UK has been using the rhetoric of the market, but as the central government sets limits to the fees universities may charge as well as to the amount and variety of services that may be sold, there is no real market but rather a quasi-market or even something similar to a command economy.

⁶⁰ An advantage of a principal to represent the customers of higher education is that it has both the motivation and the power to monitor the universities' academic quality. The problem of a quality assuring agency, however, is that of any quasi-autonomous non-government organisation: it cannot act independently from government guidelines and, what is more, rather than to increase competition, such a body potentially contributes to the higher education sector's economic inefficiency due to the ambiguity of measuring academic output, the high costs of monitoring, and the lack of competition for the agency itself. The quasi-market approach as represented by the existence of quality assurance agencies can furthermore cause universities to concentrate too much on bureaucratic work rather than on the improvement of their educational programs, to develop strategies to both mislead and impress regulators through rehearsed quality presentations, or to relate with the quality assurance agencies. In particular, bureaucracy relating to quality assessment and assurance is one of the major problems of the UK higher education sector today. The Better Regulation Task Force was established in 1997 to find ways in which all concerned could be relieved from the considerable additional work load resulting from the existing structures of assessment. It is an independent body which advises government on "action to ensure that regulation and its enforcement accord with the five Principles of Good Regulation" (see the Task Force's homepage www.brtaf.gov.uk/). The report *Higher Education: Easing the Burden* was published in 2002, www.brtaf.gov.uk/taskforce/reports/HigherEd.pdf.

academic evaluation as envisaged would rest upon the assumptions that reliable and valid measures of academic quality can be developed, that if provided students will use information about a university's academic performance, and that universities in response to declining enrolments will improve the quality of their academic programs.

Initially, the higher education sector's transformation was planned to be accomplished by radical cuts in the universities' budgets, thus forcing universities to find private sources of funding⁶¹. This was expected to require more efficient structures of administration as well as measures to rationalise a university's internal operations. Such changes were to be enforced by the then Department for Education and Science (DES) with the help and advice of lay and business persons⁶². Furthermore, universities were expected to become more responsive to the requirements of the market as a result to the declining support (which in this context must be understood in terms of provision) by the central government. In particular, the industry was thought of in this context as the prospective employer of graduates. There was also hope that in the long run the impact of both improved internal management and market forces would lead to universities becoming more efficient and relevant institutions.

The necessity for the higher education sector to adapt more market-like as well as market-oriented structures of management and governance was recognised within the sector itself in the mid-1980s. It was also understood that transformations were to be initiated by and within the sector in order to keep university management in the hands of the higher education sector, and to prevent central government from imposing on universities its

⁶¹ The 1981 cuts in public funding for higher education arose out of the overall economic crisis impacting on virtually all aspects of British life. For further detail see Hannah, Leslie (1998), 'Crisis and Turnaround? 1973 – 1993' in Paul Johnson (ed.), *Twentieth-Century Britain: Economic, Social and Cultural Change*, London and New York: Longman, pp. 340 – 355.

⁶² This is a clear indication for the influence of both the concept and the emergence of the civil society on higher education policy.

views as to how higher education institutions are best managed. Administrators and academics, i.e. interns to the sector, who were critical of both the universities' and most academics' past attitudes, were supportive of a soft version of managerialism. Complacency and conservatism, administrative inefficiency, and indifference to establishing links with industry and commerce or to broadening access for larger sections of the population were some of the negative characteristics of the higher education sector that the followers of the idea of soft managerialism wished to ban. Under soft managerialism, higher education was conceptualised by academics as an autonomous activity which is governed by its own norms and traditions, and marked by a more effective and rationalized management that serves functions which are defined by the academic community itself⁶³.

The Steering Committee for Efficiency Studies in Universities (Jarratt Report)

The establishment by the then Committee of Vice Chancellors and Principals (CVCP) of the Steering Committee for Efficiency Studies in Universities which produced the Jarratt Report in 1985 reflected both the sector's awareness of the need for reform sparked by universities themselves, and the appreciation of soft managerialism as the principle that change should be based on. The report recommended that universities and the higher education sector as a whole should work to clear objectives, and achieve value for money. The Universities Grants Committee (UGC) together with the CVCP should introduce performance indicators. University councils⁶⁴

should assert their responsibilities in governing their institutions notably in respect of strategic plans to underpin academic decisions and structures which bring

⁶³ Cf. Trow (1994).

⁶⁴ The university council is responsible for the control of resources, the senate is the academic authority of a university.

planning, resource allocation and accountability together into one corporate process linking academic, financial and physical planning.

The report massively criticised the practice of decision-making through committees particularly in non-academic areas. Universities should have

few committee meetings involving fewer people, and more delegation of authority to officers of the university – especially for non-academic matters⁶⁵.

The report recommended that universities strengthen the role of the university councils (i.e. the institution's managerial unit), establish academic and institutional (i.e. strategic) plans, re-define the vice-chancellor's position to become that of a chief executive, create small planning and resource committees within each university, delegate budgets to appropriate centres, introduce performance indicators, and arrive at a more streamlined managerial structure⁶⁶.

⁶⁵ Both quotes after Farrington, Dennis J. (1998), *The Law of Higher Education*, London : Butterworths, p. 68.

⁶⁶ Kogan & Hanney (2000), pp. 119 – 120.

1.3 Entrepreneurialism

Entrepreneurialism is not so much problematic in itself but its adoption has the potential of rendering the university into something other than it is and thereby causing it to become indistinguishable from its surroundings. In particular, entrepreneurialism is a challenge to the university's epistemology, communicative processes and identities that have emerged throughout the history of higher education. The sentiments against it are themselves the expression of an academic ideology. For the longest time, academics have been accountable largely to themselves or their academic community. With the intrusion of 'the market' and its associated new demands with regards to efficiency, consumers and applicability, academics see themselves confronted with corresponding demands for a change in their attitude and self-perception. Entrepreneurialism questions academic inwardness and assuredness. It does so by obliging academics to engage and communicate with the wider world, which means that new audiences have to be addressed as well. Arguably, the unwillingness to accept a dissolution of the boundaries of academic life, a virtual identity and an adaptation of the academic discourses to the audiences they are directed at is the core of academic resistance against entrepreneurialism⁶⁷.

In the context of the transformations within the university sector throughout the 1980s, it was anticipated that in the short run, i.e. whilst new structures of management and governance would be established within the sector, central government would supply substantial parts of the operating and capital costs of universities. Universities would thus be insulated from market forces due to the traditions of higher education, due to the impossibility to release higher education institutions into economic independence without having prepared them for this step, and due to continuous government subsidies.

⁶⁷ Cf. Barnett (2003), p. 71ff.

Therefore, the central government had to administer support grants in such ways as encouraged reforms, yet at the same time prevented the universities from returning to old habits⁶⁸.

The 1985 Green Paper *Education and Training for Young People* demonstrated the validity of economic arguments with regards to the higher education sector by highlighting the issue of competitiveness, by pointing to the lack of success in producing qualified scientists, engineers and technologists, and by expressing the central government's positive attitudes towards vocationalism and entrepreneurialism in higher education⁶⁹. With the focus of higher education policy on product evaluation in predominantly economic terms, the central government was resolved to reshape and redirect the activities of the higher education sector through funding formulas and mechanisms of accountability imposed on the sector from outside⁷⁰. This reflects the desire for economic efficiency, often expressed in the formula "value for money" in the higher education policy of the mid- to late 1990s. Policy-making was increasingly driven by the belief that freeing, facilitating and simulating markets in higher education would provide universities with the incentives to improve the quality of their teaching and research, to enhance academic productivity, and to stimulate innovations in academic programs, research as well as services of benefit to the larger society. Market competition with its implications for the universities' management and governance structures was intended to be used as an incentive for greater innovation with respect to these structures. The universities' adaptation to the ever-changing environments of higher education, however, was no longer thought to be possible through the traditional forms of coordination which relied on both state control and professional norms. Through reforms, both the universities' greater reliance on tuition fees and competitive research

⁶⁸ Cf. Dill (1997).

⁶⁹ Cf. Henkel (2000).

⁷⁰ Cf. Trow (1994).

grants systems were introduced, which provided incentives for private fundraising and collaboration with business as well, particularly in research⁷¹.

The National Committee of Inquiry into Higher Education (Dearing Report)

The 1997 Dearing Report *Higher Education in the Learning Society*⁷² gave recommendations as to how university governance and management could be improved or modified to meet the demands set by the central government's overall policy aims. For this purpose the establishment of a code of governance was suggested. The report recommended that it be a national policy objective to achieve and maintain world class in learning and research. The growing interdependence between students, institutions, business, employers and the state needed to be more clearly recognised by each party, which was true for each party's contributions and gains as well. A compact should therefore be established, involving universities, their staff, students, government, employers and society⁷³. The boundaries between vocational and academic education were perceived to have been broken down, which led to increasingly active partnerships between universities and business. Therefore, it was essential to recognise the mutual obligations towards each other. A further increase in the national need and demand for higher education was anticipated, as was a subsequent expansion of student numbers and student profile.

⁷¹ Cf. Dill (1997); Henkel (2000): Attempts to bring academia and industry closer together have existed since the 1970s. Strategic research was introduced as a policy concept by the Dainton Report in 1971, and gained an increasingly high profile throughout the 1980s. Particularly under Thatcher there was pressure exerted on higher education institutions to focus on research from which application was eventually expected. In 1992, the Office for Science and Technology (OST) was established, and a major review of the central government's science policy resulted in the 1993 White Paper *Realizing Our Potential* which argued the case for a more effective exploitation of science and technology to the benefit of the British nation and its quality of life. The White Paper recognised the need for a cultural change to sustain the development of a network between academia, business and government. The purpose of this cultural change was for representatives of the three sectors to identify and pursue together research into where prospective market opportunities could be matched with the most promising lines of development in science and technology (applicability in the long term).

⁷² National Committee of Inquiry into Higher Education (1997), *Higher Education in the Learning Society* (Dearing Report), London: HMSO, online available under www.leeds.ac.uk/educol/ncihe/

⁷³ For the 'new compact', see Appendix II.

Preconditions for living up to future challenges in higher education were appropriately trained members of both academic and administrative staff and a diverse range of autonomous, well-managed institutions. The report identified three principles on which effective management and governance in universities should be based. These were the appreciation of institutional autonomy, the protection of academic freedom within the law, and the openness and responsiveness of governance arrangements.

The improvements in efficiency made by higher education institutions were approved, but still there was scope for universities to make better use of their staff, their estates, their equipment and other resources. The diversity in governance arrangements and a resulting lack of transparency was criticised by the report. The potential was seen for universities to achieve greater transparency and effectiveness with regards to their governance. In this context, the limitation of numbers in members of a governing body to twenty five, and a review of this body's own performance along with that of its institution was recommended:

Recommendation 57

We recommend that each governing body should systematically review, at least once every five years, with appropriate external assistance and benchmarks:

- its own effectiveness and, where there is in excess of 25 members, show good reason why a larger body is needed for its effectiveness;
- the arrangements for discharging its obligations to the institution's external constituencies;
- all major aspects of the institution's performance, including the participation strategy.

The outcomes of the review should be published in an institution's annual report. The Funding Bodies should make such a review a condition of public funding⁷⁴.

⁷⁴ National Committee of Inquiry into Higher Education (1997), recommendation 57.

The public confidence in higher education was identified as crucial for the further development of the university sector due to the amount of funding through public sources. In order to regain and maintain public trust, the future development of higher education was recommended to consider several principles. Diversity needed to be acknowledged and institutional autonomy maintained or increased. Though the sector needed to be responsive to national needs, there must be provided enough space to allow for the development of individual institutions. Participation in higher education needed to be supported by offering access across the country. Last but not least proper economy and quality of provision needed to be guaranteed. It was recommended that funding arrangements reflect and support these principles.

In its recognition of the relational networks universities are embedded in and its encouragement of active partnerships between higher education and its stakeholders in society, the Dearing Report indicates a shift from managerialism as represented by the Jarratt Report towards entrepreneurialism.

Lambert Review on University – Business Collaboration

The 2003 *Lambert Review on University – Business Collaboration*⁷⁵ is clearly rooted in entrepreneurialism, which is expressed in the conceptual distinction between management, governance and leadership as contributing to a university's responsiveness to external demands, be they of administrative, economic or academic nature. The development of executive management structures within universities is appreciated, as are the clear definition and distribution of responsibilities and authorities to management teams consisting of both academic and administrative staff. A small central management team,

⁷⁵ Lambert Review of University – Business Collaboration (2003), *Final Report*, London: HMSO, www.hm-treasury.gov.uk/media//EA556/lambert_review_final_450.pdf

rationalised and clear reporting lines as well as the devolution of power to a university's units are identified as supportive to an entrepreneurial culture within the higher education sector.

Following the Dearing Report, universities conducted reviews of their governance structures but are criticised by the Review not to reform fast enough to reflect both their increased size and complexity and their consequently growing funding requirements. The Review holds that in particular the pre-1992 universities have been slow to respond to the Dearing Report's recommendation to reduce the numbers of members of the governing body. This is seen as a significant obstacle to effectiveness, as it implies a lack of constructive debate and low levels of individual accountability due to "too many individuals in one room". The hesitation especially of pre-1992 universities to abandon committee structures of decision-making is seen to result from a risk-averse mentality which resists the demand (and need) for a change in culture (see above). Governing bodies are supposed to approve management strategies and to measure their institutions' performance against plan. Many of these five-year plans are criticised by the Review to be designed so as to please the funding council they are sent to, and to lack the connection between strategy and performance indicators:

Entrepreneurial universities are thinking more independently, developing long-term strategies to suit their circumstances and under-pinning them with clear operational plans and key performance indicators (KPIs). [...] KPIs are not only important to measure performance against plan, they also allow the institution to compare its performance with its peers.

The Review arrives at the conclusion that although "[t]he CUC publishes a guide for members of governing bodies that covers both information and best practice [...] there is

not as yet a statement of good practice for the higher education sector.”⁷⁶ As the sector must advance its governance arrangements, the adoption of a voluntary code of governance would “improve the perception of university management and governance, [...] act as a catalyst to spread best practice across the sector [...] [and] be a clear demonstration of professional and modern university management.”⁷⁷ Recommendation 7.1 of the Review is critical with regards to the extent of prescriptiveness it contains:

The Review recommends that the CUC, in consultation with the sector and Government, develops a concise code of governance representing best practice across the sector. The draft, attached [...] to this report⁷⁸, should be seen as the starting point for drawing up the code.

While the code should remain voluntary, all institutions should disclose in their annual report when their governance arrangements do not conform to the code, and explain why their particular governance arrangements are more effective.⁷⁹

While the draft code of governance reformulates many of the recommendations brought forward by the Dearing Report and also by the 1996 Nolan Committee⁸⁰ concerning structures and processes of management as well as effectiveness and performance reviews, potential for heated debate lies in the demand for consultation with central government and the need for governmental agreement of the code’s final version should the

⁷⁶ all quotes Lambert Review on University – Business Collaboration (2003), p. 99.

⁷⁷ Ibid.

⁷⁸ See Appendix V.

⁷⁹ Ibid.

⁸⁰ The 1996 Committee on Standards in Public Life focussed on higher education institutions as local public spending bodies, which in itself indicates a significant change in the perception of universities. Higher education institutions were expected to adapt to precisely the principles and rules that applied to any institution within the public sector. This draws attention to the paradox situation of universities at the time which saw themselves discoursed about in terms of institutions they had not yet become. Still the focus was on the products of higher education rather than on the ways in which (centrally planned) outcomes could be achieved. The HEFCE had published a *Guide for Members of Governing Bodies of Universities and Colleges in England and Wales* on behalf of the Committee of University Chairmen (CUC) in 1995. However, the document is a detailed factual survey of the status quo with regards to issues such as higher education institutions’ legal status, governance structures, conduct of the governing bodies and staffing matters rather than a guide concerning the ways in which universities can make use of the existing structures and legislation to actively transform themselves from within.

government tie freedoms or flexibilities to it. More importantly, the establishment of a code of practice supported by central government could be interpreted as a clash with higher education legislation which empowers universities to set the standards they wish to follow themselves. This, however, neglects the power of the Secretary of State to direct universities to amend their articles of government following consultation with the higher education institutions in question⁸¹. This illustrates again the extent to which university autonomy is conditional.

The 2003 White Paper

The White Paper *The Future of Higher Education*⁸² outlines reforms with regards to enhancing excellence in research, increasing collaboration of universities and business, further developing learning and teaching, widening participation and promoting appropriate management, governance and leadership within the universities. Leadership and management are identified as crucial to the realisation of these aims, and initiatives to improve leadership and management will be supported, in particular the Leadership Foundation as proposed by the Higher Education Funding Council for England (HEFCE)

⁸¹ 1988 Education Reform Act, section 125; the 1992 Further and Higher Education Act 71(2) substitutes the “Privy Council” for the “Secretary of State” in section 125 of the Education Reform Act.

Formally, the Privy Council has executive powers in relation to higher education that are exercised by the relevant ministers. It is therefore a “legal fiction that [...] the Privy Council is a device for taking the formal powers directly out of the hands of government departments”, and the Council perceives itself as a “part of the machinery of government”, cf. Farrington (21998), p. 154. Along this line, the 2003 White Paper *The Future of Higher Education* states that on the one hand, the external control held by the Privy Council over degree-awarding powers and the conferring of university title needs to be retained. On the other hand, the Privy Council’s powers to approve changes to the statutes of universities tend to delay changes within higher education institutions. It is therefore discussed to what extent the current structure of university regulation through the Privy Council is an unnecessary burden for the universities, and in what ways it can be modified so as to reflect the overall transformation within the higher education sector (chapter 4 of the 2003 White Paper).

⁸² Department for Education and Skills (DfES) (2003), *The Future of Higher Education*, London: HMSO, www.dfes.gov.uk/highereducation/hestrategy/

and Universities UK (UUK)⁸³. It can be assumed that the foundation will serve the implementation of the proposals made by the Lambert Review. These efforts are to be paralleled by a reduction in bureaucracy as advocated by the 2002 Better Regulation Task Force report *Higher Education: Easing the Burden*⁸⁴.

Universities are to be given internal management structures that enable them not only to administer their finances but also to actively shape their relationships with the non-academic spheres of their wider environment. For that purpose, the Regional Development Agencies are to become more involved in the allocation of finance from the Higher Education Innovation Fund and the elaboration of knowledge transfer programmes⁸⁵. This can be interpreted as a move towards the devolution of central government responsibilities to local authorities. Thus, the fact is acknowledged that although since the 1988 Education Reform Act local authorities lost their influence (particularly with regards to finance) on higher education institutions, they are still, or even more important links between higher education and business today.

⁸³ The proposal for the Leadership, Governance and Management Fund was officially launched on 16 December 2003. For the press release see www.hefce.ac.uk/news/hefce/2003/lgmfund.asp, for the consultation paper see www.hefce.ac.uk/Pubs/hefce/2003/03_55/.

⁸⁴ In its 2002 report *Higher Education: Easing the Burden* the task force heavily criticises the ways in which policy is made and implemented in the higher education sector, regardless of the additional administrative burden imposed on the sector as a consequence:

Some of the burdens we came across are a result of inadequate assessment of the impact of policy changes. One stakeholder described the policy making process in higher education in the following words: “The Government has a bright idea, its Agencies set about implementing it in negotiation with the sector, then what we end up with is something that both sides can live with”. This is not good policy making practice. It lacks any consideration of options for delivering the policy objective, makes no attempt to identify unintended consequences; there is no assessment of the likely impact, of costs and benefits, or the cumulative burden. (p. 15)

⁸⁵ DfES (2003), para. 3.10 – 3.12.

2 Implementation of policies

2.1 Legislation

1988 Education Reform Act

In the UK, legislation throughout the last two decades has “not only broken old conventions [...] but it also tied the universities more closely to the state apparatus”⁸⁶. The 1988 Education Reform Act (ERA) signified to the universities the end of a system based on personal relationships, trust, and a shared belief in the value of academic self-regulation in which the interests of the state and higher education were easily reconcilable. This is significant as to the relation between the state and higher education, which was now incorporated into a statutory framework that clearly stated the authority of the state to impose conditions on the higher education sector⁸⁷.

The 1988 ERA for the first time introduced framework legislation to the education sector as a whole. It provided for additional fields in which detailed enactment has been added into at later dates, and can therefore be seen as a general outline that is to be, and can be filled in as circumstances demand⁸⁸. The Act is an extension of juridification into higher education. Formal legal procedures have ever since been used to decide on areas which were formerly regulated either inside individual establishments or on the basis of agreements worked out by the interested parties themselves⁸⁹. The key institutional relationships between the state and the universities were placed on a statutory basis by the

⁸⁶ Salter & Tapper (1994), p. 70.

⁸⁷ Henkel (2000), p. 40.

⁸⁸ Neave (1990), p. 107.

⁸⁹ Ibid.

Act⁹⁰. The UGC was replaced by the Universities Funding Council (UFC), the relations between which and the universities were regulated by a framework provided for by the Act.

University Commissioners were to be appointed as a consequence of the Act. They were to amend university statutes to such extent as to bring academic staff under the general law relating to employment. Academic tenure was in fact abolished. Individual academics from now on could be made redundant on economic grounds in addition to the customary “good causes” as laid down in most university statutes⁹¹. Furthermore, visitorial jurisdiction⁹² was excluded “in respect of any dispute relating to a member of the academic staff which concerns his appointment or employment or the termination of his appointment or employment”⁹³. In this context, a concession was made with regards to the protection of academic freedom: the ‘Academic Freedom Amendment’, put forward by Lord Jenkins in the House of Lords⁹⁴,

ensure[s] that academic staff have freedom within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or privileges they may have at their institutions.⁹⁵

Polytechnics and certain colleges were transferred from local authority to national control, with the distinction between the public (polytechnics and colleges) and the university sector being maintained (Sections 121 to 123). The Polytechnics and Colleges Funding Council (PCFC, came into being formally in 1989) provided for the grant of funds and general supervision.

⁹⁰ See Farrington (21998), pp. 155f; also Salter & Tapper (1994), p. 62.

⁹¹ Salter & Tapper (1994), p. 63.

⁹² For more information on the visitor, see Farrington (21998), pp. 217 – 242.

⁹³ 1988 ERA, Section 206.

⁹⁴ Alderman, Geoffrey (1997), ‘From Elitist Self-Regulation to a Marketable Commodity. British Universities and the Illusion of Academic Autonomy in a Democratic Society’, Klaus Dieter Wolff (ed.), *Autonomy and External Control. The University in Search of the Golden Mean*, Munich: iudicum verlag, p. 130.

⁹⁵ 1988 ERA, Section 202, 2a.

It can be concluded that by the quoted sections, the political aim was met to modify the governance and management structures of further and higher education institutions so that they resemble common business structures. Higher education institutions were given the necessary legal framework to act as do their counterparts (with respect to the similarities with regards to management and governance structures) in the economy, i.e. to enter economically motivated contracts. Preceding the enactment of the bill, such contracts were feared to become also the basis for public funding: the 1987 Education Reform Bill aimed at replacing the concept of 'grant' by that of 'contract'⁹⁶. Though the term 'grant' was eventually not replaced with the term 'contract' in the Act, the change in language clearly determined the transformation of a formerly unilateral relationship between government and universities in respect of public finance into a two-sided relationship of mutual obligations. Under the UGC system, the concept of grant had created amongst universities an attitude of being entitled to public finance, but not of being obliged to provide services in return. In the face of increasing sums of public money spent on higher education, government attempted to "translate the existing constitutional arrangements into a statutory basis [...] with a change of language to contract from grant in order to emphasise the concept of a two-sided obligation."⁹⁷ With reference to the UFC, the Act determines that "[t]he Council shall have power to make grants, subject to such terms and conditions as they think fit..."⁹⁸. Though the Act provides for the possibility to establish contractual relationships between the Council and higher education institutions, it does not require them. As the successor of the UGC, the UFC was to take over an advisory role and therefore given the right to "provide the Secretary of State, in such manner as he may from

⁹⁶ Henkel (2000), p. 40.

⁹⁷ Kogan & Hanney (2000), p. 155. Although the public and the university sector were treated in similar ways by the Bill and the subsequent Act, their reactions were different. On behalf of the universities, the CVCP opposed the replacement of the word 'grant' by the word 'contract', whereas the polytechnics welcomed the proposals, and therefore did not contribute to the opposition to the legislation. This clearly indicates the difference in self-perception of the university and the public sector.

⁹⁸ 1988 ERA, Section 131(6).

time to time determine, with such information and advice relating to activities eligible for funding under this section as they think fit”⁹⁹.

1992 Further and Higher Education Act

The 1992 Further and Higher Education Act (FHEA) abolished the binary system of higher education. Under the Act, polytechnics were to be transformed into universities, and thereby a significant expansion of the higher education sector was achieved. Consequently, the Council for National Academic Awards (CNAA) was abolished, and the Higher Education Funding Councils for England, Scotland, Wales and Northern Ireland were established by the amalgamation of the UFC and the PCFC.

The Act gives significant powers to the Secretary of State. The members of the Funding Councils are to be appointed by the Secretary of State. He may direct the Councils in their funding of universities, and thus indirectly implement government policies through the provision of finance¹⁰⁰. At the same time it is laid down that such direction “may not be framed by reference to particular courses of study or programmes of research (including the contents of such courses or programmes and the manner in which they are taught, supervised or assessed) or to the criteria for the selection and appointment of academic staff and for the admission of students”¹⁰¹. Also, the Act provides for the Secretary of State to generally direct the Councils as well as to confer to the Councils supplementary functions with regards to the provision of higher education¹⁰².

⁹⁹ 1988 ERA, Section 131(8b); on the changing role and also perception of the UGC towards its transformation into the UFC, see Henkel (2000), Taggart (2003), Tapper & Salter (1994).

¹⁰⁰ 1992 FHEA, Section 68(1)(2)(4a)(4b).

¹⁰¹ 1992 FHEA, Section 68(3).

¹⁰² 1992 FHEA, Section 81(2).

There are thus two ways of indirect government influence on the higher education sector laid down by the Act. First, there are particular terms and conditions connected to the grants the Councils receive from the Secretary of State¹⁰³, which are (together with the sums) handed down to the universities by relating funding to the institutions' performances. Second, as arm's-length bodies the Councils are to some extent bound by the government policies of the day, conveyed to them as general guidelines with regards to their functioning by the Secretary of State.

The Secretary of State was given the means to directly influence the sector by transferring further education institutions to the higher education sector once they meet certain requirements, and by designating higher education institutions as eligible for grants allocated by the Councils.

The Councils' monitoring and advisory roles were reinforced, as they were required to provide the Secretary of State both with information and advice "relating to the provision for their area of higher education as he may from time to time require"¹⁰⁴, and additional information concerning funding issues as the Councils themselves regard as important. Also, provisions were to be made by the Councils for the assessment of the structures in place to maintain academic standards¹⁰⁵.

Arguably, the Act established the Higher Education Funding Councils as financial regulators of the higher education sector. In order to monitor the higher education institutions' financial behaviour, the latter were required to provide the Councils, as well as

¹⁰³ The annual Grant Letter by the Secretary of State which the Councils receive is one example for the ways in which the Councils are guided in their work. See Appendix III for the Secretary's Grant Letter to the HEFCE for 2004.

¹⁰⁴ 1992 FHEA, Section 69.

¹⁰⁵ For a more detailed analysis of the 1992 Further and Higher Education Act, see Farrington (1998), pp. 157 – 163.

the wider public, with annual reports, the contents of which were to be modelled along guidelines issued by the Councils. (These guidelines may concern the information to be contained in the account, the ways in which such information is to be presented or the methods to be used to generate the required information.)

1998 Higher Education and Teaching Act and 2004 Higher Education Bill

The 1998 Higher Education and Teaching Act (HETA) introduced tuition fees and thereby confirmed in law that universities and their fundamental products, i.e. research and education, were to be parts of a market. Universities were given a further means to raise finance other than public funding. At the same time, the issue of accountability towards both the general tax paying public and the individual students and their families paying for higher education was implicitly reinforced.

The 2004 Higher Education Bill (HEB)¹⁰⁶ is based on the 2003 White Paper *The Future of Higher Education*. It is the logical continuation of the processes that began with the 1988 Education Reform Act. The financial independence of universities from government funding is to be reinforced, through which universities are to be enabled to manage themselves more effectively and to establish the interdisciplinary, inter-institutional and international contacts necessary for their further existence within the growing (international) mass higher education sector.

¹⁰⁶ The issue of top-up fees and the demand for graduates to contribute to university funding was at the focus of attention prior to the passing of the Higher Education Bill in parliament on 27 January this year. The university sector is very much in favour of the envisaged system of additional funding through tuition fees. For the bill see www.publications.parliament.uk/pa/cm200304/cmbills/035/2004035.htm, for representative bodies' reaction see www.universitiesuk.ac.uk/mediareleases/ or www.scop.ac.uk/downloads/HEbillStat.doc, for examples of media coverage see www.guardian.co.uk/Archive/

Before the bill was passed in parliament on 27 January this year, especially its key issue of tuition fees was strongly debated. If enacted, universities will have the right to set their own tuition fees between £0 to £3,000 p.a., which are supposed not to be paid up-front but through a Graduate Contribution Scheme once the graduates are earning a living¹⁰⁷. Another key theme concerns research, which is supported by the foundation of Arts and Humanities Research Councils. This may be interpreted as an open demonstration of a politically motivated shift from the emphasis on applicable research predominantly in the domains of natural sciences and technology. Nevertheless the introduction of Arts and Humanities Research Councils has the potential to further support diversity in academic programmes and inter-institutional competition. It also reflects the increasing importance of, and demand for university courses with an international and interdisciplinary outlook.

¹⁰⁷ Cf. DfES (2003).

2.2 Higher Education Funding Council for England

In response to or rather: in anticipation of the changes within the higher education sector in the early 1990s, the CVCP established the Academic Audit Unit (AAU) in 1990 upon the recommendations of the Sutherland Report *The Teaching Function: Quality Assurance*¹⁰⁸. It was supposed to monitor the universities' own quality assurance, i.e. to provide an in-sector surveillance avoiding external intrusion as much as possible. In 1991, the CVCP together with the Committee of Directors of Polytechnics (CDP) and the Standing Conference of Principals (SCOP) proposed to the Secretary of State the creation of a quality assurance organisation which should assist member institutions in monitoring and improving the quality of their teaching, and in developing access.

The strategy to establish a system of quality evaluation under the control of the universities failed, however, on two counts which both resulted from the 1992 Further and Higher Education Act. Under the Act, the Higher Education Quality Council (HEQC) was established to audit the quality assurance arrangements of every higher education institution. Its board of directors was appointed by CVCP and other representative bodies of the higher education sector, its members were drawn entirely from universities and other institutions. However, although under the control of the university sector, the Council had its basis in statute, and a formal responsibility to advise the Secretary of State, who in turn increasingly looked to the Council to assist the central government in assuring and improving the standards in higher education. So the control of the Council lay de jure with the academic community, yet de facto the state played an increasingly important role in shaping the agenda on which the Council worked, so that the Council became an example

¹⁰⁸ Kogan & Hanney (2000), p. 122ff; Barnett (1999), p. 95ff.

for negotiated surveillance. In addition, it was frequently criticised by institutions on the grounds of inefficiency¹⁰⁹.

Furthermore, under the 1992 Act, the Higher Education Funding Councils were established which also have a quality function. Each Council has developed a review methodology to assess the quality of courses as such, and for this purpose has assembled teams to directly inspect a higher education institution's teaching practices. With regards to England, the main responsibility of the Higher Education Funding Council for England (HEFCE) lays in the allocation of public funds to individual higher education institutions. The Council develops policies within the broad guidelines set by the Secretary of State for Education and Skills. The Council acts as an intermediary between the higher education sector and government whose policy is conveyed to the sector through HEFCE's funding strategies. Furthermore, HEFCE provides support to higher education institutions at a regional level¹¹⁰. Through its work, the Council implements central government's policies. However, it is not empowered to effect systemic changes in higher education through planning itself. It is an agent to government rather than an influential steering organisation in its own right or a genuine buffer organisation mediating between central government and the higher education sector. Although an independent body, the HEFCE has a close relation to central government through the Secretary of State which contributes to the perception of the Council as a regulator of higher education on behalf of central government.

¹⁰⁹ Committee on Standards in Public Life (1996), *Second Report: Local Public Spending Bodies*, London: HMSO, p. 27, also www.archive.official-documents.co.uk/document/parlment/nolan2/nolan.htm

¹¹⁰On a national level HEFCE cooperates with DfES, OST, SCOP, UUK, and Research Councils; furthermore with the other UK higher education funding bodies HEFCW, SHEFC, and DEL in Northern Ireland.

It is implied that the relationship between central government and HEFCE is a rather one-sided one in which the Council is situated at the receiving end without any opportunity to influence the central government's policy making at all¹¹¹. This line of argument suggests that HEFCE can easily be directed by the central government. It is neglected, though, that although the Secretary of State has the power to issue directions, the DfES is reluctant to do so because in case of unsuccessful implementation the Department would be responsible. Therefore, guidance is the more commonly used way in which central government conveys to the HEFCE what it wishes to be implemented in the higher education sector. If the Council acts unsuccessfully upon such guidance, it takes the blame.

More importantly, under the 1992 Further and Higher Education Act advice to the Secretary of State has to be delivered confidentially as part of successive Government Spending Reviews. Therefore, it remains insider knowledge to what extent this advice reflects both the higher education sector's views on government policies as well as funding and development needs as gathered by HEFCE through consultation with and feedback from universities, and how it impacts on central government's policy making.

Nevertheless it needs to be acknowledged that the centre occupies the dominant position and that HEFCE functions as the central government's agent and as a regulator of the higher education sector rather than as a buffer organisation¹¹². Furthermore, attention needs to be drawn to the different perspectives on HEFCE as they are held by the university sector/academics and the central government. The former perceive the Council to be more intrusive than its predecessors, and the UGC in particular, whereas the latter

¹¹¹A strong argument against this perception is the 2003 DfES White Paper *The Future of Higher Education* which evidently was influenced by HEFCE. HEFCE's Strategic Plan 2003 – 2008, which features the same core strategic aims as the White Paper, was ready for publication in autumn 2002 but was postponed for strategic reasons till the White Paper had been issued in early 2003; cf. Taggart (2003).

¹¹² Cf. Salter & Tapper (2000), pp. 171 – 173.

argue that universities are more free from control than they used to be under the UGC system. Several factors contribute to this contradictory perception of the HEFCE.

Universities themselves have hardly reconcilable views on the HEFCE due to their different historical backgrounds. Whereas the post-1992 universities gained greatly in terms of independence and autonomy (and did not have to familiarise with the concepts of accountability and quality assessment), the pre-1992 higher education institutions felt more limited in their discretion than they did under the UGC which had provided them with the freedom of quinquennial grants. The UGC's members were drawn predominantly from the university sector which contributed to the UGC being perceived as a guarantor of university autonomy. HEFCE, in contrast, features a considerable number of non-academics. This is representative of the HEFCE's task and self-perception to work within the higher education sector not academically but administratively¹¹³.

Centralisation is the most characteristic feature of current framework policies with regards to strategic planning in higher education. At the same time, both the HEFCE itself and its processes of decision making have become more transparent for both universities and parliament/central government to which HEFCE is accountable¹¹⁴. One aspect contributing to this transparency is the system of formula funding, through which block grant (determined by formula) are awarded to the universities who are left free to allocate the money internally as they think fit¹¹⁵. On the other hand, the system of formula funding

¹¹³ Cf. Salter & Tapper (2000), p. 174.

¹¹⁴ Visit the HEFCE's web site which lists all publications by the HEFCE, brief accounts of the Council's ways of functioning, and its partners in the UK, www.hefce.ac.uk

¹¹⁵ There is a heated debate as to whether universities are indeed left to decide independently on how to distribute the money internally. Arguably, the overall government policy and the goals aimed at actually determine the priorities each individual university has to set for itself.

has been criticised for being so complex and opaque that universities gained great financial benefits who knew best how to interpret the regulations¹¹⁶.

With formula funding comes accountability which is raised as the key argument by those who perceive HEFCE to be a government agent reducing university autonomy rather than to act as a buffer organisation protecting it. Supporters of the reform of public services claim that accountability is inevitably accompanying increased autonomy. Opponents hold that because accountability was increased, autonomy was not. There are several reasons for the latter perception¹¹⁷.

First, autonomy is less likely to be interpreted in the traditional context of academic freedom but is rather understood as the institutional leaders' rights to manage. Second, there is a tension between three administrative cultures that had periodically dominated the system: planning, mass market coordination, and external evaluation. Third, control systems have been repositioned and their emphasis shifted from planning inputs to auditing outcomes. Fourth, after the retreat of the funding councils from planning government, not the universities, filled the strategy gap. As a result, an increase of guidance is perceived by the HEFCE, as is a tendency by the DfES to attempt a sharing of responsibilities with the funding council¹¹⁸.

Perhaps the most significant and complex cause for the different views on the HEFCE is the gap or contradiction between intentions/rhetoric and context/reality¹¹⁹. In 1989, Jackson stated that

¹¹⁶See www.hefce.ac.uk/pubs/hefce/2003/03_29/03_29.doc for further information on funding by HEFCE.

¹¹⁷ Salter & Tapper 2000, p. 177.

¹¹⁸ Taggart (2003), p. 109ff, argues that „[t]he Department for Education and Skills has given notice through the White Paper on the Future of Higher Education that it intends not only to set the funding levels and areas of national priority for higher education but is now drilling down to specify the policies the HEFCE will adopt to deliver national priorities.“

¹¹⁹ Salter & Tapper (2000), p. 178.

universities are properly an element in civil society, not a function of the State. In Britain, this line of thought is leading the government here to a new emphasis on the autonomy, independence, and self-responsibility of our universities and polytechnics¹²⁰.

HEFCE is supposed to implement government policies along the lines of this statement, and it is indeed doing so even though the perception is rather to the contrary. HEFCE supports the emergence of greater institutional autonomy by means of influence on government policy, guidelines, advice and (financial) support to the universities, and joint initiatives with representatives of the higher education sector¹²¹. Though HEFCE may act as a regulator of the higher education sector, it does so in dialogue with the sector¹²².

¹²⁰ Quoted after Salter & Tapper (2000), p. 178.

¹²¹ A representative survey of HEFCE publication concerning issues of management and governance within universities as well as with regards as to how relations are best established with other higher education institutions and business is given in Appendix IV.

¹²² Cf. the HEFCE's list of consultation papers that precede the establishment of funds or the issuing of guidelines.

III Identity in Higher Education

A university's autonomy and its identity as expressed through its set of standards, strategic plan or emphasis on a particular area for research are closely linked, in particular so as the latter is widely perceived as fundamental to the former. Any insecurity as to what constitutes a university has a considerable impact on the debate about institutional autonomy and contributes to the debate being directed from powers outside of the higher education sector.

So far, concepts of university autonomy as well as examples for policy changes and their implementation were outlined. In the following these two strands shall be brought together in a survey of how the discourse about the universities' autonomy, policy changes and their implementation on the university sector influenced the universities' self-perception and identity. Departing from an outline of one idea of the university, conceptual changes relating to institutional structures and academic identity shall be shown by the entrepreneurial university model and the issue of knowledge in the university.

1 **The Idea of the University**

In Western tradition there is a value background which informs the idea of what a university is¹²³. This catalogue of values includes ideas such as

- there should be institutional separateness (academic autonomy) to give the university enough space within which ideas can be developed and advocated,
- truth matters, and universities should bring about the highest forms of human learning in which all members of the academic community and particularly the students as the prospective intellectual elite (critically) hold their own ideas and express them,
- conceptual schemas can help to understand and explain the world, and universities due to their worldwide networking are invaluable in advancing and in imparting such schemas,
- particular ethical values attach to the pursuit of truth,
- more senior members of university should have significant measures of freedom to admit students and to determine the character of the educational experience provided.

Against the background of the massive changes within the higher education sector throughout the recent years, these values appear to provide too little a guideline as to what marks particular higher education institutions as universities as distinguished from other institutions of higher learning. In this context, universities need to recreate a sense of their own worth in academic terms. This can only be achieved through a refashioning of the understanding of the features common to all universities in this respect, i.e. by answering

¹²³ Cf. Barnett & Bjarnason (1999), p. 96f.

the question about what the word ‘university’ means in academic terms to any of the institutions itself¹²⁴. The identification of such features and the subsequent re-creation of the concept of ‘the university’ is the precondition for a successful application of the concept of institutional autonomy to a university’s day-to-day real life.

¹²⁴ Sutherland (1996), p. 6.

2 The Entrepreneurial University

The determination of a university's academic identity cannot go without a similar establishment of an institutional identity. Universities today have to reposition themselves as institutions of research and higher education within the developing knowledge society. This society's expectations towards higher education institutions have changed, and the university is perceived as a knowledge producing institution first of all. Furthermore, the university is more and more perceived as one institution amongst many in the network of institutions that exists in the contemporary society. It is thus of utmost importance for the universities to find a strong position within this relational network under consideration of the society's perception, to redefine and adapt their functions, and by doing so to protect enough space for autonomous decision-making, which again is necessary for the universities to take up their innovative role¹²⁵.

Furthermore, universities become increasingly involved with private sector corporations through research projects, but also through student internships as parts of numerous courses of study and the involvement of personalities from the private sector in both teaching and management of higher education institutions. The 1988 Education Reform Act and the 1992 Further and Higher Education Act provide for an increase in the universities' economic independence and flexibility as they allow for universities to move within this environment as active (and this also means creative) participants. In this context, the development, establishment and management of intellectual property rights through the universities become increasingly important. This is true not only for the mere material aspect of university autonomy, but the issue of patenting, intellectual property and

¹²⁵ Cf. Felt & Glanz (2002).

the confidential nature of research results have an increasing impact on the value system within academia, hence on the universities' identity.

Universities themselves have become aware of efficiency and flexibility transforming into dominant values in the competitive environment higher education institutions exist in today. If efficiency and flexibility remain decisive values only for the participants in the higher education discourse that is being led outside the university, they pose a potential threat to public higher education as an intellectual enterprise. In this line of argument, there is perceptible a drift from higher education as a social institution towards higher education as an industry. The presence of ideas of a consumer approaching academia (be that a student or business enquiring in research results), of academic stratification and management (i.e. the differentiation between purely academic and purely managerial personnel), of a demand for increased use-value of particular types of knowledge in wider society, of the marketability of knowledge and skills all seem to prove that this transformation of the higher education sector has long begun.

This neglects, however, the incompatibility of a notion of university identity which is both outdated and doubted by universities themselves within the framework they have to settle in today. Therefore, the universities' role as a central contributor to innovation and economic growth has become the focus of attention. The concept of the university as a producer of educational and research services for the state is interlinked with a notion of a new public management¹²⁶. Within this conceptual framework any higher education institution requires a strong leadership to co-ordinate the contributions of all the groups within the institution¹²⁷.

¹²⁶ Henkel (2000), p. 51ff.

¹²⁷ Cf. Henkel (2000); These groups are different in terms of their tasks, but of the same status. Two forms of demystification are to come as logical consequences of this concept. First, the claim of exceptionalism of the

Entrepreneurial universities¹²⁸ actively seek to innovate their procedures of internal management and ways of relating to the “outside world”. They aim at becoming significant actors in their own rights, and by doing so to develop proactive institutional autonomy. Universities in this perspective transform themselves on the basis of five elements. First, there needs to be established a strong steering core to improve the universities capacities to respond quickly, flexibly and in a focused way to changing and expanding demands. The strengthened steering core needs to embrace both the managerial and the academic groups of a university. It also must achieve a reconciliation of new entrepreneurial with traditional academic values. Second, enterprising universities are marked by a growth of units that relate to outside organisations and/or institutions. On the one hand, these units serve the transfer of knowledge, the establishment of industrial contacts, the progress of intellectual property rights, continuous learning and fundraising. On the other hand, these units can be characterised as project-oriented, interdisciplinary research centres that develop alongside university departments as another way to group academic work¹²⁹. This expanded developmental periphery needs to be steered from the university’s centre, which again implies the need for specific internal management structures. Third, a diversified funding base is an inevitable necessity to guarantee a university’s successful transformation. Against the background of expenses to be expected in the course of structural transformation and decreasing public funding, universities need to acquire new resources through (contractual) relationships with local authorities and enterprises, research councils, foundations and societies, through the exploitation of intellectual property and through student fees. By doing so, universities move away from the dependence on just one major source of income, i.e. government funding, and thus achieve an increase in institutional autonomy

institution is challenged as it is seen as yet another public service agency. Second, the claim of exceptionalism of *academics* is countered by assuming the equality of their status with that of all other groups that contribute to the proper functioning of a higher education institution.

¹²⁸ Clark, Burton (1998), *Creating the Entrepreneurial University*, Oxford: Pergamon, pp. 4-11.

¹²⁹ Outreaching research centres reflect the increase in problems that are non-disciplinary by definition, and the solution of which may have an impact on the larger social or economic context. They tend to be brought to a university’s attention by outsiders who attempt to find practical solutions to these problems.

which still requires them to account to their financial supporters, but is characterised by these supporters to be manifold. Fourth, a university's essence is still to be found in the traditional departments formed around both old and new disciplines as well as some interdisciplinary areas. These basic units are the most critical aspect in university transformation, as opposition from within this very core of a university can hardly be countered by any actions on the managerial level. Therefore, the academic personnel need to be convinced of the necessity to transform their departments and basic units of academic work according to the principles of entrepreneurialism. This can be achieved by involving academics in central steering groups as well as through promoting an understanding of the new lines of accountability within the micro-cosmos of the individual university. Fifth, a culture change needs to take place in the higher education sector so that the notion of 'change' becomes integrated in the catalogue of values. This is important as in the course of interaction of ideas and practices, the cultural or symbolic side of a university becomes key to the cultivation of this university's identity (and connected to that its reputation).

Entrepreneurialism means risk-taking¹³⁰. Universities undergo rather visible changes affecting its performance, and in the process of doing so also may undergo constitutive change, i.e. transform into an institution still bearing the title 'university' but being entirely different from what a university in the narrow sense is. The risks to come with structural transformation are twofold. First, the outcome of performative changes, i.e. of modifications with regards to curriculum, focus, academic and student identities or educational relationships, cannot be apprehended in advance. Second, once performative and subsequent constitutive changes have been achieved their results may be irreversible. If identities and their associated reputation, orientations and values have once been dislodged,

¹³⁰ Cf. Barnett (2003).

it is difficult to reshape them so as to fit into earlier patterns. The entrepreneurial university is thus characterised by being in a continuous process of transformation. It departed from obsolete patterns but has not yet arrived at a stable state of being.

3 Knowledge in the University

The entrepreneurial university is a market oriented entity. Therefore, the use value of such a university's intellectual capital is marginalised unless it generates an exchange value. This has different implications¹³¹. First, the clients of the entrepreneurial university have to have both the capacity and the willingness to afford its services. Second, as the entrepreneurial university's knowledge has to be useable for economic exchange with its recipients, it is no longer its own end. New perceptions of what counts as knowledge are bound to develop as a consequence.

In recent years, there have been substantial changes in the social epistemology of the world, and therefore in the underlying conceptions of knowledge that frame the academic life¹³². As higher education has become more and more exposed to the world of work, its epistemologies have widened accordingly. The theories of knowledge are social in character as they are both socially sustained and perform social functions. In contrast, those theories of knowledge that the academic community took unto itself emphasised the community's separateness.

Today there is a range of epistemologies that tie in the knower with the world and deny that there is separateness in the knowing act. In this context, there are three versions of the knowledge in the world in academic life. First, knowledge is now understood as being created in the world. It is not pure discipline-based, propositional or even applied knowledge but knowledge that is created immediately in the world in response to problems within it. These problems are practical, not theoretical in character, and therefore the

¹³¹ On the following cf. Barnett (1999).

¹³² Ibid.

interest behind such knowledge has a pragmatic edge to it, it is interdisciplinary and team-based. Second, there is the notion of reflected practice which means that knowing is captured in the action itself and is refined through reflection-in-action. Thirdly, there is personal, experimental, tacit and emotional knowledge which is crucial but of value generally in the world of work rather than in the realms of theory-building.

The academic epistemologies take a pragmatic and action-based turn, and consequently the three ways of knowing as outlined above find their ways into the curriculum. This change in the concept of academic knowledge contributes to the crisis of identity in universities, as do the changes related to the reduction in power of academics as producers¹³³ as well as the increasing influence of the world of work and the students as consumers on university affairs.

Despite all these changes there are likely and enduring features to distinguish universities from other higher education institutions. These include the amount and kind of research conducted in universities, the intensity and reputation of scholarship, the extent to which a university has an international orientation, the student profile (in terms of age, economic independence and intellectual capacity), the degree of institutional autonomy, the insertion of a university within the regional economy, as well as the mix and character of the courses offered.

¹³³ The ending of academic tenure is the most obvious, but only one symptom of the deeper changes in academic labour. Today, academics tend to be entrepreneurs as well, universities have become organisations, and external quality control systems are being more and more accompanied by the universities' own internal quality assurance mechanisms. These developments have not only been accompanied by just a change in academic labour but indeed by the emergence of academic labour as a result of the end of the 'donnish domination' under which academics set the conditions for their work themselves. Cf. Barnett & Bjarnason (1999), in detail Henkel (2000).

Conclusion

The thesis departed from the assumption that since 1988 decisive frameworks have been created to allow for more institutional autonomy in the higher education sector, and that therefore the period covered has been crucial with regards to the conceptualisation of university autonomy.

It was demonstrated that any concept of university autonomy is historically dated and therefore prone to modification. A concept to evaluate a university's independence was suggested that is based on the distinction between institutional and individual autonomy. The latter was perceived to be a subordinate aspect to the former and was therefore not further elaborated on. It was established that within the framework of legislation, convention and common sense, institutional autonomy gives a university freedom to generate and distribute internally sums derived from public and non-public sources (this implies the university's right to enter contracts with business and its initiative to develop and make use of intellectual property rights), to determine the criteria for admission of academic staff and students, to set standards of achievement and establish procedures of assessment, and to develop a strategy and establish the structures necessary to achieve its aims. The degree of both institutional and individual autonomy was concluded to be determined by a university's capability to accountability through audit as the fifth and most indicative criterion of a university's autonomy.

It was argued that such capability presupposed management and governance structures, i.e. such a degree of institutional autonomy, which enabled a university to participate actively in the society it is embedded in, and which by making use of these structures had achieved a considerable degree of independence from both government funding and supervision.

The discussion of policy changes, legislation and implementation of recommendations on management and governance structures in universities showed that a framework has come into being which allows for universities to achieve the economic efficiency and independence from central government as is aimed at. It was also demonstrated that as universities had not been given appropriate guidance as to the ways in which they could make use of this framework, state regulation increased rather than decreased. This is connected to the issue of accountability which is generally agreed on as a necessary and potentially positive feature of the relationship between the state and the universities. Universities are increasingly left to themselves with regards to their internal self-governance but are still heavily managed in terms of output assessment by government agencies. This contributes to the perception that the autonomy of universities in England is very limited, whereas against the factual background as outlined here it is not. Arguably, the contradiction has recently been recognised between the encouragement to entrepreneurialism in universities on the one hand, and the maintenance and implementation of managerialism (or controlism) by the central government on the other.

An interrelation between institutional autonomy and a university's identity was claimed.

It was shown that the intrusion of economic values and again the underlying principle of accountability have had massive impacts on the identity and self-perception of both universities and academics. It was concluded that this resulted in insecurities as to what universities actually stand for, and that this difficulty in determining and articulating one's identity as distinct from other higher education institutions contributed to the debate about the universities' autonomy being dominated by voices from outside the university sector.

A further occupation with this topic would be desirable in particular with regards to a comparison of the administrative, legal and economic structures within the English and

German higher education sector. This would contribute to a more objective discussion of the English model of higher education management as an ideal to follow in Germany.

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APPENDIX I

Illustration of the Interrelations between a University and its Partners
as taken from the 2002 Report by the Better Regulation Taskforce

(www.brtf.gov.uk/taskforce/reports/HigherEd.pdf)

Regional Bodies

Regional Development Agencies
Regional Assemblies
Regional Arts Boards
Regional Tourist Boards
Regional Museum Services
North West Civic Forum
North West Constitutional Convention
North West Cultural Consortium
North West Science Council

Professional Bodies/Learned Societies

The list would run into three figures within the University and depends much on an institution's 'portfolio' of disciplines

Business/Commerce

North West Confederation of British Industry
North West Chamber of Commerce
North West Business Leadership Team
Association of Greater Manchester Authorities

Validating Bodies

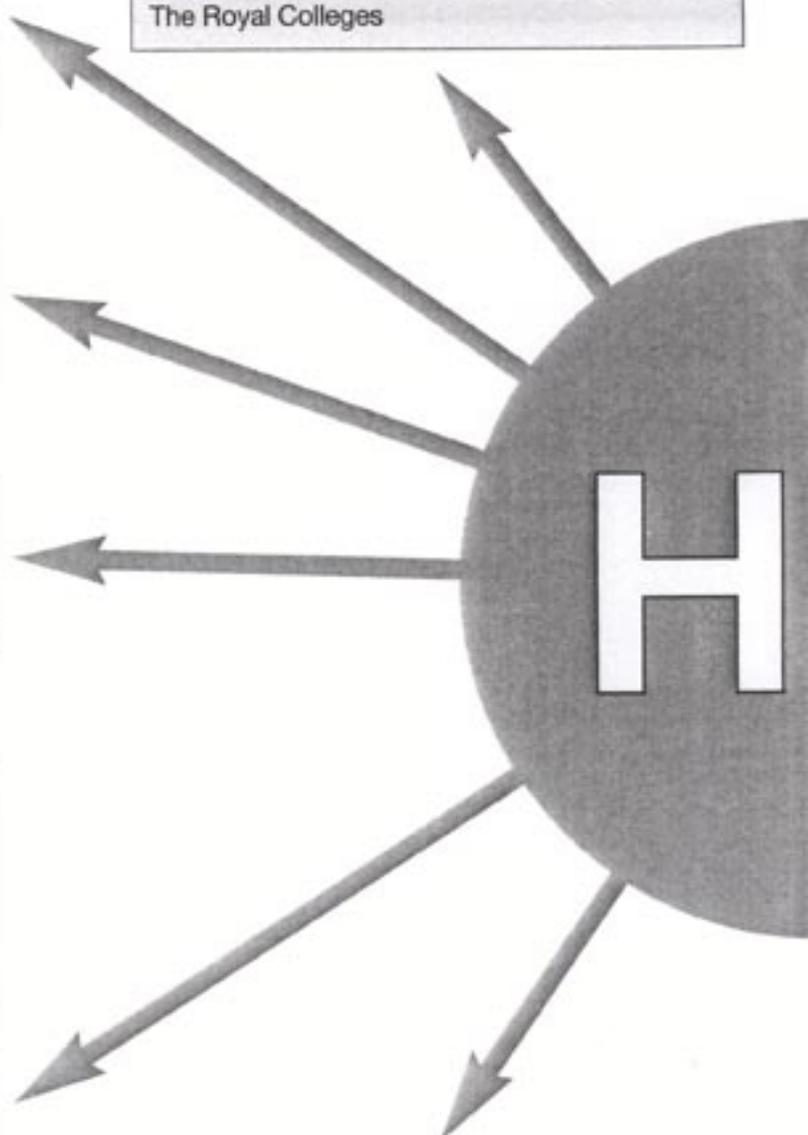
General Medical Council
General Dental Council
Nursing and Midwifery Council
Royal Pharmaceutical Council
Royal Town Planning Institute
Landscape Institute
Architects Registration Board (ARB)
Central Council for Education and Training in Social Work
Institute of Electrical Engineers
The Institute of Mechanical Engineering
Joint Board of Moderators of Institutions of Civil and Structural Engineering
Royal Aeronautical Society
Association of MBAs (AMBA)
AACSB International
European Quality Improvement Scheme (EQUIS)

National Health Service (and related)

Greater Manchester Strategic Health Authority
Teaching Hospital NHS Trusts (5)
Primary Care Trusts in Greater Manchester
NHS Trusts in the region (24)
Workforce Development Confederations in the region (4)
The Royal Colleges

Major Charities

The Wellcome Trust
Cancer Research UK
The Wolfson Foundation
The Granada Foundation
The Leverhulme Trust
Carnegie Foundation



Government Departments

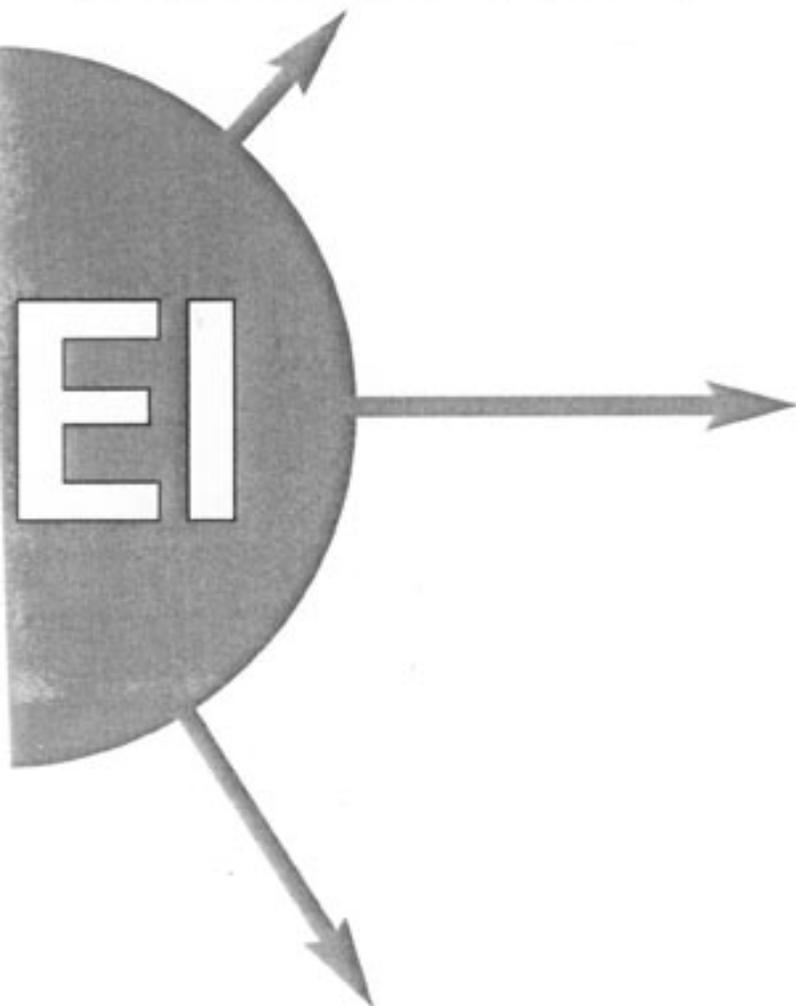
Department for Education and Skills
Department of Trade and Industry
Department of Health
The Home Office
Department for Culture, Media and Sport
Department for International Development
Cabinet Office
Inland Revenue
Department for Work and Pensions
HM Customs and Excise

Government 'Agencies'/Statutory Bodies

Higher Education Funding Council for England (HEFCE)
HEFCE Audit Service
HEFCE – Joint Information Systems Committee
United Kingdom Education & Research Networking Association (UKERNA)
Higher Education Statistics Agency
Higher Education Staff Development Agency
Universities UK
Universities and Colleges Employees Association
Universities & Colleges Admissions Service (UCAS)
Quality Assurance Agency
Teacher Training Agency
Office for Standards in Education (OFSTED)
Learning and Skills Council
Government Office North West
English Partnership
Charity Commission
Health and Safety Executive
Privy Council
Criminal Records Bureau
National Audit Office
Auditing Practices Board
Environment Agency
Office of the Deputy Prime Minister Urban Sounding Board
Museums Association
British Council
Local Education Authorities
Copyright Licensing Organisations
Sport England
The Research Councils:
Economic and Social Research Council (ESRC)
Engineering and Physical Research Council (EPSRC)
Natural Environment Research Council (NERC)
Biotechnology and Biological Sciences Research Council (BBSRC)
Particle Physics and Astronomy Research Council (PPARC)
Medical Research Council (MRC)
Arts and Humanities Research Board (AHRB)

International Bodies

Too many to list but including:
World Bank
International Monetary Fund (IMF)
European Social Fund (ESF)
European Regional Development Fund (ERDF)



APPENDIX II

A New Compact in Higher Education as taken from the 1997 Dearing Report

(www.leeds.ac.uk/educol/ncihe/)

NATIONAL COMMITTEE OF INQUIRY INTO HIGHER EDUCATION (1997)

HIGHER EDUCATION: A NEW COMPACT

(*Higher Education in the Learning Society* [Dearing Report], www.leeds.ac.uk/educol/ncihe/)

	Contribution	Benefits
Society and taxpayer, as represented by the Government	<ul style="list-style-type: none"> • A fair proportion of public spending and national income devoted to higher education • Greater stability in the public funding and framework for higher education 	<ul style="list-style-type: none"> • A highly skilled, adaptable workforce • Research findings to underpin a knowledge-based economy • Informed, flexible, effective citizens • A greater share of higher education costs met by individual beneficiaries
Students and graduates	<ul style="list-style-type: none"> • A greater financial contribution than now to the costs of tuition and living costs (especially of those from richer backgrounds) • Time and effort applied to learning 	<ul style="list-style-type: none"> • More chances to participate in a larger system • Better information and guidance to inform choices • A high quality learning experience • A clear statement of learning outcomes • Rigorously assured awards which have standing across the UK and overseas • Fairer income contingent arrangements for making a financial contribution when in work • Better support for part-time study • Larger Access Funds
Institutions	<ul style="list-style-type: none"> • Collective commitment to rigorous assurance of quality and standards • New approaches to learning and teaching • Continual search for most cost-effective approaches 	<ul style="list-style-type: none"> • A new source of funding for teaching and the possibility for resumed expansion • New funding streams for research which recognise different purposes

	<p>to the delivery of higher education</p> <ul style="list-style-type: none"> • Commitment to developing and supporting staff 	<ul style="list-style-type: none"> • Greater recognition from society of the value of higher education • Greater stability in funding
Higher education staff	<ul style="list-style-type: none"> • Commitment to excellence • Willingness to seek and adopt new ways of doing things 	<ul style="list-style-type: none"> • Greater recognition (financial and non-financial) of the value of all their work, not just research • Proper recognition of their profession • Access to training and development opportunities • Fair pay
Employers	<ul style="list-style-type: none"> • More investment in training of employees • Increased contribution to infrastructure of research • More work experience opportunities for students • Greater support for employees serving on institutions' governing bodies 	<ul style="list-style-type: none"> • More highly educated people in the workforce • Clearer understanding of what higher education is offering • More opportunities to collaborative working with higher education • Better accessibility to higher education resources for small and medium sized enterprises • Outcomes of research
The families of students	<ul style="list-style-type: none"> • Possible contribution to costs 	<ul style="list-style-type: none"> • Better higher education opportunities for their children • Better, more flexible, higher education opportunities for mature students

APPENDIX III

2004 Grant Letter to the HEFCE by the Secretary of State

(www.hefce.ac.uk)



Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Charles Clarke MP

David Young
Chairman
Higher Education Funding Council for England
Northavon House
Coldharbour Lane
Bristol
BS16 1QD

8 January 2004

Dear David,

HIGHER EDUCATION FUNDING AND DELIVERY 2004-05

Introduction

1. The White Paper '*The future of higher education*', confirmed the Government's commitment to increasing and widening participation within higher education. It set out a challenging agenda for change for the HE sector, the Government and the Higher Education Funding Council for England (HEFCE). Some of the changes proposed in the White Paper will only be brought into effect through the enactment of the Bill that is being introduced in Parliament and will come into force from 2006. In the meantime, it is important that stability in the sector is maintained through the implementation of only necessary changes to funding arrangements, while keeping up the momentum on the policies that will bring further progress towards a higher education sector as described in the White Paper. This letter therefore confirms the Council's budget for 2004-05 and builds on the one sent to the Council in January of last year by highlighting areas where there have been changes or developments. In general, however, the messages made in the previous grant letter remain in force.

2. I am very grateful to the Council for the commitment it has made to implement the White Paper strategy, for example in working with my Department in the joint DfES/HEFCE HE programme. This has led to more effective delivery, focusing on policy outcomes, avoiding unnecessary duplication of effort, and reducing the potential bureaucratic burden on HEIs.

3. As you know, **reducing bureaucracy and reinforcing local autonomy and accountability** are core objectives for this Government. I know and strongly welcome the work that the Council and partners have done during the last year in seeking to simplify funding streams and reduce the administrative burden on HEIs. I hope that this work will continue and

department for

education and skills

creating opportunity, releasing potential, achieving excellence



INVEST IN PEOPLE

intensify, and that the Council will be active in bringing to my attention any areas where it sees scope to go further, and faster, than we are currently planning. I also hope the Council will let me know of any areas where our policies may inadvertently be increasing, and not reducing, bureaucracy. During the year, I will want to discuss future strategies in this area with the Council, including any recommendations coming from the Lambert Review or the Better Regulation Review Group. In the meantime, I would like the Council and partners to publish assessments of the regulatory burden accompanying significant new regulation where a public assessment has not been previously undertaken.

4. As more and more institutions deliver both higher and further education, it becomes increasingly important that bureaucratic burdens on these institutions are removed. I expect the LSC and HEFCE to continue to work together to take forward ways of reducing the difficulties mixed economy institutions currently face as a result of operating within two funding organisations. This will include reviewing the administrative and legislative barriers that exist to improve greater integration of systems and smoother progression for students.

5. I also know that the Council is actively contributing to discussions on a gatekeeper mechanism for higher education which I think will be an important advance in ensuring that the burden of new initiatives is always carefully considered. I look forward to a firm proposal being presented, and its adoption of by all those agencies involved in higher education.

Research and knowledge transfer

6. This year has seen important developments in research and knowledge transfer: the Council have made considerable progress towards implementing the aims of the White Paper; there have been consultations on Sir Gareth Roberts' review of research assessment, the review of the Council's funding method, and on 'the sustainability of university research'. The 'Lambert Review' has recently reported. Decisions on these key areas will be taken shortly and will lead to a period of consolidation in 2004-05. In taking forward these areas, I would ask the Council to reflect on the views of the new HE Research Forum.

7. The Council should keep funding for the Arts and Humanities Research Board (AHRB) at the levels previously announced as progress is made towards transforming it into a Research Council by 2005.

Quality and Standards

8. The Council should continue to build upon the substantial progress made in taking forward a range of programmes, including the Centres of Teaching Excellence, designed to raise the status of teaching in Higher Education, to reward excellent teaching and to disseminate best practice.

9. The Government is committed to ensuring that HE applicants have accurate and up-to-date information about quality and standards in institutions, so that their choices are well-informed. I congratulate the Council on the work undertaken so far towards the publication of 'Teaching Quality Information' (TQI) and the development of the first National Student Survey

(NSS). I look to the Council to ensure the comprehensive availability of TQI by the end of 2004, and implementation of the first sector wide NSS at the beginning of 2005.

Foundation degrees

10. In October we published '*Foundation Degrees - meeting the need for higher level skills*', setting out our objectives for FDs and giving details of the next steps for growing Foundation Degree provision. The Council has also initiated a bidding round for 10,000 additional foundation degree numbers spread over 2004/05 and 2005/06. We expect this to bring the number of Foundation Degrees to around 50,000 full-time equivalent places by 2005/06, taking account of courses converted from HNDs. Given this expansion, we expect to see growth in the number of places at the intermediate level - in both absolute and proportionate terms -with Foundation Degree places outnumbering HNDs in due course. We expect the Council to monitor the volume of intermediate level provision and look to the sector to ensure that Foundation Degrees are meeting the criteria set out in the QAA benchmark for Foundation Degrees.

Aimhigher

11. The Council, together with the LSC and the Department, is working swiftly to establish the new, unified Aimhigher programme from April 2004 through the merger of the existing Aimhigher programme and Partnerships for Progression. In the initial period, it is essential that guarantees to existing Aimhigher and Partnerships for Progression partnerships are met. However, I look to the Council, through the National Partnership Board, to ensure that work continues to be concentrated in the most disadvantaged areas and available resources are appropriately deployed, and to see that locally-based activity is at the forefront of efforts to raise aspirations and attainment levels. Additional funding for the new Aimhigher programme will be confirmed with the Council in due course.

Workforce Development

12. From Autumn 2004, the Council should provide the Department with an annual report on workforce trends, covering sector staffing capacity, institutional HR capability and progress on embedding HR strategies, and progress on pay modernisation. The report should draw on HEFCE's existing institutional monitoring arrangements and should impose no extra reporting requirements on institutions. On staffing capacity, I ask in particular that the Council closely monitor the risk of staffing shortages within specific discipline areas, and the actions being taken within the sector to address these; and to determine whether further action is necessary.

Other areas

13. *Office for Fair Access.* I am grateful for the Council's assistance in developing policy on the Office for Fair Access (OFFA) which, subject to the Higher Education Bill, will be a separate non-Departmental public body. The Department will write separately to the Council about the funding for OFFA.

14. *Student Retention.* While I acknowledge that the national average

student retention rates are amongst the best in the OECD, some institutions continue to record unacceptably high rates of non-completion. I want the Council to keep under review methods of funding institutions to help support those students most at risk, while ensuring that funding methodologies do not reward institutions that perform poorly in supporting and retaining students.

15. *Flexible pathways.* I ask that the Council make progress to develop a strategy for incentivising flexible pathways for students for implementation from 2004-05 onwards. This strategy should encompass “2+” models, pilots of compressed 2 year honours degrees, and credit based systems. The work on credit systems should take account of developments in the learning and skills sector, and the wider usage of European credit systems under the terms of the Bologna agreement. I also look forward to the report from the sector group which is exploring credit issues alongside those relating to recording achievement, value-added measures and degree classifications.

16. *Sustainable Development.* The Sustainable Development Action Plan for Education and Skills, published in September 2003 included action to be taken forward by the Council. I would be grateful if you could keep officials in touch with progress on those action points, in particular on the production of the sustainable development strategy for higher education.

17. *Student numbers.* The student numbers in the Annex to this letter take account of the expansion of the EU due to take place in 2004, and the Additional Student Numbers (ASN) exercise that HEFCE are currently running for foundation degrees – see paragraph 10 above.

18. The Government has noted a trend in the last couple of years for institutions to recruit above the planned numbers. Those planned numbers are consistent with the Government's target of increasing participation between now and the end of the decade; and supported by the planned grant to the Funding Council as well as planned expenditure on student support. We would be concerned if faster growth than implied by the planned numbers led to overspending of the student support budget. We therefore look to HEFCE carefully to monitor student recruitment and growth for next year and to report to the Secretary of State in good time if there are signs that student numbers will exceed current plans.

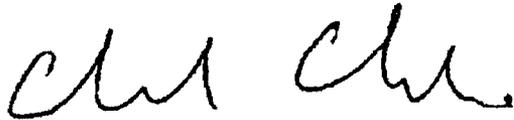
Tuition fees

19. As last year, and in advance of institutions being free to set their own tuition fees (subject to Parliamentary approval), I do not expect institutions to charge additional tuition fees above the regulated level. Under the Teaching and Higher Education Act 1998, the Secretary of State has the power to impose a condition on the Council's grant, requiring it in turn to place a condition on the funding it allocates to institutions that they should not charge additional fees. That condition will be imposed on the Council's grant for 2004-05.

Running costs

20. The HEFCE administration costs are included in the recurrent provision shown in the Annex to this letter. Provision for running costs is £16.785 million in 2003-04. David Normington wrote to Howard Newby on 29 October

to ask you to work with us to identify ways that we could release resources to the front line through increased efficiency and more effective ways of working. I have asked Rachel Green here to work closely with the Council and report back to me by the end of January on your firm proposals for savings for 2004-05 and beyond. The Department will also write separately about the end-year flexibility arrangements that will apply this year.

A handwritten signature in black ink, appearing to read 'Charles Clarke', written in a cursive style.

Charles Clarke

ANNEX

Financial Year	2003-04	2004-05
SR2002 outcome grants to HEFCE and TTA ¹	5,176	5,422
Public contributions to fees ²	411	415
Student contributions to fees ³	415	445
OST funding for HEIF	40	61
Total	6,042	6,344
Capital grants for:		
IT and other capital	206	376
Research	158	208
	-7	-7
Cost of capital and depreciation		
Access and Hardship funding ⁴	97	75
Total	6,496	6,996
Student numbers (FTEs in thousands) ⁵	1,115	1,137

The estimates of tuition fee contributions have been revised since the last grant letter to take account of more robust assumptions. The income for institutions will, however, remain unchanged as a result of this amendment. A comparison of the previous estimates with the new ones is shown below.

FEE INCOME FOR ENGLISH INSTITUTIONS

1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Estimated Outturn /£m				Forecasts for this Grant Letter /£m		
723	731	748	762	796	826	860

FORECASTS AT TIME OF 2002 GRANT LETTER

1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
-	-	-	810	853	887	924

¹ Includes funding for Dance and Drama and Aimhigher and excellence challenge initiatives previously shown in 'access and hardship' line

² The forecast income from public contributions to fees includes that for undergraduates and postgraduates.

³ The forecast income that universities and colleges will receive from student contributions to tuition fees, after means testing. The figures are net of an estimated 5% cost for collection and any default.

⁴ Takes account of transfer of funding for Aimhigher and other Excellence Challenge initiatives into the main grant line.

⁵ These figures take into account additional foundation degree places to be allocated through the Additional Student Number exercise initiated in September 2003.

APPENDIX IV

HEFCE Publications With Regards to Institutional Management Since 1994

HEFCE PUBLICATIONS WITH REGARDS TO INSTITUTIONAL MANAGEMENT SINCE 1994

HEFCE (1994), *Accountability for Research Funds* (notification),

www.hefce.ac.uk/Pubs/hefce/1994/c4_94.htm

HEFCE (1995), *Guide for Members of Governing Bodies of Higher Education Institutions in England, Scotland, Wales and Northern Ireland* (guidance),

www.hefce.ac.uk/Pubs/hefce/1995/m11_95.htm

HEFCE, SHEFC, HEFCW, NI DfE (1996), *Treasury Management Study in the Higher Education Sector: Management Review Guide* (guidance),

www.hefce.ac.uk/Pubs/hefce/1996/m13_96.htm#intro

HEFCE, SHEFC, HEFCW; NI DfE (1996), *Treasury Management Value for Money: National Report* (information), www.hefce.ac.uk/Pubs/hefce/1996/m12_96.htm

HEFCE, SHEFC, HEFCW, CVCP, SCOP, COSHEP (1996), *Procurement Strategy for Higher Education* (guidance), www.hefce.ac.uk/Pubs/hefce/1996/m26_96.htm

HEFCE (1996), *Management Information for Decision Making: Costing Guidelines for Higher*

Education Institutions (guidance), www.hefce.ac.uk/Pubs/hefce/1996/m28_96.htm

HEFCE (1996), *Study of Related Companies by Robson Rhodes* (information),

www.hefce.ac.uk/Pubs/hefce/1996/rr1_96.htm.

HEFCE, SHEFC, HEFCW (1997), *Management Information for Decision Making: Costing*

Guidelines for Higher Education Institutions (guidance),

www.shefc.ac.uk/publications/other/costing/contents.html; accessible via

www.hefce.ac.uk/Pubs/hefce/1997/

HEFCE (1997), *Practical Guide to Private Finance Initiative for Higher Education Institutions*

(guidance), www.hefce.ac.uk/Pubs/hefce/1997/97_28.htm; revised version under

www.hefce.ac.uk/Pubs/hefce/1998/98_69.htm

HEFCE (1998), *Effective Financial Management in Higher Education. A Guide for Governors, Heads*

of Institutions and Senior Managers (guidance),

www.hefce.ac.uk/Pubs/hefce/1998/98_29.htm

HEFCE (1998), on behalf of the Joint Costing and Pricing Steering Group, *Integrating*

Financial and Academic Decision-Making. Strategy for Costing and Pricing (guidance),

www.hefce.ac.uk/Pubs/hefce/1998/jcpsg.htm

HEFCE (1998), *Guide for Members of Governing Bodies of Higher Education Institutions in England,*

Scotland, Wales and Northern Ireland (guidance),

www.hefce.ac.uk/Pubs/hefce/1998/98_12.htm (2nd, revised edition with

consideration of the criticism and recommendations by the 1996 Nolan Committee

and the 1997 Dearing Report)

HEFCE (1999), *Appraising Investment Decisions* (guidance),

www.hefce.ac.uk/Pubs/hefce/1999/99_21.htm

HEFCE (1999), *Fund for the Development of Good Management* (consultation),

www.hefce.ac.uk/Pubs/hefce/1999/99_28.htm

(The Fund for the Development of Good Management was established the same year and ran from April 2000 to March 2003.)

HEFCE (2000), *Better Accountability for Higher Education* (report, implicit guidance),

www.hefce.ac.uk/Pubs/hefce/2000/00_36.htm

HEFCE (2000), *Higher Education in Further Education Colleges. Indirectly Funded Partnerships:*

Codes of Practice for Franchise and Consortia Arrangements (report demanding review and action), www.hefce.ac.uk/Pubs/hefce/2000/00_54.htm

HEFCE (2000), *Related Companies: Recommended Practice Guidelines*, revised version produced

for HEFCE by RSM Robson Rhodes (report and guidance),

www.hefce.ac.uk/Pubs/hefce/2000/00_58.htm

HEFCE (2001), *Guide for Governing Bodies of Higher Education Institutions in England, Scotland,*

Wales and Northern Ireland (3rd, updated edition accomplished by the cooperating

Funding Councils, UUK, AHUA, SCOP under consideration of the CUC review of corporate governance, December 2000) (guidance),

www.hefce.ac.uk/Pubs/hefce/2001/01_20.htm

HEFCE (2001) on behalf of the Value for Money Steering Group, *The Management of Student Administration. A Guide to Good Practice* (guidance),
www.hefce.ac.uk/Pubs/hefce/2001/01_27.htm

HEFCE (2001), *Risk Management. A Guide to Good Practice for Higher Education Institutions* (guidance), www.hefce.ac.uk/Pubs/hefce/2001/01_28.htm

HEFCE (2002), *Rewarding and Developing Staff in Higher Education. Good Practice in Setting HR Strategies* (report and guidance), www.hefce.ac.uk/Pubs/hefce/2002/02_14.htm

HEFCE (2002), *HEFCE Audit Code of Practice. Framework for Accountability* (report and guidance), www.hefce.ac.uk/Pubs/hefce/2002/02_26.htm
(updated version for consultation www.hefce.ac.uk/Pubs/hefce/2003/03_60)

HEFCE (2002), *Financial Strategy in Higher Education Institutions. A Business Approach. Guidance for Governors, Heads of Institutions and Senior Managers* (report and guidance),
www.hefce.ac.uk/Pubs/hefce/2002/02_34.htm

HEFCE (2003), *Investment Decision Making. A Guide to Good Practice* (report and guidance),
www.hefce.ac.uk/Pubs/hefce/2003/03_17.htm

HEFCE (2003), *Leadership, Governance & Management Fund. Consultation to Continue Fund for Development of Good Management* (consultation),
www.hefce.ac.uk/Pubs/hefce/2003/03_55/

HEFCE (2004), *Mergers in the Higher Education Sector. A Guide to Good Practice* (report and guidance), www.hefce.ac.uk/Pubs/hefce/2004/04_9/

HEFCE (2004), *Practical Guide to Private Finance Initiative for Higher Education Institutions*, revised version (report and guidance), www.hefce.ac.uk/Pubs/hefce/2004/04_11/

APPENDIX V

Draft Code of Governance

as taken from the 2003 Lambert Review of University – Business Collaboration

(www.hm-treasury.gov.uk/media//EA556/lambert_review_final_450.pdf)

THE LAMBERT REVIEW OF UNIVERSITY – BUSINESS COLLABORATION

(www.hm-treasury.gov.uk/media//EA556/lambert_review_final_450.pdf)

DRAFT CODE OF GOVERNANCE

The Review has recommended that the sector, led by the Committee of University Chairmen, should develop a concise code of governance. The following is a suggested draft, but it is up to the sector to develop its own code. If the Government chooses to tie freedoms and flexibilities in part to the code, it will need to agree the final version.

ROLE OF GOVERNING BODY

- 1 Every institution should be headed by an effective governing body, which is unambiguously and collectively responsible for overseeing the institution.
- 2 The governing body should meet sufficiently regularly, and not less than once a quarter, in order to discharge its duties effectively. Members of the governing body should attend and actively participate at every meeting.
- 3 The institution's governing body should adopt a Statement of Primary Responsibilities, which should include:
 - Appointing the vice-chancellor as chief executive of the institution and putting in place suitable arrangements for monitoring his/her performance.
 - Approving the mission and strategic vision of the institution, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring these meet the interest of stakeholders.
 - Monitoring institutional performance against plan and approved KPIs, which should be, where possible, benchmarked against other institutions.
 - Establishing and monitoring systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances and for managing conflicts of interest.
- 4 This Statement should be published widely, including on the internet and in the annual report, along with the identification of key individuals (that is, chair, deputy chair, vice-chancellor, and chairs of key committees) and a broad summary of the responsibilities that the governing body delegates to management.

5 All members should exercise their responsibilities in the interests of the institution as a whole rather than as a representative of any constituency. The university should maintain and publicly disclose a register of interests of members of the governing body.

6 The chair should be responsible for the leadership of the governing body, and ultimately responsible to stakeholders for its effectiveness. The chair should ensure the institution is well connected with its stakeholders.

7 The vice-chancellor should be, effectively, chief executive of the institution, responsible for the day-to-day management and accountable to the governing body. The governing body should make clear, and annually review, the executive authority delegated to the vice-chancellor.

STRUCTURE AND PROCESSES

8 The governing body should be of sufficient size that the balance of skills and experience is sufficient to meet its primary responsibilities. However, the governing body should have a maximum of 25 members.

9 The governing body should have a majority of independent members, defined as both external and independent of the institution.

10 Appointments should be managed by a nominations committee, normally chaired by the chair of the governing body. To ensure rigorous and transparent procedures, the nominations committee should prepare written descriptions of the role and the capabilities required for a new member, based on a full evaluation of the balance of skills and experience of the governing body. Vacancies should be advertised publicly. When appointing a new chair, a full job specification should be produced, including an assessment of the time commitment expected, recognising the need for availability at unexpected times.

11 The chair should ensure that new members receive a full induction on joining the governing body.

12 The governing body should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

13 The secretary to the governing body should be responsible for ensuring compliance with all procedures and for the appropriateness of papers, both quality and quantity, for the governing

body to consider. All members should have access to the advice and services of the secretary to the governing body, and the appointment and removal of the secretary should be a matter for the governing body as a whole.

EFFECTIVENESS AND PERFORMANCE REVIEWS

14 The governing body should undertake a formal and rigorous evaluation of its own effectiveness, and that of its committees, at least every two to three years. Effectiveness should be measured both against the Statement of Primary Responsibilities and its compliance with this code. The governing body should revise its structure or processes accordingly.

15 In reviewing its performance, the governing body should reflect on the performance of the institution as a whole in meeting long-term strategic objectives and short-term KPIs. Where possible, the governing body should benchmark institutional performance against the KPIs of other universities.

16 The governing body should ensure that the senate/academic board and all committees of senate and governing body make statements of primary responsibilities and carry out regular effectiveness reviews.

17 The results of effectiveness reviews, as well as the university's annual performance against KPIs, should be published widely, including on the internet and in its annual report.

18 This Code should be voluntary. However, if a university chooses to depart from the Code, an explanation should be published in the annual report.

