

Strategic plan 2006-11

Updated June 2009

This report is for information

June 2009/21

Guide



This plan sets out our strategy for the development of higher education in England to 2011. It was developed through extensive consultation and discussion with a wide range of stakeholders and has now been updated for 2009-10.

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HEFCE would like to thank the following for use of photographs in this publication: the University of Brighton, the University of Essex, the University of Hertfordshire, Oxford Brookes University and the University of Wolverhampton.

We would also like to thank the University of Manchester and Education Photos for images included in the front cover design.

Thanks to Sally Trussler at Brunel University for the photograph on page 29, and to Education Photos for the image on page 42.

HEFCE strategic plan 2006-11

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Reading the plan

The plan, which we first published in March 2006 as HEFCE 2006/13, covers the period from 1 April 2006 to 31 March 2011. All the actions proposed in it relate to this period unless otherwise stated. This document is the third annual update of the plan, to take account of changes that have occurred since its initial publication.

We originally intended to produce a new strategic plan for 2009-14, but we have deferred the process of developing a fully revised strategy largely in anticipation of the publication in 2009 of a 10-15 year framework for higher education by the Government. Opportunities have been provided for us and the higher education sector to contribute to the development of the framework, and it will inform future HEFCE strategy.

Throughout the document we have restricted our use of acronyms to four frequently used terms:

HEIs: higher education institutions (also referred to for brevity as ‘institutions’) – this means universities and higher education colleges

FECs: further education colleges

HE: higher education. As the context requires, this may be taken to refer to either or both of:

- the HE system – higher education institutions, higher education courses provided in further education colleges, and staff
- what the system does – teaching and learning, research, sharing knowledge by various means.

KPT: key performance target. These targets will allow us to measure progress in some critical aspects of this plan.

Numbered HEFCE documents referred to in the plan are available on our web-site, www.hefce.ac.uk, under Publications. Other sources of data, publications, partner organisations and joint activities mentioned in the text are listed under ‘References’.

Foreword by Tim Melville-Ross, CBE

Chair



This is the latest update of our 2006-11 strategic plan. Much has changed since the plan's first edition: many of the goals we set ourselves have been achieved, priorities have evolved and the challenges we face have continued to increase in complexity.

Nevertheless, the core of the strategy remains to a large extent what it was in 2006.

On the face of it, this might seem surprising. To say that conditions have changed since 2006 is a statement of the obvious and – as the evolution of this document shows – HEFCE has changed to reflect this. But I am also struck by the extent to which the core themes of the strategic plan remain central to what we do and seem likely to remain so for the foreseeable future. It would be very hard to argue that HEFCE should not be seeking to use its funding and influence to deliver high-quality learning and teaching; or to ensure that everyone with the potential to benefit from higher education can do so; or to support the sector to continue to make an outstanding contribution in research; or to ensure that higher education enhances our economy and society. We certainly face new challenges in meeting these aims – but the aims themselves remain relevant.

This year, we have a fifth core strategic aim – employer engagement and skills. This is not a new strand of work, as we and the sector have been doing much in this area for many years. However, we wish to emphasise further the importance of building strong relationships between higher education institutions and employers. This is, of course, all the more important in a time of economic recession, where employers are looking for the skills and knowledge that will see them through difficult times and provide them with new innovations for the future. We have already supported higher education institutions to respond to the economic difficulties in the allocation of our Economic Challenge Investment Fund, through which institutions will offer practical help to 50,000 people and 11,700 businesses. We are also investing

significantly in developing higher education provision that is responsive to the needs of employers.

I believe that a healthy higher education sector is at the heart of the success our nation hopes to enjoy, both economically and socially, over the next 20 years. Even during economic downturn, higher education stands out as having the capacity to help us tackle the great global challenges, including those of climate change and social change as well as economic change. I believe that the case for supporting an autonomous higher education sector to the greatest degree possible through these difficult times is conclusive. We are committed to playing our part in providing this support.

A handwritten signature in blue ink that reads "Tim Melville-Ross".

Introduction by Sir Alan Langlands

Chief Executive



Universities and colleges are shaped by, and themselves shape, our economy and society.

Through world-class teaching, research, and increasingly close interaction with businesses and communities, they are helping to create the conditions which will

lead the country out of recession and to full recovery. Higher education is an engine of economic, social and cultural development, in local communities and across the country as a whole.

Every year 600,000 people leave university with undergraduate qualifications. Their knowledge, skills and qualities are vital building blocks of a high value-added economy. As well as specialist knowledge, graduates bring with them distinctive skills in critical thinking, the ability to manage complex information, communication and team working. But beyond this, graduates have the ability to change the jobs that they do and to solve the problems that organisations did not even know existed. Businesses employing graduates are more likely to innovate than those which do not: that is why employers pay more to graduates than to non-graduates.

Of course, not every student has the experience they hoped for at university or college. But most of them do. We know this because we ask students about their experience through the National Student Survey. In 2008, 81 per cent told us they were satisfied.

Whatever measure is used, the higher education system in England can demonstrate success. It is, after the USA, the world's most favoured destination for international students: their choice to study here has made higher education a major export industry. The UK's research is also rated second in the world after the USA in terms of citations, and over half the submissions to the 2008 Research Assessment Exercise were judged to be world-leading or internationally excellent. A recent evaluation estimates that close to £600 million invested in higher education, primarily through the Higher Education Innovation Fund, has generated a minimum of £2.9 billion in value (with the total value generated likely to be much higher).

HEFCE will continue to be an advocate for all that is good in higher education. We will ensure that we discharge our statutory functions effectively – administering funds, providing the Secretary of State with information and advice about teaching and research, and ensuring the proper assessment of quality in universities and colleges that we fund.

We respect the autonomy of universities and colleges. It is key to the success and resilience of higher education, but of course it comes with clear responsibilities and accountabilities. One of the clear roles for HEFCE is to work with the sector to ensure high standards of financial stewardship and the integrity of the degree programmes provided by universities and colleges.

Higher education has a very good story to tell. However, we know that in the current climate public funding cannot be taken for granted. It will depend on being able to show that the public money invested in higher education is used to maximum effect and that we are constantly striving for high standards through these difficult times.

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

Our strategic vision and role

Mission statement

Working in partnership, we promote and fund high-quality, cost-effective teaching and research, meeting the diverse needs of students, the economy and society.

1. Creating, acquiring and sharing knowledge is an essential part of our society. It is now over 10 years since Lord Dearing set out his vision for higher education (HE)¹ in the learning society, but the four main purposes he identified for HE still hold true:

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

2. Since the Dearing Report, global competition has intensified, and high-level skills and knowledge have become ever more central to the UK's economic success. The final report of the Leitch Review of Skills makes clear the scale of the challenge ahead if we are to become a nation with world-class skills². Higher education can play a major role in helping businesses to survive the economic downturn and to build for the future. Universities and higher education colleges have a strong record in fostering innovation, enterprise and skills, and in helping to create wealth and job-generating opportunities.

3. Higher education is now a major export industry. Demand for higher learning is escalating across the world, and there has been a dramatic expansion of HE in some other countries, leading to increased competition for students. There is also a global market in the recruitment of leading academics and in the award of research contracts.

European policies are gaining a higher profile and we must engage with them on, for example, quality assurance, lifelong learning and research. At the same time the internet and other new technologies, many arising out of HE, give us new opportunities to compete and connect across the world.

4. We live in a diverse world which brings us stimulation and excitement, but also creates tensions. The contribution that HE brings to society – to understand, to solve problems, and to connect intellectually – is ever more important. In purely economic terms, the role played by higher education institutions (HEIs) as the incubators of new industries and new talent will be especially important in the years to come. Of course we need to balance our global perspective with the need to relate to our own communities and regions, and for HE to play a part in reaching out locally to the diversity of people within our nation.

5. HE also has an important contribution to make in responding to the challenges and opportunities posed by changing demographics. England's population is predicted to grow substantially in the next 30 years³ through increased longevity and migration from within and beyond the UK. These changes are likely to have implications for, among other things, economic growth, regional development and infrastructure, and public services.

6. So while the fundamental purposes of HE remain constant, the challenges it faces are increasing in complexity – not least the challenges of the recession. The pace of change in our world and society is increasing and HE needs to keep up with that pace, and even innovate ahead of it. There are a large number of stakeholders in HE – students, businesses, the public sector, society, and Government are just a few. They are demanding more and varied outcomes and they seek a swift response as their needs change. Higher education

can play a significant role in helping businesses through the recession, in providing advice to policy makers, and in providing insights into the global economic future. Therefore on the one hand HE needs to be closely attuned to the needs of its customers and stakeholders; on the other, it needs to help transform and not just reflect society. The people who work in HE are key to achieving this.

7. Our strategic plan sets out how we think the HE sector needs to respond to these complex challenges.

Meeting customer and stakeholder needs

Learning and teaching

8. Today's students have high expectations. They want suitably qualified teachers who are effective communicators, to be supported in their studies, to enjoy their experience, to complete their courses successfully and then to get a good job. Their expectations are increasing following the introduction of variable tuition fees in 2006-07 for full-time undergraduates.

9. The expansion of HE and the reality of lifelong learning mean that students are a diverse group. Fifty-five per cent of students starting undergraduate studies are 21 or over and 43 per cent study part-time. In addition postgraduates account for one in four of all entrants⁴. Students want varied and flexible provision that enables them to return to learning at different stages in their lives, including while working and supporting a family. They need to continue expanding their knowledge and skills, both to support their personal development and to remain employable. The people who work in HE help students through this journey, inspiring and enabling them to develop.

10. To meet the needs of students, society and the economy, the HE sector will have to continue to provide more variety in the pace and places for learning – including workplace learning, growth to address under-provision in some areas of the country, and the continued exploration and integration of new technology to support learning and teaching.

Widening participation and fair access

11. Despite the expansion of student numbers, particularly since the early 1990s, some groups in society are still under-represented in HE. We cannot afford to waste talent simply because of a reluctance to foster it. That means continuing to

reach out to those for whom HE seems beyond reach, not for any lack of potential, but often for reasons of family or community tradition. This challenge of widening access and increasing participation remains a crucial part of our mission.

Employer engagement and skills

12. Employers increasingly look to universities and colleges to deliver the well-educated workforce they need if they are to stay competitive in the global economy. We must ensure that the quality of our graduates matches and indeed exceeds that of graduates from other countries. Private and public sector employers want HE to produce rounded, highly skilled graduates, who are readily employable and can play their part in helping their organisations adapt to changing customer, stakeholder and economic demands. Employers also need access to HE to support the ongoing development of their existing staff to meet changing priorities. Sector Skills Councils have been assigned a role in articulating employers' needs and we will continue to work with them and other relevant bodies, together with the HE sector, to promote engagement with employers. Engagement with employers will come through continuing to develop two-year foundation degrees as well as other forms of flexible, relevant and accessible provision that addresses the demand for skills. Further education colleges (FECs) have a key role to play in this, not only as providers of HE in their own right, but also because they bring particular strengths in meeting local and regional skills needs. The Further Education and Training Act 2007⁵ gives the Privy Council power to allow FECs in England to award their own foundation degrees. We will also continue to expand provision that is co-funded by employers.

13. In 2009 we launched an Economic Challenge Investment Fund to help HE respond rapidly to the needs of employers and individuals through the recession. It provides £25 million, match-funded by universities, colleges and others, enabling the HE sector to provide tailored training, development and professional support to vulnerable groups.

Research

14. Stakeholders – particularly business, the public sector, charities and Government – also have high expectations of the HE sector as a major force for research and innovation.

15. Leading-edge research enables us to expand the frontiers of knowledge and understanding. It can spark scientific breakthroughs, offer new historical

insights, or change the way in which societies work. In recent years, there has been a strong commitment in Government to promote innovation and ‘high value-added’ products and services in the economy. The research base in HE is seen as a critical part of the way forward – as shown in the review of business-university collaboration⁶ conducted by Richard Lambert, the Government’s ‘Science and innovation investment framework 2004-2014’⁷ and the Sainsbury Review of Science and Innovation⁸. The Government published a White Paper, ‘Innovation Nation’⁹, in March 2008 to which HE will make a key contribution.

Higher education’s contribution to the economy and society

16. Sharing knowledge effectively is often as important as the original research and scholarship. Professional practice in knowledge exchange can be the engine of economic and social regeneration, and the driver of business and institutional innovation. However, harnessing its potential depends on effective exchange between the discoverers of knowledge and its users. Universities and colleges have a growing part to play through local, regional, national and global partnerships, sharing expertise and facilities to support regeneration and growth.

17. With increased public and private investment and participation, individuals, families and communities have a bigger stake in HE than ever before. We want to help foster this interest by supporting HEIs in their contributions to the wider social agenda – in terms of civic engagement and developing democratic values, and in supporting and helping to regenerate communities. The Olympics in London in 2012 offers both challenges and opportunities for HE in this respect.

18. Giving the public a greater stake in HE is a two-way process. Through closer involvement with local groups and employers, staff in HE will understand their needs and concerns better. There is also scope to improve public understanding of what universities and colleges do.

19. Addressing both economic and social concerns, we are committed to long-term support for this part of an HEI’s mission (the ‘third stream’, alongside and integrated with teaching and research).

A sustainable, high-quality sector

20. Universities and colleges all have different strengths. While it is right for the sector as a whole

to strive for excellence across the full range of activities envisaged in our plan, few organisations can truly claim to excel in every regard. To compete effectively, each HEI should build on its own strengths, recognising that there are some things that other universities and colleges can do better, and that limited resources could be better concentrated where they will be most effective. This approach can both improve quality and enhance English HE’s reputation for excellence on a world stage.

21. As HEIs build on their strengths, they also need to collaborate more to meet an increasingly diverse set of needs. Some partnerships will be between universities and colleges, sharing expertise and resources to achieve what they could not do individually, for example through Lifelong Learning Networks – groups of HEIs and FECs that come together across a city, area or region to offer new opportunities for students on vocational programmes to progress to HE. Other partnerships will be with organisations and stakeholders outside HE – business, the voluntary sector and local communities. We believe that such collaboration is essential to the success of individual HEIs and the sector, but we acknowledge that it can be challenging, and takes time and effort. It may be that HEIs compete in some areas while collaborating in others.

22. Sustainable development is central to our strategy for the future development of the HE sector. Sustainable development in HE, and supported by HE, can be achieved through: the skills and knowledge that graduates learn and put into practice; research and exchange of knowledge through business, community and public policy engagement; and institutions’ own business operations. We are keen to work in collaboration with Government, the sector and other stakeholders to support and hasten change. While much has been achieved we are mindful of the considerable challenges that lie ahead and are ready to support the sector in making a unique and valuable contribution.

23. All this requires an HE system that is efficiently run, making good use of limited resources. It must be flexible, responsive and sustainable. Staff in HE will need to continue to work with vigour and creativity to identify and meet the needs of all its client groups, building lasting relationships with them. Of course this places heavy demands upon university and college managers and leaders. We are committed to supporting the sector in continuously

developing its leadership, governance and management, and through that in building the capacity and capability of staff.

24. The future will bring a great deal of change, but an HE sector that is actively engaged in meeting the needs of its stakeholders is well placed to respond. The sector needs to be vigorous in shaping and responding to future challenges, and increasingly diverse and outward looking. Achieving this will bring its own rewards. It will ensure that HE is at the heart of a truly competitive knowledge-based economy and an open inclusive society.

Our role: enabling excellence

25. The future of HE will be shaped by a mix of decisions by autonomous universities and colleges; market forces from students and business; increased engagement with employers; strategic influence and investment from Government and public bodies; and proportionate regulation from a range of organisations. We operate an approach to regulation that aims to ensure that the level of assurance is proportionate with the risk an institution faces. We will continue to do what is necessary to guarantee quality and sustainability as the risks faced by the HE sector change. Accordingly the role we expect to take between now and 2011 will continue to evolve.

Public interest

26. As a result of the Higher Education Act 2004¹⁰, universities and colleges are able to charge up to £3,225 a year in tuition fees for full-time undergraduate students in 2009-10. Our funds therefore make up a lower, although still significant, proportion of the overall funding available to the sector. The cap on fees will not be raised in real terms before 2010 at the earliest. While this may limit the effect of market forces, the introduction of a significant new funding stream is influencing the behaviour of universities and colleges.

27. There will be an increasing need for us to provide evidence-based advice to the Government on the public interest, as HEIs develop their brands and build on their strengths. Although we have a strong and diverse HE system, which is respected across the world, the aspirations and goals of the 130 HEIs¹¹ (and many more FECs providing HE) do not necessarily add up to meeting national or even regional interests. So our role is to consider the

whole HE sector – what it delivers in terms of support for the intellectual, economic, social and environmental needs of society, and whether this is done in the most effective and efficient way to secure the long-term sustainability of HE.

28. Because of this we will continue to work with HEIs to identify and meet the requirements of students, business and other stakeholders. We will help to develop further an HE system where excellence in teaching and in knowledge exchange are as highly regarded as excellence in research. We will support innovative ways of delivering lifelong learning, both traditionally and through new technologies. We will support all parts of the sector in widening participation to under-represented groups, so that all those who can benefit from HE are able to do so successfully. We will contribute to the 2009 independent review of the HE funding reforms, in terms of monitoring the impact of variable fees on the sector and on the recruitment and progression of students, including those from lower socio-economic groups and part-time students. We will also be fully involved in the implementation of the 10-15 year framework for HE which the Government intends to publish in 2009.

29. We will support diversity and collaboration to sustain and improve quality. We will continue to support subjects – such as science and mathematics – that are of strategic importance to the nation, but where there is a mismatch between supply and demand. We will identify opportunities arising from our funding relationship with the sector to disseminate advice and guidance, often by sharing good practice from within and beyond HE.

30. In doing all of this we will make full use of evidence from research and evaluation, as well as international intelligence. We will also take advantage of opportunities to promote the role and achievements of the HE sector.

Public confidence and better regulation

31. We will maintain the highest standards of public accountability in all our work, and pursue the same in the bodies that we fund, by following a risk-based approach to better regulation. We will provide annual assurance to Parliament that internal control, corporate governance and risk management in the sector are effective, and that value for money is being achieved. It is our belief that good regulation adds value by supporting stakeholder confidence

that public money is being used properly. It is also our belief that regulation must be minimised and constantly challenged. Where possible, we will seek to rely on universities' and colleges' own accountability processes so that we can minimise the burden of accountability. However, we need to ensure that there is confidence in HE accountability arrangements among investors and the public, particularly at a time of economic recession.

Public engagement

32. We have been exploring with our partners whether there is scope for a more coherent and co-ordinated approach to engaging with the public (including through aiming to contribute to the Government's science and society agenda¹²) while recognising that HEIs have different aims and priorities. Universities and colleges already engage with the public in many ways, including providing access to sports facilities, museums, theatres and galleries; community volunteering by staff and students; and creating lifelong learning opportunities for adults, minority ethnic communities and under-represented groups. In collaboration with other funding bodies we are supporting Beacons for Public Engagement, which provide a co-ordinated way of recognising, rewarding and building capacity for public engagement activity (HEFCE 2006/49). Stimulating the public interest in research, for example, will create a dialogue enabling research activities and policies to become better attuned to the changing needs of a more informed society, as envisaged in the Government's science and innovation investment framework¹³.

33. The public continues to have a vibrant interest in HE, and the sector's reputation remains strong. We must build further on this position if we are to maintain and increase investment. A better informed public is also more likely to value increased investment in HE.

Working in partnership

34. Our commitment to working in partnership with other funders, key stakeholders, and universities and colleges in England is central to the delivery of our vision. In doing so, we aim to recognise:

- the global and European context
- national policy aims and priorities
- HEIs' individual aims and missions as autonomous bodies

- our shared interest in delivering an excellent service to the nation
- the needs of employers for the high-level skills required to compete in a global knowledge economy
- the needs and concerns of a much broader group of stakeholders, including direct and indirect beneficiaries of the services that the HE sector provides.

35. We work closely with the higher education funding councils in Scotland and Wales, and the Department for Employment and Learning in Northern Ireland. For example the Higher Education Academy and the Leadership Foundation for Higher Education are sponsored jointly with the other UK funding bodies.

36. We are a national organisation but HE is delivered in various places by different kinds of institution. There are issues that need different levels of regional and local engagement. In that context we believe we can best achieve our strategic objectives by taking into account opportunities in the regions. So through our activities we aim to:

- help each region and area to meet the specific needs of students, the economy and society in that region or area
- encourage each region and area to make the most effective contribution to the overall strategy for HE, for example through collaboration
- support HEIs in working with a range of regional stakeholders.

37. We fully expect that our stakeholders will make significant new demands on us over the coming decade – sometimes to do more and sometimes to do less. We have reorganised our internal structures to ensure that we are in good shape for addressing the challenges ahead, and have realigned the areas of work covered by our strategic advisory committees with major areas of opportunity and challenge¹⁴. Over the coming year we will review our own effectiveness and efficiency.

Developing and monitoring the plan

Aims

38. Our strategic plan is presented under the separate headings of our five core strategic aims: ‘Enhancing excellence in learning and teaching’, ‘Widening participation and fair access’, ‘Employer engagement and skills’, ‘Enhancing excellence in research’, and ‘Enhancing the contribution of HE to the economy and society’. Underpinning these we have two cross-cutting aims: ‘Sustaining a high-quality HE sector’ and ‘Enabling excellence’.

39. The strategic aim for employer engagement and skills has been added in 2009. Much of our work under this strategic aim was previously embedded in the strategic aim for enhancing excellence in learning and teaching. It has now been drawn out with its own aim, objectives and key performance

targets to emphasise the increased importance of this area of our work.

Objectives

40. Each aim has its own objectives; however, an objective or activity identified under one aim often contributes to achieving other aims.

Key strategic risks

41. Risk assessment was an integral part of the development of our plan. The key strategic risks to achieving our aims and associated objectives are listed in each section and together in the ‘Key strategic risks’ section. The risks identified in ‘Sustaining a high-quality HE sector’ and ‘Enabling excellence’ are cross-cutting; for example the risk



‘that we do not secure sufficient public funds to deliver our strategic aims’ could have an impact on the achievement of all our strategic aims. The actions necessary to manage and mitigate our key strategic risks are embedded in the programme of activity set out in the plan.

42. We have monitored the key strategic risks in the plan since it was published in 2006, remaining aware of the possibility of new risks emerging. Through this process, we have added some new risks and modified others as the context for our work has changed.

Key performance targets

43. We have identified key performance targets (KPTs) which will allow us to measure progress in some critical aspects of this plan. The KPTs are set out at the end of each section and further information about the measures is provided in the ‘Key performance targets and measures’ section. We have updated a number of KPTs this year, and added some new ones, to ensure that they remain current, realistic, but stretching targets. Further key outputs are provided in our operating plan¹⁵.

Monitoring and publishing progress

44. Fuller details of the areas of work we are undertaking and how they map to the objectives, risks and KPTs are set out in our operating plan. We monitor our achievements against the work areas in the operating plan and report progress to our stakeholders through our web-site¹⁶. We will also continue to publish details of progress against our KPTs in our annual report and financial statements¹⁷.

Reviewing the plan

45. We originally intended to produce a new strategic plan for 2009-14, but we have deferred the process of developing a fully revised strategy largely in anticipation of the publication in 2009 of a 10-15 year framework for HE by the Government. Opportunities have been provided for us and the HE sector to contribute to the development of the framework, and it will inform future HEFCE strategy.

Enhancing excellence in learning and teaching

Aim

To ensure that all HE students benefit from a high-quality learning experience fully meeting their needs and the needs of the economy and society.

Objectives

- To promote continuous improvement in learning and teaching through:
 - investing in excellence
 - refining the arrangements for quality assurance and strengthening their connection with quality enhancement
 - supporting the professional development of those who contribute to the effectiveness of student learning.
- To enable greater flexibility in the provision of learning and teaching and opportunities for lifelong learning.
- To facilitate engagement with students and other stakeholders to ensure a high-quality learning experience that meets the needs of students, the economy and society.
- To support innovation and the use of new technologies that enrich the student experience and promote greater skills for lifelong learning.
- To support the sector to be internationally competitive in learning and teaching and to play a leading role in co-operation and good practice at European and international levels.
- To develop further a funding policy that supports these objectives.



Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That developments in quality assurance and quality enhancement procedures fail to retain the confidence of stakeholders and/or restrict our ability to fulfil our statutory role.
- That changes to our teaching funding policy do not meet the aims set and/or win the confidence of the sector and/or the Government.

Setting the context

46. As pressure for England to remain a globally competitive knowledge economy has intensified, HE has become increasingly central to achieving our economic objectives – by supporting innovation, helping businesses to apply research, and supplying a highly skilled workforce. This has been particularly highlighted in two major reports of reviews commissioned by the Government – the Leitch Review of Skills¹⁸ and the Sainsbury Review of Science and Innovation¹⁹. HE is also at the centre of achieving the nation's social goals. It plays a key role in developing active citizens, and sustaining a civilised, more tolerant and inclusive society. Graduates are, on average, more likely to vote in elections, hold more tolerant attitudes to other races, and are more likely to be involved in their communities through voluntary activities (HEFCE 2001/46).

47. Learning and teaching are at the heart of HE. They are core activities for all universities and colleges, and feature strongly in public perceptions of the sector's role and achievements. As learners become more diverse and stakeholders demand more and varied outcomes, the challenges faced by HEIs and FECs in regard to learning and teaching are becoming increasingly complex.

Needs of stakeholders

48. Many students and their families are contributing more to HE through variable tuition fees and with this come greater expectations. Students want high standards, and access to full and accurate information about the quality of learning and teaching. They also expect timely and comprehensive information about their courses; access to flexible provision that enables mobility and progression and takes account of changing individual circumstances; recognised qualifications that demonstrate specific learning outcomes; and broader benefits from their study. Students expect their experience of HE to deepen their personal and professional development, extend their subject knowledge and prepare them for employment and lifelong learning.

49. In addition, the Government rightly seeks assurances that the significant public investment in learning and teaching produces valuable outcomes for the student, the economy and wider society efficiently and effectively.

50. Universities and colleges are responding to these challenges. They already offer different forms of learning and teaching and are establishing new partnerships with a more diverse range of students, employers and other stakeholders. Increasingly HE is less a one-off experience, and more a continuing activity, offering individuals lifelong learning opportunities for personal and professional development and responding to employers' changing requirements.

Increasing international connections and competitiveness

51. HE faces significant international competition. HEIs in the UK already compete with institutions from other countries to attract overseas students to study on campus here or through distance learning. In the future they may also face increased competition in the UK as learners already based here are increasingly able to choose from private and other international providers of HE. Recent currency fluctuations may enhance the price competitiveness of UK HE, but overall competition in the market is also increasing to counter-balance this. Competing within this market and developing international links is primarily a matter for HEIs themselves – but success in these activities has an important impact on the financial health of the sector. We have a strategic role, along with other key stakeholders, to support HEIs in promoting a distinctive high-quality 'brand' for UK HE and to maintain its international competitiveness. We also continue to support institutions in addressing the impact and implications of the Bologna Declaration²⁰ – which seeks to increase co-operation and mobility in HE across the European continent – and the emerging European Higher Education Area for HE. In addition we believe that, in the context of increasing globalisation, the value of an international dimension to the curriculum and the connections of HE with other parts of the world should be further supported within the sector.

Supporting universities and colleges

52. We allocate over 60 per cent of our overall funding through our formula funding for teaching to support universities and colleges in meeting the learning and teaching needs of students, the economy and society (£4,782 million in 2009-10, of which £269 million is for teaching enhancement and student success and £143 million is for

widening participation). Within this total recurrent grant for teaching we also allocate additional funded student numbers in line with the funding and policies set out in the Secretary of State's annual grant letter. These are our key mechanisms for sustaining and promoting high-quality, cost-effective teaching in support of our overall strategic objectives.

53. In addition, we support universities and colleges by working effectively with others to meet the challenges faced by HE. In some areas this will require working more with the other parts of the UK and more active links with our European and international partners to ensure that our approach to learning and teaching is informed by a global perspective. We are collaborating with universities and colleges, and all those who work in HE, to find the most effective ways of meeting the needs of students, the economy and society while minimising the regulatory burden of our activities.

54. Most HE continues to take place in HEIs, but a significant amount of HE is provided in FECs, and we expect learning in the workplace and at home to increase. Nine per cent of undergraduate entrants are taught in FECs, of which 66 per cent are 21 or over and 48 per cent study part-time²¹. In October 2007 we published the outcomes of our consultation on HE in FECs and our plans for implementing our policy²². During 2008 we worked with around 30 FECs, and where relevant their partner HEIs, to pilot strategies for HE in FE. From 2009, we expect that all FECs teaching HE will share their strategy with us (HEFCE 2009/13). Where HE is provided by FECs or in the workplace, we will work with other funding bodies and related agencies to streamline the arrangements for funding, monitoring and quality assurance.

55. During 2008 we worked with the sector and the Government to develop proposals for the creation of new HE centres, as part of the Government's 'New University Challenge' agenda²³. These new HE centres will increase higher-level skills, particularly for those with no previous experience of HE. They will enable HE provision to be available locally in areas where there are low levels of HE provision, and will often build on partnerships between HEIs and FECs. We aim to fund up to 20 new centres by 2014.

Investing in excellence

56. All universities and colleges need to provide high-quality teaching to fulfil the expectations of their students and other stakeholders. Where institutions have developed particular strengths, we should celebrate their good practice and encourage its sharing with others, and encourage the sector as a whole to strive for excellence.

57. We have invested £315 million in Centres for Excellence in Teaching and Learning to recognise and reward specific areas of excellence in HEIs and to promote its further development to benefit students, teachers and universities and colleges. The 74 HEFCE-funded centres are based in 53 different HEIs, many of them working in collaboration with other educational and employing organisations. The centres influence and innovate in their subject and pedagogic areas. Through their commitment to excellent practice and to research and scholarship of teaching they have an important role in advancing knowledge and understanding of pedagogy, assessment and changing learning needs and contexts across the HE sector.

58. A crucial aspect of our continuing work on quality enhancement is the dissemination and take-up of knowledge and practice in learning and teaching within and across universities and colleges. The Higher Education Academy – as an independent sector-wide body that provides expertise and advice on learning and teaching to HEIs, staff and other groups – has an important role to play in this respect. The Academy is working with the Centres for Excellence in Teaching and Learning to foster networks for sharing good practice, supporting each centre in disseminating knowledge and skills within and beyond their institutions. Through its network of 24 subject centres, its research and development and professional development activity, the Academy is working with HEIs, staff and subject communities to promote excellence that is particularly focused on enhancing students' learning.

59. We recognise that across the sector the links between teaching and research are essential to inform the design and content of the future HE curriculum, to provide insights into new approaches to learning and teaching, and to equip students with skills and understanding derived from research-based enquiry. We will support all universities and

colleges in ensuring that excellent teaching is supported by research, and we continue to provide funding to support teaching that is enhanced and enriched by research to those institutions that do not receive substantial research funds from HEFCE. In addition, the Higher Education Academy includes in its remit a commitment to supporting the connection between research and teaching.

60. We will continue to provide funds to support HEIs to deliver and further develop their broader strategies for enhancing learning and teaching. From 2009-10 we will create a targeted allocation in our method for funding teaching to support teaching enhancement and student success. We also support the HE aspects of the National Languages Strategy²⁴, and initiatives to encourage more students to learn modern foreign languages. Working with the Higher Education Academy we are supporting the development of greater awareness and understanding of wider issues of sustainability in learning and teaching over the longer term.

61. Meeting the needs of a more diverse student body is a significant challenge for universities and colleges. We think that a high proportion of students completing their courses is an important indicator of good-quality learning, teaching and student support. The Higher Education Statistics Agency will continue to publish data about students' continuation and completion rates, including evidence of attainment for students who have to interrupt their studies²⁵.

Quality assurance

62. English universities and colleges are respected throughout the world for the quality of their teaching. A robust, effective and coherent quality assurance system remains vital in maintaining that reputation at home and abroad. We will continue to maintain public confidence in the high quality of learning and teaching in England. The Quality Assurance Framework²⁶ includes guidelines on good practice in learning, teaching and student support, and periodic audits by the Quality Assurance Agency of universities' and colleges' quality assurance systems. We have high expectations that all universities and colleges receiving funding for learning and teaching will achieve judgements of confidence in their institutional audits, having resolved any weaknesses identified by the Quality Assurance Agency.

63. Integrated Quality and Enhancement Review enables the quality of HE in an FEC to be judged in a way that is analogous to the way quality is judged in HEIs. Integrated Quality and Enhancement Review began a five-year cycle from January 2008, and, although the process is still in its early stages, there is evidence that the developmental nature of the review process is already helping FECs to evaluate and improve their processes for the management of academic standards and quality assurance.

64. Evidence suggests that the HE Quality Assurance Framework is working well, but we are aware of the need to continue to confirm this. We continue to monitor quality and standards through our strategic advisory committee for teaching, quality, and the student experience, which reports regularly to our Board. It has recently established a sub-committee to enhance this oversight, and this will report through the main committee to our Board.

65. In addition, as part of the HE Quality Assurance Framework, each university and college sets, maintains and reviews its own quality and standards. HEIs provide information for students and employers on graduate employability, progression and demographics on the Unistats website²⁷. The site also includes data collected each year as part of the National Student Survey.

66. The Bologna Declaration and the emerging European Higher Education Area²⁸ have widespread implications for the future of UK HE, including maintaining academic quality standards within a European context. We will continue to work with partners to contribute to the development of proposals for a more co-ordinated Europe-wide system of quality assurance.

Professional development

67. Teaching in HE is a skilled profession which must be adequately recognised and rewarded. Teachers are expected not only to have advanced and specialised knowledge of their subject, but also to demonstrate scholarship in relation to teaching that subject and a professional approach to its application and development over time. Professional development for teachers and the esteem in which they are held within the academic community are therefore of great importance in securing our strategic aim for learning and teaching.

68. The Higher Education Academy will continue to play an important role in supporting professional development across the sector. Its work on the accreditation of programmes for new teachers, on forms of accreditation for continuing professional development, and on developing national professional teaching standards is raising the profile of teaching and learning excellence for everyone who contributes to the effectiveness of student learning. The Academy will continue to reward outstanding teachers and supporters of student learning through the National Teaching Fellowship Scheme.

Flexible and lifelong learning

69. The pressures of global competition and the range of needs met by HE mean that the sector has to be increasingly flexible and responsive.

Foundations for future developments have to be laid now. Students, and how and where they learn, are diverse: 55 per cent of students starting undergraduate studies are 21 or over, and 43 per cent study part-time²⁹. Employers increasingly demand the renewal of knowledge and skills. The clear distinctions between students and employees are diminishing as people return to HE either through the workplace or on a part-time basis.

70. To meet these changing demands we expect greater diversity in the delivery of learning and teaching. We are encouraging and providing incentives for provision that offers learners flexibility about when and where they study, including part-time and workplace learning, and harnesses new technologies to support learning wherever and however it occurs. We believe that substantially increased participation will depend on provision like this, and in relation to part-time study we provide a targeted allocation to reflect additional costs. We are also supporting flexible learning pathfinder projects to introduce compressed honours programmes and enable the development of other new forms of flexible provision. Other examples include Lifelong Learning Networks, which bring together FECs and HEIs to put learners on vocational programmes on the same footing as more traditional learners. From 2009-10, changes to the method for funding teaching will remove barriers to institutions that wish to develop flexible study paths for their students.

‘One of the key purposes of HE is to equip students with the skills and confidence to become successful lifelong learners’

71. We are continuing to support the implementation of a national credit framework. The framework would ensure that achievement can be measured in smaller steps, and that learners can transfer their credits, making it easier for them to access learning and to progress at different universities and colleges and at different times.

72. One of the key purposes of HE is to equip students with the skills and confidence to become successful lifelong learners. We anticipate new demands on the sector to deliver postgraduate and post-experience learning more flexibly, often working in partnership with employers on content, patterns of delivery and use of new technologies to reinforce the links between the workplace, learning and productivity. Postgraduate research students will continue to be a crucial source of knowledge and skills to drive the research base and related knowledge-intensive businesses.

Innovation and new technologies

73. We believe that we should support the sector in innovating in all aspects of learning and teaching to ensure HE continues to meet the changing needs of learners, the economy and society.

74. Over the past few years, HE has engaged with the rapid development in the use of information technology. People use the internet and new technologies every day and this has an impact on

their expectations about the use of technology in HE. At the same time the curiosity and innovation of teachers in HE is driving them to explore new approaches to learning supported by technologies.

75. Our goal is to help universities and colleges to use new technology to enhance learning and teaching as effectively as they can, so that it becomes a normal part of their activities. We will continue to encourage innovation in institutions and have published a revised approach to our strategy to support e-learning (HEFCE 2009/12). We wish to encourage institutions to focus on how technology can be used to enhance learning, teaching and assessment practices. We are also supporting, through a programme jointly managed by the Higher Education Academy and the Joint Information Systems Committee, a series of pilot projects to develop open educational resources.

76. We work closely with universities and colleges, stakeholders, the Higher Education Academy and the Joint Information Systems Committee. We also work with Becta – the British Educational Communications and Technology Agency – to ensure benefits and developments are shared between education sectors where appropriate. Significant investment, including by universities and colleges, will be needed to exploit the benefits of innovation and technologies fully. In particular, we are supporting pathfinder projects – whereby universities and colleges identify and test ideas – to inform decisions on further investments in e-learning across the sector. We are looking to take this work forward more widely, including collaborating with the Research Councils and other bodies.

Funding for sustainability

77. Through our teaching grant we aim to provide funds to universities and colleges to recognise the differing costs of teaching and to assist in meeting the costs of supporting specific priorities. Staged changes to our funding method, which began in 2008-09, will ensure that it is fit for purpose in the short term and puts appropriate mechanisms in place to enable us to respond effectively to changes in the HE sector.

78. In maintaining our assumptions about the contribution that fees make to teaching resource at existing levels, up to and including 2009-10, we are providing stability in a period of transition where the funding environment is allowed to mature and market responsiveness is permitted to function. We will continue to take full account of the views of our stakeholders as we go forward.

Key performance targets

- At least 95 per cent of HEIs receive judgements of confidence in institutional quality audits by the Quality Assurance Agency, completed by 2009-10.
- The proportion of students who are broadly satisfied with all aspects of teaching covered by the National Student Survey increases between 2005 and 2009.
- The continuation rate for students in English HEIs across the planning period is the same as, or better than, the benchmark value calculated from the start year 2002-03.
- To increase innovative, flexible approaches to the delivery of HE across the planning period.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on page 47.

Widening participation and fair access

Aim

To promote and provide the opportunity of successful participation in HE to everyone who can benefit from it.

Objectives

- To increase and widen participation in HE.
- To stimulate and sustain new sources of demand for HE among under-represented communities and to influence supply accordingly.
- To improve opportunities for lifelong learning for everyone who can benefit.
- To embed widening participation in the corporate policy and practice of HEIs.



Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That the supply of places created to meet the participation target does not match the demand from students in terms of level, mode (full-time or part-time) or location.
- That there is insufficient demand for HE places from 18-30 year-olds to meet the participation target.
- That there is insufficient increase in representation from the under-represented socio-economic groups. This could be due to: higher fees deterring debt-averse students; poor information, advice and guidance; widening participation being marginalised in some universities and colleges; insufficient growth; and/or those universities and colleges most likely to widen participation struggling in the new market conditions.
- That there is no increase in the rate of progression to HE for those with vocational qualifications. This could be due to: a failure of Lifelong Learning Networks to recruit students, or to agree or operate progression agreements that guarantee progression for learners on vocational programmes; a failure in other collaborations between HEIs and FECs; or a failure of HEIs and/or FECs to make vocational opportunities available over a lifetime.

Setting the context

79. We are committed to widening the range and increasing the number of people who take part in HE as long-term and continuing goals. This is vital for both social justice and economic competitiveness. We also believe in the benefits of learning in an environment with a diversity of students and staff. We want to ensure that everyone with the potential to benefit from HE has the opportunity to do so, whatever their background, and to ensure that appropriately qualified individuals are encouraged to access programmes and institutions with the most demanding entry requirements. We will work with others to raise aspirations and educational attainment among people from under-represented communities in order to prepare them for HE, ensure success on their chosen programme of study, improve their employment prospects and open up possibilities for postgraduate study, and give them opportunities to return to learning throughout their lives.

80. Widening participation addresses the large discrepancies in the take-up of HE opportunities between different social groups. The under-representation of people from lower socio-economic groups living in poor neighbourhoods is particularly significant. Indeed, our research shows that, despite recent improvements, young people living in the most advantaged areas are three to four times more likely to participate in HE than those living in areas of disadvantage³⁰. Similarly, young people from the more occupationally advantaged section of the population are around twice as likely to participate in HE than those from the less advantaged section³¹. In addition, young women are 25 per cent more likely to enter HE than young men, with this difference being more marked in disadvantaged areas³².

Equality of opportunity

81. Under-representation is closely connected with broader issues of equity and social inclusion, so we are also concerned with ensuring equality of opportunity for disabled students, mature students, women and men, and all racial groups. Widening participation is not solely concerned with young people entering full-time undergraduate courses but also with older and part-time learners.

Making progress

82. Under-representation is a deep-seated problem reflecting decades of social, economic and educational disadvantage. It therefore requires a

long-term approach. The HE sector has made great efforts already, and its long-term commitment will pay dividends.

83. We are engaging with the research community through research programmes we fund and through the Teaching and Learning Research Programme of the Economic and Social Research Council. We will encourage links between researchers and staff who are working to widen participation. We will share research with the sector and use it to target activities more effectively.

84. We are pursuing our widening participation objectives through three main strands of activity: increasing demand for HE and the opportunities to access it, including through collaborative measures; offering new opportunities for progression on vocational courses and for lifelong learning; and working with HEIs to embed widening participation in their corporate policy and practice.

85. Widening participation means ensuring success for students in HE, as well as improving access, which is why we have set sector-level targets for retention and quality in our strategic aim for 'Enhancing excellence in learning and teaching'. We will continue to help meet the costs for universities and colleges of recruiting and supporting students from under-represented groups, and we will support Centres for Excellence in Teaching and Learning, which relate to the needs of a diverse student body. Where it is deemed appropriate and helpful, we will also offer additional support to individual institutions in order to understand better the factors that might lie behind lower than average student success rates, and assist in developing mechanisms or processes to address them.

Increasing demand

86. We are working with the sector and other stakeholders to stimulate demand for HE among those from under-represented groups, raising aspirations and increasing the numbers qualified for entry.

87. We will continue to provide funding to Aimhigher, a national programme to widen participation in HE by raising the aspirations and developing the abilities of people from under-represented groups. Aimhigher partnerships build cross-sector relationships which break down the barriers which institutions and systems can unwittingly create for learners. Funded activities include summer schools to give school pupils a taste

of university life, mentoring by students, and visits by HEI staff to work-based training providers. Target groups are identified by individual areas, and include first generation entrants to HE, offenders, travellers and lone parents.

88. Aimhigher remains our primary vehicle for collaborative work across the schools, further education and HE sectors. We will work with the Department for Business, Innovation and Skills, the Department for Children, Schools and Families, and the Learning and Skills Council to develop this programme over the longer term. Continuity is vital, as the Aimhigher programme works in the medium to long term, funding activities with children as young as primary level, as well as older learners, parents and community groups. We will also ensure that joint work within the Aimhigher framework – with partners such as the Department of Health and professional bodies – is developed in a complementary and sustainable way.

89. We will also encourage HEIs to develop further their links with target schools and colleges to create structural, sustainable relationships that operate at the levels of governance, the curriculum and student support. In doing so, HEIs and schools will be able to build upon the achievements of the increasing numbers of people gaining qualifications that will enable them to enter HE by ensuring that they are able to choose the progression pathway that best meets their educational and career aspirations.

90. We will continue to work with professional bodies, learned societies and others to encourage demand for subjects, such as science and mathematics, which are strategically important to the economy and society but may be vulnerable because of a mismatch between supply and demand. We are particularly seeking to increase demand from groups who are under-represented in these subjects.

91. We will continue to support, with the other UK funding bodies, the Supporting Professionalism in Admissions programme. Through this programme, and its engagement with the Delivery Partnership which was established to implement reforms to the process for HE applications³³, we will work with the sector to help ensure that applicants have appropriate support in making their decisions. The programme will offer to the HE sector a central source of expertise and advice on admissions processes and will take a leading role in the development and dissemination of best practice in this area.

Under-representation is a deep-seated problem reflecting decades of social, economic and educational disadvantage. It therefore requires a long-term approach

Increasing opportunities

92. We aim to make learning opportunities more accessible and more attractive to the people least likely to participate in HE, particularly by supporting initiatives that encourage more flexible, innovative, and student-centred provision. We will also support provision which makes HE locally available to people who are unable to travel, such as part-time students. The provision of local HE centres, as outlined in the Government's 'New University Challenge'³⁴, will make a significant contribution to increasing the opportunities to access HE provision.

93. We are working more closely with groups concerned with skills needs, such as Regional Skills Partnerships and Sector Skills Councils, who share our concerns about growth and diversity. We will also support, through our work set out elsewhere in this plan, appropriate curriculum and learning and teaching developments to make HE more accessible.

94. We welcome the new opportunities for learners in the developing 14-19 curriculum. We are working with the sector and with partnerships such as Aimhigher and Lifelong Learning Networks to foster close links between universities, colleges and schools to ensure that young people have coherent and clear pathways to HE.

95. We also continue to support work with local communities by funding further research and

engagement by institutions in areas with very low rates of participation in HE. By understanding the dynamics of such communities in more depth, institutions are able to work with other partners to develop and deliver strategies that best meet the needs of those living and working within them.

Progression for vocational learners and lifelong learning opportunities

96. We will continue to work to improve the prospects for progression into and through HE for all learners. In particular we will work with the Department for Business, Innovation and Skills and the Learning and Skills Council to make the routes into and through HE clearer, more coherent and more certain for learners on vocational programmes.

97. FECs play an important role in this by preparing learners for HE, as well as by providing HE courses themselves. We also recognise that progression is not just one way: people with HE qualifications increasingly progress to further education courses to acquire specific skills. We will work to strengthen HE in FECs, both to improve local access to HE and to provide opportunities for higher-level learning throughout life. We will encourage close working relationships between HEIs and FECs to help expand opportunities in both HE and further education.

98. Lifelong Learning Networks bringing FECs and HEIs together are a key driver for improving progression opportunities, aiming to put learners on vocational programmes on the same footing as learners following more traditional academic pathways. All English regions now have at least one Lifelong Learning Network. The Networks are working closely with Sector Skills Councils and employers, and with local Learning and Skills Councils and Regional Skills Partnerships.

99. As fewer young people are coming into the labour market, and the average age of the workforce is rising, we are committed to providing more opportunities for HE throughout people's lives. We will continue to support work with a broader age range and different ways of studying such as part-time and distance learning. We are working with the Learning and Skills Council, professional bodies, Sector Skills Councils and others to encourage more adults to take part in lifelong learning, including in the workplace.

Embedding widening participation

100. Embedding widening participation means making it a core strategic issue for all HEIs. Widening participation is a responsibility for the whole HE sector, which institutions will develop and deliver in ways that are consistent with their own mission. From June 2009, HEIs and directly HEFCE-funded FECs are required to submit widening participation strategic assessments. The assessments will provide an opportunity for HEIs and colleges to bring together all they do in widening participation in an overall statement. This will allow institutions to demonstrate their commitment to widening participation in the context of their individual mission, culture and practice. As part of the assessments, institutions will be required to append their access agreements. These agreements are a requirement of the Office for Fair Access for universities and colleges that charge fees above the standard level, setting out how universities and colleges will promote and safeguard fair access. We will continue to work with the Office for Fair Access to ensure that the strategic assessments meet legislative requirements for the access agreements within a much broader contextual framework.

101. Our strategy for widening participation will be sustainable because it will be embedded in HEIs' policy and practice, becoming part of the norm for the sector. We are also committed to taking forward our widening participation objectives through work outlined in other parts of this strategic plan – in particular through the objective to enable more flexible and lifelong learning in the 'Enhancing excellence in learning and teaching' section, and through the focus on the social dimension of 'Enhancing the contribution of HE to the economy and society'.

Disabled students

102. Disabled students are an important part of the widening participation agenda. We will continue work with the Equality Challenge Unit, the Higher Education Academy, Action on Access and others, to support universities and colleges in widening opportunities for learners with disabilities. We will continue to provide a dedicated funding stream for universities and colleges to recognise the additional costs involved in recruiting and supporting disabled students. In addition, we have exempted students in receipt of Disabled Students' Allowance from the

policy to phase out funding for students studying for a qualification that is equivalent to, or lower than, a qualification that they have already achieved. To ensure that our activities to support disabled students remain appropriate and fit for purpose, we have undertaken a fundamental review of our policy as it relates to disabled students. The outcomes of this review will be published and will guide the future development and implementation of our policy.

Key performance targets

- To increase participation in HE in line with the funding and policies set out in the Secretary of State's annual grant letter.
- To increase the proportion of students (full-time and part-time, both young and mature) from under-represented groups in HE.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on page 47.

Employer engagement and skills

Aim

To encourage transformational change in the HE sector that will enhance the capability of HEIs to establish long-term, sustainable relationships with employers to stimulate and meet their demands for highly competent and skilled employees.



Objectives

- To establish an environment of collaborative interchange between employers and HEIs, harnessing the capability from across HE to respond with innovation and flexibility to meet the needs of employers and the economy for a highly motivated, educated and skilled workforce.
- To stimulate transformational change to make the meeting of employer demand for a highly skilled workforce a core institutional strategic objective, impacting on at least half of English HEIs by 2011.
- Over 2008-2011, to test the potential scale of the market and the levels of demand for employer co-funded HE and to generate learning and evaluation evidence to inform policy development.
- Over 2008-2011, to build a platform of capability and capacity within the HE sector to achieve further growth from 2011-2014 in employees participating in HE-based workforce development.
- To introduce long-term funding arrangements for employer co-funded HE, over a timescale agreed with the Department for Business, Innovation and Skills.

Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That our strategy for employer engagement fails to ensure a higher level of skills and knowledge that meets the needs of the economy and society.
- That it is not possible to balance the requirement to test the market for employer co-funded HE with the requirement to establish the capability and capacity for future growth.
- That it is not possible to establish a sustainable financial model for the delivery of employer-focused and co-funded workforce development, and that our strategy fails to secure sufficient and sustainable funding contributions from employers.
- That public sector employers are strongly attracted to the co-funding model as a means of reducing their existing levels of funding to support workforce development and transferring a proportion of their costs to HEFCE funding.

Setting the context

103. Employers from both the private and public sectors look to HE to deliver graduates who are enterprising, critical thinkers and innovators, who can deal with complexity, work in partnerships and networks (whether in the UK or internationally) and make a significant impact on their organisation. For their existing workforce, employers need straightforward access to provision which delivers clear business benefit for their investment, and that offers flexible, high-quality workforce development (especially for employees without an HE qualification) and continuing professional development (for those who already hold HE or professional qualifications). Employers also need to be able to influence the development of HE provision to ensure it is fully relevant for updating and raising their employees' knowledge and skills.

Employer engagement

104. As part of our strategy on employer engagement, we are delivering a programme of activities to transform HE's role in workforce development which will contribute directly to both economic success and widening access to HE for those in the workplace. We continue to work with the Government to advise on what incentives and support are needed to enable the HE sector to meet the challenges set out in the Leitch Review of Skills³⁵.

105. We have indications of strong progress towards meeting the Government's target for 5,000 learners being co-funded by their employers in 2008-09³⁶. We have developed a more flexible funding method for co-funded provision to help the HE sector deliver, through sustainable approaches, the more challenging targets of 10,000 and 20,000 co-funded learners in 2009-10 and 2010-11.

106. We are investing substantially in building the capacity for greater workforce development activity in institutions that wish to expand employer co-funded provision. Through dedicating at least £148 million of funding for building capacity and for provision between 2008 and 2011, we are supporting institutions to develop co-ordinated services and provision for employers which are tailored to meet business needs. In order to ensure that this activity is not affected by the decision to withdraw funding for students studying for a qualification that is equivalent to, or lower than, a qualification that they have already achieved, we have exempted from the policy

‘We are investing substantially in building the capacity for greater workforce development activity in institutions’

employer co-funded provision and foundation degrees – the two-year qualifications designed to give people the intermediate and technical skills that are in demand from employers.

107. We have funded three Higher Level Skills Pathfinders which are seeking to forge new relationships between employers and HE at a regional level. We will build on their experience to support HE to play a strong role in skills development in the regions through structures such as Regional Skills Partnerships, which bring together different agencies to integrate action on skills, training, business support and labour market services.

108. We recognise that in order to deliver greater participation in HE from the workforce, it will be vital not only to transform HE, but also to drive up demand and encourage influence and investment from employers. We are already working with partners such as the CBI and Sector Skills Councils, as well as HE sector bodies, to promote more strongly to employers and employees the benefits of engaging with HE.

Key performance targets

- 5,000, 10,000 and 20,000 employer co-funded entrants to accredited provision each year over the three-year period 2008-11.
- The proportion of HEIs reporting high levels of employer involvement in the HE curriculum increases to 80 per cent by 2009.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on page 47.

Enhancing excellence in research

Aim

To develop and sustain a dynamic and internationally competitive research sector that makes a major contribution to economic prosperity and national wellbeing and to the expansion and dissemination of knowledge.



Objectives

- To maintain a research sector with a strong position among the world leaders, which can respond flexibly to the changing needs of stakeholders and lead in developing new and innovative fields of enquiry.
- To work with Government and the sector to develop a system for assessing research which informs funding and demonstrates the power of the national research base, helping institutions to identify and foster excellence.
- To ensure that research can be supported without prejudice to the sustainability of the sector's long-term financial, physical and human resources, or the delivery of other activities in the public interest.
- To develop a funding policy that achieves these objectives.

Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That HEIs are not recovering the full economic costs of research from funders and sponsors.
- That the outcomes of the 2008 Research Assessment Exercise, or the new framework for research assessment and funding beyond 2008, fail to win the confidence of the sector and/or the Government.
- That growing competition from emerging research economies impacts on the UK's international position in research excellence.

Setting the context

109. Maintaining a dynamic, world-class research sector within HE is crucial to economic prosperity and national wellbeing. Our strategy for ensuring that the research base in English HE continues to measure up to this challenge has been developed and reviewed in the context of the Government's policies set out in its 'Science and innovation investment framework 2004-2014'³⁷ and more recently in 'Innovation Nation'³⁸. The starting point is our role within the dual support system for the public funding of research, in supporting the core research infrastructure, underpinning work funded by other research funding bodies and enabling the sector to undertake curiosity-driven research. It also reflects the shared aim of the countries of the European Union to develop a knowledge-driven economy³⁹ powered by a strong and innovative research base, and our belief that the UK is well placed to play a leading role in achieving this.

110. Against this background our approach to funding research, and to supporting the continuing development of the research base within HE, is informed by three key principles: excellence, financial sustainability and dynamism.

Excellence

111. The nations that thrive in a highly competitive global economy are those which create new knowledge and transform this into commercial opportunities. To retain our economic strength we need to hold a strong international position in leading-edge research in the face of increasingly aggressive competition. We are committed to supporting and rewarding excellence in research of all kinds, in all subjects, wherever it may be found. This includes research that bridges traditional discipline boundaries, and applied and practice-based work, as well as purely curiosity-driven enquiry.

Financial sustainability

112. To achieve excellence, we need to ensure that the research base is adequately resourced for all that it does and that HEIs can invest confidently for the future. We continue to be committed to working within the dual support system with other funders of research that is in the public interest, to ensure that our funding streams work together and remain effectively in balance.

To achieve excellence, we need to ensure that the research base is adequately resourced for all that it does and that HEIs can invest confidently for the future

Dynamism

113. Investment for the future means both sustaining the existing physical and human resource base and at the same time continuing to develop new research fields and approaches. We cannot maintain excellence unless the research base is forward looking and there are sufficient resources to pursue new ideas.

Investing in excellence

114. If we are to sustain our research base against global competition we must recognise and support excellent and innovative research. We will continue to develop a selective funding system, which allocates our grant primarily by reference to robust assessments of research quality, respecting the principles set out above. At the same time we will work to maintain and improve the research infrastructure. In 2008 we completed the 2008 Research Assessment Exercise jointly with the other HE funding bodies in the UK, and are using the outcomes of that to substantially inform our allocations of research grants for a five-year period from 2009-10. The 2008 Research Assessment Exercise identified a number of small, excellent research units that were previously unfunded. We intend to consider how we might encourage institutions with these units to form collaborative links wherever this is possible. We shall also

continue to encourage and support strategic collaboration between larger established departments where this can help to maintain and build world-class capacity, especially in emerging and strategically important fields. We will continue to respond positively to soundly based requests for support from our Strategic Development Fund for initiatives of this kind.

Changes to the funding method

115. We previously announced a series of changes to our funding method for research, to be introduced by 2009. The aim is to have a simple, robust, transparent method that will reduce the administrative burden on HEIs. Changes include simplifying the way we measure the volume of research, which from 2009 will be based entirely on the number of active researchers employed by an HEI and submitted for assessment. We have established separate elements within the block grant to support the costs of supervising postgraduate research students and research funded by charities, and to encourage research with business. We have also established a clear link between funding for research degree programmes and the quality of provision in HEIs, through the Quality Assurance Agency's institutional audit process. In March 2009 we announced our method of allocating research funding using the outcome of the 2008 Research Assessment Exercise (HEFCE 2009/08).

Development of a new research assessment and funding framework

116. We are developing a new system of research assessment and funding – the Research Excellence Framework – to replace the Research Assessment Exercise after 2008 (HEFCE 2007/34). The framework will make greater use of quantitative indicators in the assessment of research quality than the present system, while taking account of key differences between the different disciplines. Assessment will combine quantitative indicators – including bibliometric indicators wherever these are appropriate – and light-touch expert review. Which of these elements are employed, and the balance between them, will vary as appropriate to each subject.

117. Throughout 2009 we will continue to develop the Research Excellence Framework and will complete a pilot of the new bibliometric indicators of research quality. We will work closely with the sector and key stakeholders in developing the operational details of the system, and consult

further during 2009-10. We will phase in the framework gradually and fully implement it across all subjects during 2013 to drive funding for research from 2014.

Improving links

118. We recognise the importance of ensuring that our funding supports a wide range of research activity, covering the full academic spectrum including interdisciplinary studies – and we know that it is crucial to maintain a balance between curiosity-driven research and work with more immediate practical applications. We also recognise researchers whose work supports public sector professions, the cultural industries and civic society. We will continue to play our part in implementing the Government's policies for improving the links between research activity and economic growth and social cohesion, as set out in its framework for science and innovation⁴⁰, and more recently in 'Innovation Nation'⁴¹.

Building for the future

119. A world-class research system requires a combination of dynamism (its openness and ability to change) and sustainability – which in this context means managing the research base and budget to invest to meet future needs as well as present priorities.

120. These two issues are closely interwoven. Dynamism is most likely to be found in a research system where the resource base is regularly renewed – with high-quality buildings and equipment fit for changing research needs – and a regular inflow of excellent new researchers. It also requires the sector to be managed to ensure that researchers have the freedom and the resources to pursue new ideas and approaches alongside established lines of enquiry. This requires a system in which the costs of research being done now, and the costs of renewing the infrastructure for the future, can in the long run be met in full from the income from all sources available to each HEI. Only when this balance has been achieved may we be confident that HEIs can continue to maintain an overall research base with the capacity to produce a substantial body of work of international excellence across the full range of disciplines.

121. The work of the Transparency Review⁴² to identify the full costs of research and other publicly funded activities in HE highlighted a significant gap

in the funding of research, and an imbalance between the funding provided by us and by other funders. This will need to be corrected before we can achieve a sustainable research base over a period of time.

122. We therefore welcome the steps announced in the science and innovation investment framework⁴³, and the related government spending plans, to increase the proportion of costs paid by Research Councils and government departments when commissioning research in HEIs, as well as the increase in research funding through HEFCE. This is a strong first step in a programme to ensure that HEIs undertaking internationally excellent research can balance the books while maintaining and renewing their research programmes. It also reflects a welcome recognition that the health of the research base is the concern of all its major funders. We will continue to work with the HE sector across the period of this plan to ensure that the increased resources now becoming available will indeed be used to renew the research infrastructure and to invest in new fields and approaches.

Responding to need

123. Working with our partners and HEIs we will help researchers to respond to new developments in their field of enquiry and the research environment, ensuring that the research base continues to maintain and update its contribution in fields of national strategic importance. We will keep under review the health of different subject areas, intervening where necessary to support work in fields where the research base appears to be vulnerable. To this end, we are already engaged in partnership activities with other funders, including Research Councils and government departments. We will also keep under review, with our partners, developments in the external environment, including in particular the challenge of sustainable development, and will support the HE sector in its response to these.

124. By supporting HEIs in improving leadership and management, and in developing an environment which provides equal opportunities and respect for all staff, we will ensure that researchers and the staff who work with them receive the support and recognition that they need to succeed in their research activities and to develop their careers. We will keep under review the supply of new researchers, including entrants to doctoral

programmes, and will be ready to consider further action if necessary in particular subjects.

125. The UK's record of excellence in creating new knowledge and leading new fields of research has not always been matched by achievements in disseminating and applying the results. To retain more of the benefits of research undertaken in the UK, we need to ensure that effective dissemination and application of research findings are accepted as integral parts of the research process. We set out in our strategic aim for enhancing the contribution of HE to the economy and society our plans for ensuring that knowledge and expertise created within HE are made rapidly and effectively available to potential research users, both in industry and public services, and across the wider community. We believe that all those engaged in publicly funded research should contribute to this process to some extent. We will also continue to encourage the effective sharing of research findings and outcomes, both to support research and teaching within HE and to inform the wider public. To achieve this we will work with partners to improve systems for researchers to share information and disseminate outputs as widely as possible, including through new technology. We will support measures to ensure that researchers nationally continue to have access to a full range of printed resources. We will also look for opportunities to encourage and support a dialogue between researchers and the public, so that the development of research activities and policies can reflect more effectively the changing needs of a more informed society.

Key performance targets

- To maintain England's contribution to the UK's leading international position in research excellence throughout the planning period.
- To develop a process for assessing research quality.
- To demonstrate improved sustainability of the national research base by 2011.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on page 48.

Enhancing the contribution of HE to the economy and society

Aim

To increase the impact of the HE knowledge base to enhance economic development and the strength and vitality of society.



Objectives

- To secure long-term and adequate support for third stream activities as a significant HE function.
- To integrate third stream activities into every HEI in a sustainable way that is appropriate to their missions.
- To engage a wider range of users in the HE knowledge base by promoting a distinctive regional third stream mission.
- To increase global engagement between our HE knowledge base and overseas HE and users.
- To provide a stronger and clearer focus on the social aspects of third stream activities, to increase HE impact and stakeholder buy-in.
- To work with partners to develop a co-ordinated awards scheme to encourage and support public engagement activities by HEIs.
- To devise and use effective funding mechanisms, metrics and evaluations, appropriate to third stream activities.

Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That the many national and regional stakeholders engaged in third stream activities do not achieve the common purpose necessary to unlock all HE potential.
- That we fail – through lack of vision, ideas, effectiveness or appropriate measures – to support the HE sector in making its full (and diverse) contributions to national competitiveness and improved quality of life.
- That HEIs neglect third stream work relative to teaching and research because, for example, they do not see the rewards as proportionate to effort.

Setting the context

126. As a nation we will need to continue to explore and redefine our long-term sources of comparative advantage in the face of more challenging competition (from countries such as China and India), and to move beyond competing on price towards competing increasingly in innovative and high value-added markets. We also need to improve productivity and management of innovation, particularly in the existing workforce. The Government's framework for science and innovation⁴⁴ highlighted the considerable role that the HE knowledge base can and will play as a source of the country's global competitiveness, creating ideas, entrepreneurs and social entrepreneurs, as well as enhancing skills, management capability and productivity. The overall strategic direction set out in the framework has now been confirmed and enhanced through the Government's White Paper, 'Innovation Nation'⁴⁵, published in March 2008, and its report on implementation of the recommendations of Lord Sainsbury's Review of Science and Innovation policies⁴⁶, describing the national innovation ecosystem in which HE will play a leading role. The global economic downturn places an obligation on HE, as on other sectors, to give immediate support to a challenged economy and to communities, but we also need to keep our long-term competitiveness and sustainability in mind.

127. We are facing greater challenges – and opportunities – to live in a peaceful and intellectually and culturally stimulating world. We live in a globally connected world, yet often struggle to understand and enjoy the diversity of other peoples, as well as the multiculturalism in our own nation. HE campuses themselves, their staff and students, are microcosms of this diversity. The challenges may become greater in difficult economic circumstances, though there may also be greater need to support community connectedness to work together to solve problems. While we clearly value the benefits of HE to wealth creation, we probably do not celebrate enough the civilising contribution that HE can make to a more complex social environment. HE prepares people for participation in civic life and gives them the skills needed for rational problem-solving. It also provides resources for intellectual and cultural enrichment that make the world a more exciting and vital place to live.

Third stream

128. Institutions already support the economy and communities in a multitude of ways. But to help them fulfil these roles more effectively, we need to support them in engaging with the users of knowledge and with employers of skilled people, as a 'third stream' of activity alongside and integrated with teaching and research.

129. Businesses, public services, social enterprises, and arts and cultural institutions are all users of knowledge and employers. They already benefit from a variety of outputs and facilities from HEIs, including new ideas, products and services, highly qualified people, and skills and equipment. Third stream activities have the potential to create jobs and wealth, as well as to improve people's quality of life, support social and economic regeneration, and inculcate civic values. In these ways, our strategic aim of enhancing HE's contribution to the economy and society adds value to our other aims. It takes the benefits of excellent teaching and research directly into the economic, cultural, community and civic life of the nation. It also prompts the HE sector to remember the market, and social and community needs, in shaping the future agendas for research and teaching; and through this interchange, we support vibrant communities of practice.

130. Our investment in third stream funding, alongside our national partners, has helped to generate culture change within HEIs and to increase the capacity and effectiveness of knowledge exchange between HE and users of all kinds. We want to build on these achievements, integrating third stream activities fully into every HEI, in a sustainable way that is appropriate to their individual missions. We need to maintain the confidence of HEIs, research users and employers that we are committed to the third stream as a long-term and significant function of HE. We hope that this commitment will encourage HEIs to develop their own strategic approaches to third stream activities, by making targeted investments and raising their own capability and professionalism.

Higher Education Innovation Fund development

131. Our major strategic development in the plan period will be the consolidation and extension of the Higher Education Innovation Fund. We previously consulted on the principles and structure for the third round of funding (HEFCE 2005/36). In the period 2006-2008 we shifted to funding mostly by formula, with some project funding allocated in response to applications from HEIs. This has reduced the administrative burdens of bidding for money. It has also recognised that the objectives for the fund are now successfully embraced by the HE sector, and has enabled institutions to invest in implementing their own distinctive third stream strategies and embedding these in their missions. Our analysis of institutional strategies for round four of the Higher Education Innovation Fund highlighted that in 79 per cent of HEIs the third stream is now clearly integrated in mission, and it is loosely integrated in the remainder (HEFCE 2008/35).

132. Following the Sainsbury Review⁴⁷, the announcement of the outcomes of the Government's 2007 Comprehensive Spending Review⁴⁸, and the White Paper on innovation⁴⁹, we have been able to increase both the total amount of money distributed through the Higher Education Innovation Fund, and the proportion distributed by formula, as a permanent funding stream. By 2011 we will have reached the aspirations set out in the Lambert Review of Business-University Collaboration⁵⁰ for an increase in the amount of funding available through the Higher Education Innovation Fund to £150 million per year, allocated by formula to all HEIs. This has been achieved through learning from case studies and exemplars in new targeted initiatives devised and implemented in 2006 and 2007, which have now been reflected in the method used for the fourth round of the Higher Education Innovation Fund. This funding, which covers the period 2008-2011, is helping institutions to extend their distinctive, individual third stream missions underpinned by the core funding, and to use funds flexibly to respond to innovations and new challenges, including those posed by difficult global economic conditions. We expect future rounds of the Higher Education Innovation Fund to focus further on delivered performance in knowledge transfer and less on building new capacity for this activity.

Meeting new economic and social challenges

133. We have worked on a number of opportunities to develop targeted initiatives to enable HE to play its part in meeting the nation's global challenges. We are moving forward in three major areas: reaching out regionally to new sectors; global partnerships; and highlighting the social dimension. In addition we are seeking to explore fresh challenges in the context of new innovation and enterprise strategies from the Government. We are also working with Universities UK and GuildHE to promote and support the contribution that HE is making to new challenges in the economic downturn, including producing the information brochure 'Standing Together'⁵¹.

Reaching out regionally to new sectors

134. England has relatively few business sectors that make intensive use of research and development (as conventionally defined) as a source of innovation – examples are pharmaceuticals, defence and aerospace. Research and development-intensive businesses, and those most effective at engaging with HE, tend to be based in the south and east of the country. In addition, small and medium-sized enterprises have found it hard to discover and use the knowledge and employment-related skills that HE can provide. To raise our competitiveness and productivity, we will need to spread the potential to innovate and compete on high value-added products and services, beyond the existing users in sectors and regions with established links to HE.

135. The Lambert Review of Business-University Collaboration⁵² concluded that more could be done to support new sectors, small and medium-sized enterprises and services through better engagement with HE, particularly regionally and locally. The Government's White Paper on innovation⁵³ confirms the need to encourage innovation across new sectors of the economy and in public services, such as health and education, as well as with social enterprises and the creative sector. We believe that we can continue to help HE to do more to make the most of these opportunities. We targeted investments at the start of the plan period to support some HEIs in promoting a regional, user/employer driven 'third stream intensive mission', which can draw in enterprises that are unfamiliar with what HE can offer them, working

‘We want to focus more on our strategic support for HE to contribute to wider social agendas’

with regional and local stakeholders. These investments have helped inform the Government’s policies reflected in the Sainsbury Review⁵⁴, leading to changes in the design and distribution of the fourth round of the Higher Education Innovation Fund. In the fourth round, greater incentives are being given to HEIs to work with small and medium-sized enterprises, and the method for allocation of funds will achieve a broader distribution of resource to reflect the diversity of strengths in the HE sector and of needs in the economy and society. We expect to see HEIs using their formula allocations from round four of the Higher Education Innovation Fund to develop knowledge exchange with new sectors and to innovate with new partners. We will also disseminate the results of evaluation of the targeted investments – particularly insights on effective ways to help improve the productivity of small and medium-sized enterprises and to measure economic impact.

Global partnerships

136. To create wealth, the nation needs to capitalise on the major strengths of its research base. We have described how we will maintain and enhance excellence in research. We believe we should also promote more global partnerships devoted to innovation and knowledge transfer – that is, creating an environment in which leading-edge researchers and practitioners come together with users of research and employers of the very highly skilled to push back the barriers of discovery and application together, exchange knowledge and create wealth. As part of this, we will explore ways to benchmark ourselves globally so as to enhance areas of strong comparative advantage, and draw in inward investment, skills and expertise. We will explore lessons learned from projects funded in the third round of the Higher Education Innovation

Fund, and support the work of other partners to further this initiative, particularly in the context of the government strategy on innovation⁵⁵.

The social dimension

137. In the plan period, we want to focus more on our strategic support for HE to contribute to wider social agendas. This includes its contribution to civic life and developing civilising values; public, social, community and environmental support and regeneration; cultural, intellectual and moral enrichment; and participation as a nation and as individuals in global development, communication and problem-solving. We stress that contributing to the economy and to society are not mutually exclusive goals of the third stream, and innovation in public services and the not-for-profit sector will be equally important to the nation as business innovation. The creative sector, as an example, is very successful at generating wealth and enriching our lives (as discussed in the Department for Culture, Media and Sport’s strategy ‘Creative Britain: New Talents for the New Economy’⁵⁶).

138. Building upon the start we are making in projects supported through our Strategic Development Fund, over the plan period we intend to articulate, and then implement, a strategy for the social dimension to the third stream. This strategy will describe, celebrate and even potentially measure the diverse contributions that HE already makes in these varied arenas, and will put forward the arguments for funding, particularly public funding. It will set out how we can support the HE contribution strategically to make the best use of resources. It will also propose some future common purpose that may engage other stakeholders and produce synergies between funders to support HE more effectively in the future. This will link to objectives in other sections of this plan: to promote learning through experience and develop communities of practice; to stimulate demand for HE in under-represented communities; to disseminate and apply research, and to support the sector’s contribution to sustainable development; and to engage with the public more generally.

139. As a leading part of our development of the strategy on the social dimension, we have funded new Beacons for Public Engagement, and a National Co-ordinating Centre, jointly with Research Councils UK, the Higher Education Funding Council for Wales, the Scottish Funding Council and the Wellcome Trust. We believe that this approach will

send out a strong signal that maintaining an effective dialogue with the wider public is important in terms of maintaining confidence in HE and extending its civic and civilising influence. It is also essential that HE listens to the public so that teaching and research remain in tune with the needs of society. We aim to contribute to the Government's programme to explore and develop the science and society agenda⁵⁷.

140. We would expect the HE sector itself to be a major partner in devising and implementing our strategy. We also expect to draw in a wide range of other stakeholders who understand the context from different perspectives (locally, regionally, nationally and globally).

Cross-cutting developments

141. A number of threads will run across the mainstream funding and the initiatives. These are: the contribution of subjects to the strategic aim; the link to professional development; the European Union agenda on the knowledge-based economy⁵⁸; engaging with the needs of the developing world; collaboration; and collecting qualitative and quantitative information.

Subjects

142. Innovation and engagement are critical to economic and social development, so the agenda we set out is for the full range of HE subjects and for all sectors – in contributing to wealth creation, delivery of public services, and quality of life. We want to ensure, in particular, that we explore the meaning of and potential for knowledge exchange in newer areas, such as the services and cultural and creative sectors. We will specifically address the Department for Culture, Media and Sport strategy 'Creative Britain'⁵⁹ as well as the commitment in 'Innovation Nation'⁶⁰ to broaden knowledge exchange, by exploring the contribution that HE knowledge exchange makes to the creative industries, raising awareness and encouraging dissemination of good practices. This includes addressing the issue raised in the Cox Review of Creativity in Business⁶¹ on the significance of design and creativity in innovation within all companies, and throughout the economy and public services.

Professional development and practice

143. We need to explore the opportunities within mainstream funding and new initiatives to develop the entrepreneurial, social entrepreneurial and

enterprise skills of students and staff in HE; to increase employer-relevant skills; to further continuing professional development; and to support effective practice. Our strategic aim for employer engagement and skills expands on how we will seek to support the sector in further engagement with employers. We will continue to support and enhance professionalism and innovation in HEIs themselves in knowledge exchange activities, working with and supporting the various knowledge transfer professional bodies led from the sector. We will also be placing greater emphasis on promoting academic engagement in knowledge exchange, linked with our emphases on economic impact in our strategic aims for employer engagement and skills and for research.

European Union knowledge-based economy

144. Through mainstream funding and our initiatives on new sectors and international partnerships, we will be able to contribute to the European Union objective, adopted in Lisbon in March 2000, of making Europe the most competitive and dynamic knowledge-based economy in the world⁶². Changes in European Union Structural Funding, with less provided for business support and social inclusion, will make this a more challenging environment to address the Lisbon agenda on stimulating small and medium-sized enterprises. The new policies on support for small and medium-sized enterprises set out in the Sainsbury Review⁶³, including the incentives we are giving for work with small and medium-sized enterprises in the fourth round of the Higher Education Innovation Fund, are therefore particularly helpful in this context. We recognise that established industries also have a part to play in stimulating and supporting small and medium-sized enterprises through supply chains and innovation clusters, and our mainstream funding will continue to support this. We anticipate that the regional and local context to innovation, including raising wealth creation across the country and promoting high value-added clusters around innovative universities, will be an increasing part of our strategic approach to the third stream in the coming years.

The developing world

145. We wish to explore ways in which both mainstream funding and new initiatives can help the

HE sector understand and respond to the needs of the developing world. This kind of engagement helps prepare our graduates and postgraduates as global citizens, as well as increasing our understanding of diversity and bringing new challenges and opportunities to inform HE research and teaching.

Collaboration

146. We will continue to promote and support collaboration – between HEIs, as well as between HE and users of knowledge, employers and other stakeholders – as an intrinsic feature of third stream activity. We anticipate that the partnership between the higher and further education sectors will be important in the context of new further education knowledge transfer pathfinders which were recommended in Lord Sainsbury’s review⁶⁴, and we will work with relevant stakeholders to make effective links. These links will be particularly important in the economic downturn when communities and businesses need the complementary and co-ordinated approaches of HE and further education. The country faces some interesting but tough challenges in the future, and we can support the HE sector in contributing to the solutions to these. However, we recognise that the HE sector can only do so much, and users of knowledge and employers themselves have a critical role to play. Both the Lambert review⁶⁵ and the science and innovation investment framework⁶⁶ highlight the importance of stimulating demand from users for innovation. Users of knowledge and employers include businesses, but also the public and not-for-profit sectors. We have a limited role in relation to demand, but in all our activities we will seek to work with appropriate partners that represent and can address the demand side.

Quantitative and qualitative information

147. We are continuing to develop and enhance our methods for collecting and disseminating quantitative and qualitative information, so that we can identify the changes being achieved throughout the sector, to determine the outputs and outcomes of our funding, and to inform more sensitive methods for distributing that funding. Over the period of this plan, we will be publishing a portfolio of research and evaluation results. As part of this, in April 2009 we published the outcomes of a major evaluation of progress against our third stream objectives⁶⁷. We intend to transfer management of the collection of routine data

compiled for the HE-Business and Community Interaction Survey to the Higher Education Statistics Agency to embed this activity in HEIs’ routine data returns. Based on our experience of developing the HE-Business and Community Interaction Survey, we intend to go on to take a lead role in exploring more challenging metrics and approaches, such as for public and community engagement, and moving beyond measuring outputs to description of outcomes, impacts and value or benefit for the economy and society. We are also seeking ways to work with overseas bodies involved in knowledge transfer metrics to support benchmarking of English HEIs with international comparators.

Key performance targets

- Throughout the period, to secure year-on-year increases in the total contributions (both direct contributions from users leveraged through HEFCE core funds for third stream, and support from a wider range of public sources to deliver public goods) for third stream activity in the HE sector.
- Throughout the period, to demonstrate year-on-year improvement in the impact of the HE sector on business and the community.

Further information about the measures relating to these KPTs is set out in the ‘Key performance targets and measures’ section on page 48.

Sustaining a high-quality HE sector

Aim

To sustain a high-quality HE sector which adapts to the developing needs of stakeholders, and which continues to be recognised as world class.



Objectives

- To support society's intellectual, economic, social and environmental development through sustaining and growing a successful HE sector that is sufficiently vibrant and diverse.
- To promote the further development of leadership, governance and management that will help HEIs deliver and innovate by building on their individual strengths, locally, regionally, nationally and internationally.
- To sustain stakeholder confidence in HE through a risk-based accountability framework which places greater reliance on institutions' own accountability processes and demonstrates a well-led, managed and governed sector.
- To promote and support continued investment in the HE infrastructure, so that it remains fit for purpose and can adapt to change, now and in the future.
- To support the continuing development of people, and of an organisational culture in HEIs, that is representative of society as a whole and delivers high-quality provision now and in the future.

Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That HEIs do not develop clear and distinctive missions that build on or develop their specific strengths regionally, nationally and internationally (as appropriate) in order to create a suitably diverse sector that continues to be recognised as world class.
- That inadequate leadership, governance or management at HEIs, whether associated with the new market conditions or other factors, has a negative impact on students, demonstrates poor use of public funding, and causes a loss of public confidence in the sector.
- That economic conditions, together with changes in the HE market – for example, rising costs, a decline in international student demand and the volume of research contracts – threaten HEIs' financial viability and ability to achieve their mission.
- That HEIs do not utilise, develop and invest appropriately in their physical infrastructure in order to support their longer-term viability.
- That the recruitment, retention and development of people in the HE sector fails to keep pace with changing demands placed upon institutions.
- That the sector does not demonstrate leadership in reducing carbon emissions, thus missing opportunities for funding, cost reduction and enhanced reputation.

Setting the context

148. Sustaining the HE sector's high standing globally and its major contribution nationally, regionally and locally is vitally important. This is a significant challenge at a time when other countries are investing more in their HE systems – and when the needs of students, employers and others are changing and becoming more demanding. The global economic downturn has added to these challenges.

149. Higher education will play an important role in supporting businesses and individuals through the recession and helping to prepare for the recovery, but the economic difficulties will also increase the risks to institutions' income streams. Some institutions will need to revise their strategies with potentially less opportunity for growth and a greater need to control costs.

150. We believe that a diverse sector of autonomous institutions working with the full confidence of their stakeholders is the key to success. It has underpinned the sector's achievements in the past and needs to do so in the future. However, increasing competition and challenging economic times will require greater focus by individual HEIs, building on their strengths and communicating their distinctiveness through powerful brands.

Capacity for change

151. We recognise that the HE sector has adapted well to past demands and has continuously improved its leadership, governance and management. To sustain its performance, continuous improvement must be reflected in particular in an emphasis on developing people and supporting organisational culture change. This is a long-term investment, with the benefits of improved performance and responsiveness being realised over time. A long-term perspective is also needed to ensure that the condition of the physical infrastructure is appropriately maintained, developed and managed, and not allowed to deteriorate as has happened in the past.

Building confidence

152. We are committed to supporting the sector in developing its leadership, governance and management. It is in our mutual interest to do so and we will continue to work in partnership with HEIs and sector bodies. We can then continue to demonstrate to Government and others that the

A diverse sector of autonomous institutions working with the full confidence of their stakeholders is the key to success

£8 billion of public investment in HE distributed by us secures valuable outcomes efficiently and effectively.

153. We recognise that it is not only Government that invests in HE. Students invest their time and money, banks invest significant capital, and increasingly donors are being encouraged to fund HEIs to achieve educational and social objectives. These investors need to have confidence in the sector, particularly in uncertain economic times.

154. We believe this is best achieved through greater reliance on institutions' own accountability processes. Our role is to provide assurance that the system is working, and if it is not, then to secure the necessary improvements. We expect our approach to regulation to continuously improve, maintaining the confidence of stakeholders.

Taking the lead

155. We fully recognise that an effective HE sector should help transform the economy and society as well as meeting its expressed needs. This is why it is particularly important that HE plays its full part in improving our ability (both nationally and internationally) to deal with the issues of sustainable development. It also explains why many look to HE to take the lead in promoting equal opportunities and diversity for all who work or study within the sector. The impact of such activities is wide and long lasting. Our newly developed approach to sector impact assessment – which examines the impact of our actions in the areas of regulation, equalities and sustainable development – will enable us to promote them further.

Diversity and autonomy

156. In the face of increasing competition and more demanding stakeholders, HEIs need to build on their strengths and seize opportunities. As autonomous bodies they have considerable freedom to do this. Working alone, however, is not always the best option. Multiple collaborations and partnerships are needed to ensure the progression of students into and through HE, to engage with employers, and to interact with the wider community.

157. A diverse sector, made up of a variety of universities and colleges with a range of missions, is vital if the needs of all stakeholders are to be met. We are conscious that our funding methods should support this diversity, including the provision of HE courses by FECs. Our approach is to help articulate stakeholder needs and to work with universities and colleges, providing support where appropriate as they reposition themselves.

158. We fully appreciate that we do not and cannot define demand. However, we can analyse current provision and compare this with apparent or expressed needs (for instance of Regional Development Agencies, Sector Skills Councils and non-departmental public bodies). Through discussion with partners we maintain an understanding of regional contexts, which assists us in considering the options for future developments and investments, for example for strategic capital projects.

159. We are not a planning body so do not prescribe actions, but we can support HEIs that want to invest in ways that meet our strategic objectives. This approach is designed to encourage HEIs to develop and implement a diverse range of missions, while maintaining the balance between institutional autonomy and the achievement of aims in the public interest. It should therefore help to support a diverse sector while respecting the independence of individual HEIs.

160. We will continue to support strategic developments such as those above through our Strategic Development Fund. We have already used the fund to support transformational activity that has, for example, enabled HEIs to work with and address the needs of employers and to integrate sustainable development into their work.

Strategically important and vulnerable subjects

161. From time to time we identify subjects which are strategically important to the economy and society, and which we assess to be vulnerable. Our support for strategically important and vulnerable⁶⁸ subjects is proportionate to need, respects institutional autonomy, and is carefully tailored to the problems faced by vulnerable disciplines. So, for example, we are supporting projects that seek to increase and widen participation in modern foreign languages, science, technology, engineering and mathematics subjects. We have commissioned a review to investigate the health of modern foreign languages provision in English HE. In addition, we have made permanent the previously time-limited allocation of £25 million a year to sustain capacity in physics, chemistry, chemical engineering, and minerals, metallurgy and materials engineering. We have also developed focused programmes in area studies⁶⁹ and are investing £4 million in a range of initiatives to sustain and develop quantitative social science. The Government designated Islamic studies a strategically important subject in June 2007, and we have set aside £1 million from our Strategic Development Fund to support this field.

162. We have reviewed our policy framework for strategically important and vulnerable subjects (HEFCE 2008/38). In a dynamic and responsive HE system we found that there has been welcome progress in indicators of demand for science, technology, engineering and mathematics subjects. The review supported our £350 million programme to support strategically important and vulnerable subjects and emphasised the importance of developing skills in the workplace. In line with the recommendations of Lord Sainsbury's Review of Science and Innovation⁷⁰, we will extend the remit of our new strategically important and vulnerable subjects group to oversee an annual report on graduate supply and demand.

Leadership, governance and management

163. English HE has produced world-class outputs and must take the credit for this achievement. However, the leadership, governance and management of HE is increasingly challenging. Continuous improvement is essential because what was successful in the past will not be sufficient in the future.

Leadership

164. Leadership skills need to be developed at all levels. A focus on institutional strengths means investing in some activities and withdrawing from others. This becomes all the more important in a difficult economic climate. Increasing external collaboration requires political skills and the ability to establish and maintain productive relationships. Both require an understanding of how to bring about change with the support of staff and other stakeholders.

165. Individual HEIs have invested heavily in leadership development, partly through funding from our rewarding and developing staff initiative. This investment is supported by the work of the Leadership Foundation for Higher Education – a body owned and directed by the sector – which seeks to provide evidence-based approaches to individual and organisational development. It works through a range of methods, such as consultancy, mentoring, research and action learning as well as formal courses. Further funding for the Leadership Foundation until 2012 has been agreed. Recognising the need to invest in the sector, our own activities in this area are designed to complement and support the Leadership Foundation.

Governance

166. Good governance should support good leadership and management and provide a framework of accountability. The Lambert Review of Business-University Collaboration⁷¹ praised the direction of reform in HE governance, while making a number of recommendations for improvement. We recognise that if the sector is to engage effectively with employers it must be able to demonstrate that it is well governed and well managed.

167. We have worked closely with the Committee of University Chairs and the Leadership Foundation to support the development of governance in HE. The Committee of University Chairs' guide for governors and voluntary code of governance have been reviewed (HEFCE 2009/14) and are being implemented across the sector, and a review of what constitutes effective governance has been completed. The Leadership Foundation, working with the Committee of University Chairs, has developed training programmes, briefing materials and a website⁷² to help both new and experienced governors fulfil their responsibilities. We expect this activity to

become increasingly important as sector-specific good practice develops around the governance guide and code.

Management

168. Management skills are as important as leadership skills, and this includes recognising and enhancing the role of people management. While leaders set the direction, managers deliver outcomes, whose quality ultimately determines the success or otherwise of an HEI's strategy. We have supported the HE sector by helping it identify and disseminate good practice; and have established the Leadership, Governance and Management Fund to support projects that the sector, or part of the sector, identifies as important. In 2009 we intend to allocate funds to larger projects in the areas of distinctiveness strategies, new business models and collaborative partnerships (HEFCE Circular letter 07/2009).

169. We also support longer-term, sector-wide strategic developments. These include a method for HEIs to identify the full economic costs of their activities and so to inform management decision making (including pricing activities appropriately); and promoting expertise in procurement across the full range of goods and services, to make savings that can then be re-invested to support the delivery of HEIs' aims and objectives. Although comparatively modest, our funding raises the esteem and profile of projects, which can boost the adoption of good practice. Importantly, we work in partnership and ensure that leadership of any initiative rests with HEIs. A key component of this is working with HEIs and sector representative bodies to explore the potential of services which can be shared between institutions to improve delivery and release resources to further support teaching and research.

Developing people and organisational culture

170. As a knowledge-based sector, the performance of the people who work in HE is crucial. They represent the biggest cost and the most significant asset. The actions we have set out to support the continuous improvement of leadership, governance and management should also support the development of people and organisational culture. However, because it is so important to sustaining the performance of the sector, we are taking a particular interest in this area.

171. As autonomous bodies, HEIs have the rights and obligations of employers. We fully respect this position and we believe that by working in partnership, through funding or research, we can help the sector to achieve desirable changes.

172. Both Lord Dearing's report on the future of HE⁷³, and the review of pay and conditions in HE⁷⁴ chaired by Sir Michael Bett, identified a number of improvements that HE needed to make to match developments in other sectors. Since then we have invested almost £900 million in our initiative to reward and develop staff. The Universities and Colleges Employers' Association and the sector-based unions have implemented a new pay framework, underpinned by institution-wide job evaluation. In addition new legislation has prompted further improvements in equal opportunities and diversity.

173. Our own research⁷⁵ demonstrates that these developments have reinforced each other and have led to significant improvements. It also shows, not surprisingly, that more needs to be done.

Self-evaluation

174. We believe that HEIs are best placed to meet this challenge, which is why, having supported change, we have incorporated the funds for rewarding and developing staff into the mainstream grant. We expect institutions to maintain the momentum of change through critical self-evaluation, aided by tools such as the self-assessment process developed by the Universities Personnel Association which a number of institutions have successfully completed.

HE workforce framework

175. Our involvement has now become more strategic. For some years we published analyses of trends and projections in the HE workforce (HEFCE 2005/23). We have worked with the sector to develop this into an HE workforce framework (HEFCE 2006/21) which portrays the key issues and challenges, and supports HEIs' understanding of overall trends. We will produce the second HE workforce framework in 2009, which will be informed by wide-ranging research. We are also working with other partners, such as the Department of Health and the Research Councils, who have a particular interest in the recruitment and development of enough high-quality academics to support teaching and research.

Equality and diversity for people

176. We will continue to work in partnership with HEIs on improvements in equal opportunities and diversity, as we do on other aspects of people development – although in these areas we also have legal responsibilities to monitor the sector⁷⁶. We have published a Single Equality Scheme (HEFCE 2007/01) which sets out our integrated approach to equality and diversity in our policy-making, funding and employment practice. We are further developing our funding strategy for supporting disabled students and have introduced an approach for involving disabled people in our policy making.

177. It is important that the HE sector's performance in promoting equal opportunities and diversity is highly regarded. First, because home and overseas students alike are recruited from a range of backgrounds and might expect the profile of staff broadly to reflect that diversity. Second, because failure could significantly damage the reputation of individual HEIs and the sector as a whole. Finally, as Lord Dearing noted in his review⁷⁷, because success in this area is one way that HE can play a major role in shaping a democratic, civilised, inclusive society.

Equality Challenge Unit

178. We will continue to support the Equality Challenge Unit, building on its initial success. It will continue to respond to the changing needs of the HE sector, including the implementation of institutions' statutory duties to promote equality in three areas – race, disability and gender⁷⁸. It will also address inequalities in the areas of religion and belief, sexual orientation, age, gender reassignment and human rights. A review of the Equality Challenge Unit is planned for 2009. We are working in support of the new Equality and Human Rights Commission.

Physical infrastructure

179. Between 1999 and the end of 2011 the Government will have invested over £6,500 million in the physical infrastructure of HE. This is in recognition of the importance of good-quality buildings, equipment and information technology in supporting academic excellence. It has helped the sector to modernise infrastructure and to meet new legislative requirements, especially for disabled students and staff. This capital funding has helped to address past under-investment, and there is increasing evidence that it has had a positive impact

on the morale of academic staff, the experience of students, the exploitation of knowledge and interactions with employers⁷⁹.

180. We think, though, that the interests of the sector are best served if it can invest in its own infrastructure rather than rely on remedial action by Government. We believe that all our partners, HEIs and Government want to secure this outcome and it is with this long-term strategic approach to infrastructure in mind that we have developed the Capital Investment Framework⁸⁰. By 2011 we expect all HEIs to be able to demonstrate that they have a strategic approach to capital planning, as part of their integrated planning processes, and to have determined where they need to invest to deliver their academic objectives. The first round of the framework has demonstrated that the majority of HEIs already operate in this way, and we are working with remaining institutions to help them achieve the benefits from this approach.

181. Within the principles of the framework, HEIs are responsive to the need to update their capital plans as circumstances change, such as bringing forward elements of their 2010-11 capital plans to 2009-10, where possible, to help support the economy through the recession. In addition, during 2009 we will be modifying the Capital Investment Framework to place greater emphasis on carbon reduction as required by the Secretary of State for Innovation, Universities and Skills⁸¹. We expect the modified framework to be in place by mid-2010, in advance of the next round of capital funding.

182. HEIs will need to continue to plan for how capital investment is to be financed. This will involve a range of possible funding sources, including retained surpluses, reserves, borrowing, and philanthropic giving, as well as capital grants. When we consider HEIs' proposals for capital investment and funding, we will continue to rely on a strategic assessment of each institution's ability to sustain its physical infrastructure.

183. We will continue to consider with the Learning and Skills Council how our respective approaches to capital funding can best support the work of FECs in delivering HE.

184. In the longer term the costs of the investment in the physical infrastructure are part of the full cost of activities. The recovery of these costs through funding or pricing mechanisms, in aggregate across the range of an HEI's activities, is essential for the

long-term financial health of the sector's infrastructure.

Accountability and regulatory burden

185. HEIs have a wide range of stakeholders, and effective forms of accountability to give those stakeholders confidence that institutions can sustain their performance into the future. Our vision is that HEIs should have such excellent governance and management processes that they can easily demonstrate proper accountability to their stakeholders. We aim to rely more on those processes, and the better they are, the lighter will be the burden of providing assurance.

Making progress

186. We have already moved some way in reducing the burden on institutions, as evidenced by a report by PA Consulting, 'Better accountability revisited'⁸², which found that between 2000 and 2004 the accountability burden on HEIs had reduced by 25 per cent. A further report, 'Positive accountability'⁸³, has confirmed that, while the costs of accountability continue to fall, there is still much to be done by HEIs and some regulators if the right balance of accountability is to be maintained. That balance has to be efficient and economic, but it also has to inspire confidence in institutions' performance and accountability. Institutions have a key role to play by ensuring that their accountability is effective and that it inspires confidence in investors and the public.

187. In response to our commitment to do more to reduce burden and to make the accountability process more transparent and effective, a new accountability framework⁸⁴ linked to our assessment of institutional risk came into effect from 1 August 2008. The framework places reliance on how institutions report and account for their performance in the 'single conversation', which brings together and streamlines a number of monitoring returns complemented by a new streamlined audit visit and a programme of data audit.

188. The Higher Education Regulation Review Group, which issued its final report in July 2008⁸⁵, was instrumental in moving the better regulation agenda forward. The report recommended that the impetus for regulatory improvement should come from the sector itself. We are now working with Universities UK and GuildHE to establish a review and challenge mechanism to follow the Higher

Education Regulation Review Group. We will also continue to work with the Quality Assurance Agency, Research Councils, the Department of Health, the Training and Development Agency for Schools, the Learning and Skills Council, and others, to achieve further regulatory improvements.

189. Using the information provided in the accountability framework, when we assess an HEI not to be at higher risk we will aim to recognise this by further reducing the regulatory burden. When we assess an institution to be at higher risk, we will continue to respond appropriately to protect the public interest. How we do this is set out in the support strategy (HEFCE 2005/31), which the sector strongly endorsed in the consultation exercise. Our intention is always to act proportionately and sensitively. In the new accountability process and through our engagement with HEIs we will continue to minimise the risk of an institution failing. This is for the benefit of students, the economy and the local community.

Sustainable development

190. HE makes a significant and exemplary contribution to promoting sustainable development in the economy and society. Our recently updated action plan for sustainable development (HEFCE 2009/03) outlines our strategy and aims to raise expectations and activity to a new level. We have embedded our approach to sustainable development throughout this strategic plan because we regard it as an integral activity. The 2008 and 2009 grant letters from the former Department for Innovation, Universities and Skills asked us to take specific action to help tackle climate change. In partnership with Salix Finance we have established a Revolving Green Fund, which provides recoverable grants for projects to reduce institutions' carbon emissions. A carbon reduction target and strategy are being developed and we will be linking capital funding to carbon performance in future.

Key performance targets

- To develop during 2009-10 in consultation with stakeholders a realistic strategy and target for carbon reductions which are sufficient to ensure satisfactory progress towards the government targets of reducing carbon emissions by 80 per cent against 1990 levels by 2050 and at least 34 per cent by 2020.
- Through increased influence of procurement expertise, and building on the £100 million of procurement efficiencies delivered in 2007-08 across all areas of non-pay expenditure, to deliver measurable benefits for re-investment across the sector worth an additional £67 million a year by 2010-11.
- To operate a regulatory framework that encourages effective institutional accountability and successfully identifies and manages risks to institutional sustainability, only imposing cost or burden that is necessary to achieve these aims.
- By 2011, all HEIs to have provided information as specified in the Capital Investment Framework that demonstrates that they are investing at or progressing towards levels that demonstrate sustainable physical infrastructures.
- By 2010-11 the HE workforce at a sector level will have increased proportions of female staff, disabled staff and staff from black and minority ethnic groups in senior positions, taken from a baseline established in 2003-04.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on pages 48-49.

Enabling excellence

Aim

To ensure that we can effectively deliver this strategic plan, working to the highest standards in all that we do.

Objectives

- To ensure that the needs of our stakeholders are met.
- To ensure optimum use of our staff and other resources by identifying and focusing on areas where we can add greatest value.
- To monitor national trends in HE and draw attention to areas of national interest or concern.

Key strategic risks

The key risks to achieving our strategic objectives under this aim are:

- That we do not secure sufficient public funds to deliver our strategic aims.
- That there is a mismatch between the Government's priorities, the views of key stakeholders and our strategic aims.
- That our leadership, governance and management capability, and management of resources, do not effectively enable the delivery of our core strategic aims.



Setting the context

191. How we perform as an organisation has a major impact on how around £8 billion of public money is spent each year, how well it is accounted for, what outcomes it delivers, and how far good value for money is secured. Our performance affects how universities and colleges understand and respond to the national policies and priorities that drive our allocation of these funds. It also affects stakeholders' perceptions of the English HE system – including students and employers, both here and overseas.

192. Within this context, our cross-cutting aim of enabling excellence seeks to ensure that we have the capacity and capability to deliver our strategic aims. We appreciate that as the sector needs to change to address the challenges and opportunities ahead, so must we. To ensure that we can continue to work positively and creatively with our stakeholders, we have made some changes to our internal structures and realigned the areas of work covered by our strategic advisory committees with major areas of opportunity and challenge⁸⁶. In 2009 we will also be reviewing our effectiveness and efficiency, particularly in the areas of policy development and advice to others, implementation of policies, accountability for public funding and the promotion of good practice within HEIs.

193. We will continue to act in the public interest to ensure there is an effective HE sector. We will focus on its long-term sustainability and capacity to deliver high-quality activities that maintain public confidence. We will do this through regulation that aims to ensure that the level of assurance is proportionate with the risk an institution faces, working closely with HEIs and our partners.

Developing solutions

194. We need to understand the major forces that will impact on the HE sector and particular institutions, and to work with them in developing sector-wide – and in some cases individual – solutions, taking account of local, regional, national and international factors. At the same time we will continue to recognise and respect HEIs' autonomy and safeguard academic freedom.

195. Our interactions with universities and colleges are becoming less routine and require more flexible and creative responses. This style of working will increasingly see us acting in collaboration – as partner, facilitator and enabler –

Working in partnership is central to our capacity to deliver our strategy

to support developments which are in the longer-term interests of students, the economy and society. It will entail working closely with many stakeholders in identifying opportunities and using limited resources strategically.

Policy and strategy

196. We aim to develop policy and strategy openly and transparently, giving our stakeholders confidence that we behave with integrity and work to consistently high standards. This calls for good governance in the way that policy and strategy are developed, monitored and evaluated at Board level, with the support of our strategic advisory committees. As we develop new policies they will be assessed for their impact on sustainability, the regulatory burden, and their positive contribution to equality.

197. We will make full use of evidence from data, research and evaluation and international intelligence to help us form, develop, implement and evaluate policy⁸⁷. We will also seek to understand our stakeholders' views and perspectives, wherever possible helping them to meet their goals while proactively pursuing matters of common interest.

Partnership working

198. Working in partnership is central to our capacity to deliver our strategy, and our mission statement highlights this. We attach the greatest importance to engaging with our stakeholders, including universities and colleges, different parts of Government and the other UK funding bodies for HE. This means understanding their expectations and taking their views fully into account when we develop and implement our strategies, policies and funding methods. It also means taking opportunities to promote the role and achievements of the HE sector.

199. To check that we are achieving these aims we will continue to carry out regular surveys of universities and colleges and other key stakeholders to monitor their perception of relations and communications with us, and of our role and effectiveness as an organisation.

Resource management

200. We will provide sound and timely advice to the Government on the funding required to deliver our objectives and to meet the needs of the sector. We distribute this funding within a sound financial control environment that meets the requirements of government accounting and Treasury standards and ensures that public funds are used for the intended purposes, deliver the planned outcomes, and represent value for money.

201. We seek to improve our own internal activities and processes, making the most of our own resources and minimising the burden on universities and colleges. As well as promoting sustainability in the HE sector, we are committed to using our own resources sustainably, as is shown in our policy and plan for corporate social responsibility⁸⁸.

People

202. We are a small organisation, employing around 240 staff⁸⁹, and we believe it is important for the organisation's effectiveness that we develop and reward high performance. We believe that everything we do needs to take place within a supportive learning culture, and that such a culture is best nurtured by a relatively flat structure and a non-bureaucratic style, where there is high respect for individual needs and diversity.

203. We believe that the corporate leadership and management style needs to be participative, and sensitive to the different needs of staff, always with an emphasis on sound relationships and integrity.

204. We measure the success of these aspirations in a way that generates specific data, benchmarking ourselves externally against the best organisations. We know from our recent staff survey results, which compare us to a group of high-performing companies, that our culture is distinctive, with a high degree of trust and respect between people. We also know from surveys of our stakeholders that they value the high quality of our staff and their skills and commitment. While very much welcoming these positive findings, we remain committed to further improvement and development.

Key performance targets

- To maintain the European Foundation for Quality Management level 2 ('Recognised for Excellence') across the remainder of the planning period.
- Stakeholders' satisfaction with the Council to at least match relevant external benchmarks and to show an improving trend over the planning period.
- To review our effectiveness and efficiency in consultation with our stakeholders, including in the areas of policy development and advice to others, policy implementation, accountability for public funding and the promotion of best practice within HEIs.

Further information about the measures relating to these KPTs is set out in the 'Key performance targets and measures' section on page 49.

Key strategic risks

The key strategic risks that we have identified fall into three groups or key risk areas.

Risk area A

The three risks that have been identified in this area are cross-cutting risks as they could impact on the achievement of our objectives across the plan.

Enabling excellence

R1: That we do not secure sufficient public funds to deliver our strategic aims.

R2: That there is a mismatch between the Government's priorities, the views of key stakeholders and our strategic aims.

R3: That our leadership, governance and management capability, and management of resources, do not effectively enable the delivery of our core strategic aims.

Risk area B

The risks identified in area B – relating to sustaining a high-quality sector – are also cross-cutting risks, as a high-quality HE sector underpins achievement of our five core strategic aims. We have considered these risks in developing the actions set out in this section of the plan.

Sustaining a high-quality HE sector

R4: That HEIs do not develop clear and distinctive missions that build on or develop their specific strengths regionally, nationally and internationally (as appropriate) in order to create a suitably diverse sector that continues to be recognised as world class.

R5: That inadequate leadership, governance or management at HEIs, whether associated with the new market conditions or other factors, has a negative impact on students, demonstrates poor use of public funding, and causes a loss of public confidence in the sector.

R6: That economic conditions, together with changes in the HE market – for example, rising costs, a decline in international student demand and the volume of research contracts – threaten HEIs' financial viability and ability to achieve their mission.

R7: That HEIs do not utilise, develop and invest appropriately in their physical infrastructure in order to support their longer-term viability.

R8: That the recruitment, retention and development of people in the HE sector fails to keep pace with changing demands placed upon institutions.

R9: That the sector does not demonstrate leadership in reducing carbon emissions, thus missing opportunities for funding, cost reduction and enhanced reputation.

Risk area C

These are the specific risks that relate to the achievement of our five core strategic aims. The actions to mitigate them form part of the plans developed for each aim.

Enhancing excellence in learning and teaching

R10: That developments in quality assurance and quality enhancement procedures fail to retain the confidence of stakeholders and/or restrict our ability to fulfil our statutory role.

R11: That changes to our teaching funding policy do not meet the aims set and/or win the confidence of the sector and/or the Government.

Widening participation and fair access

R12: That the supply of places created to meet the participation target does not match the demand from students in terms of level, mode (full-time or part-time) or location.

R13: That there is insufficient demand for HE places from 18-30 year-olds to meet the participation target.

R14: That there is insufficient increase in representation from the under-represented socio-economic groups. This could be due to: higher fees deterring debt-averse students; poor information, advice and guidance; widening participation being marginalised in some universities and colleges; insufficient growth; and/or those universities and colleges most likely to widen participation struggling in the new market conditions.

R15: That there is no increase in the rate of progression to HE for those with vocational qualifications. This could be due to: a failure of Lifelong Learning Networks to recruit students, or to agree or operate progression agreements that

guarantee progression for learners on vocational programmes; a failure in other collaborations between HEIs and FECs; or a failure of HEIs and/or FECs to make vocational opportunities available over a lifetime.

Employer engagement and skills

R16: That our strategy for employer engagement fails to ensure a higher level of skills and knowledge that meets the needs of the economy and society.

R17: That it is not possible to balance the requirement to test the market for employer co-funded HE with the requirement to establish the capability and capacity for future growth.

R18: That it is not possible to establish a sustainable financial model for the delivery of employer-focused and co-funded workforce development, and that our strategy fails to secure sufficient and sustainable funding contributions from employers.

R19: That public sector employers are strongly attracted to the co-funding model as a means of reducing their existing levels of funding to support workforce development and transferring a proportion of their costs to HEFCE funding.

Enhancing excellence in research

R20: That HEIs are not recovering the full economic costs of research from funders and sponsors.

R21: That the outcomes of the 2008 Research Assessment Exercise, or the new framework for research assessment and funding beyond 2008, fail to win the confidence of the sector and/or the Government.

R22: That growing competition from emerging research economies impacts on the UK's international position in research excellence.

Enhancing the contribution of HE to the economy and society

R23: That the many national and regional stakeholders engaged in third stream activities do not achieve the common purpose necessary to unlock all HE potential.

R24: That we fail – through lack of vision, ideas, effectiveness or appropriate measures – to support the HE sector in making its full (and diverse) contributions to national competitiveness and improved quality of life.

R25: That HEIs neglect third stream work relative to teaching and research because, for example, they do not see the rewards as proportionate to effort.

Key performance targets and measures

Enhancing excellence in learning and teaching

Key performance target	Measure
KPT1: At least 95 per cent of HEIs receive judgements of confidence in institutional quality audits by the Quality Assurance Agency, completed by 2009-10.	Annual analysis of institutional quality audits published on the Quality Assurance Agency web-site.
KPT2: The proportion of students who are broadly satisfied with all aspects of teaching covered by the National Student Survey increases between 2005 and 2009.	The National Student Survey. By 'broadly satisfied' we mean an average score of at least 3 on the scale of 1 to 5 for each of the clusters of questions as defined on the survey.
KPT3: The continuation rate for students in English HEIs across the planning period is the same as, or better than, the benchmark value calculated from the start year 2002-03.	Table series T3 of the performance indicators produced by the Higher Education Statistics Agency.
KPT4: To increase innovative, flexible approaches to the delivery of HE across the planning period.	Increases in support for innovative, flexible delivery of HE, including flexible learning pathfinder projects (such as compressed honours programmes), Lifelong Learning Networks and e-learning by 2009-10.

Widening participation and fair access

Key performance target	Measure
KPT5: To increase participation in HE in line with the funding and policies set out in the Secretary of State's annual grant letter.	The Higher Education Initial Participation Rate.
KPT6: To increase the proportion of students (full-time and part-time, both young and mature) from under-represented groups in HE.	Table series T1 and T2 of the performance indicators produced by the Higher Education Statistics Agency.

Employer engagement and skills

Key performance target	Measure
KPT7: 5,000, 10,000 and 20,000 employer co-funded entrants to accredited provision each year over the three-year period 2008-2011.	Returns made to the Higher Education Statistics Agency.
KPT8: The proportion of HEIs reporting high levels of employer involvement in the HE curriculum increases to 80 per cent by 2009.	The percentage of English HEIs scoring 4 or 5 on the question on the HE-Business and Community Interaction Survey about the extent to which employers are involved in the development of content and regular review of the curriculum.

Enhancing excellence in research

Key performance target	Measure
KPT9: To maintain England's contribution to the UK's leading international position in research excellence throughout the planning period.	The Department for Business, Innovation and Skills' 'Public Service Agreement target metrics for the UK research base', which is updated annually.
KPT10: To develop a process for assessing research quality.	Development of the assessment process.
KPT11: To demonstrate improved sustainability of the national research base by 2011.	A set of trend metrics developed by the financial sustainability sub-group of the Research Base Funders' Forum, applied from 2006.

Enhancing the contribution of HE to the economy and society

Key performance target	Measure
KPT12: Throughout the period, to secure year-on-year increases in the total contributions (both direct contributions from users leveraged through HEFCE core funds for third stream, and support from a wider range of public sources to deliver public goods) for third stream activity in the HE sector.	Annual tracking of the level of total contributions for third stream activity in the HE sector.
KPT13: Throughout the period, to demonstrate year-on-year improvement in the impact of the HE sector on business and the community.	Annual tracking of the level of total contributions for third stream activity in the HE sector.

Sustaining a high-quality HE sector

Key performance target	Measure
KPT14: To develop during 2009-10 in consultation with stakeholders a realistic strategy and target for carbon reductions which are sufficient to ensure satisfactory progress towards the government targets of reducing carbon emissions by 80 per cent against 1990 levels by 2050 and at least 34 per cent by 2020.	We will develop a measure for the carbon reduction target through research which has been commissioned and subsequent consultation.
KPT15: Through increased influence of procurement expertise, and building on the £100 million of procurement efficiencies delivered in 2007-08 across all areas of non-pay expenditure, to deliver measurable benefits for re-investment across the sector worth an additional £67 million a year by 2010-11.	Procurement data included in annual report against efficiency review targets to the Department for Business, Innovation and Skills.
KPT16: To operate a regulatory framework that encourages effective institutional accountability and successfully identifies and manages risks to institutional sustainability, only imposing cost or burden that is necessary to achieve these aims.	To provide assurance on risk in the sector, sustainability and institutional accountability. To report annually on the sector's risk profile and on the extent of investor and stakeholder confidence.
KPT17: By 2011, all HEIs to have provided information as specified in the Capital Investment Framework that demonstrates that they are investing at or progressing towards levels that demonstrate sustainable physical infrastructures.	We will use an annual assessment of institutional levels of capital investment known as the Capital Investment Framework requirements, collected as part of the single conversation (which brings together and streamlines a number of monitoring returns). This assessment is based on a range of metrics, responses to qualitative questions and information from our regular interactions with institutions.

KPT18: By 2010-11 the HE workforce at a sector level will have increased proportions of female staff, disabled staff, and staff from black and minority ethnic groups in senior positions, taken from a baseline established in 2003-04.

Based on the Higher Education Statistics Agency individualised staff record, the following proportions will be measured.

Taking the population of staff at HEFCE-funded HEIs:

- the proportion of women in academic posts at senior lecturer and above
- the proportion of women in academic posts at professorial level and above
- the proportion of women in senior management posts.

Taking the population of staff at HEFCE-funded HEIs whose disability status is known:

- the proportion with declared disability status in academic posts at senior lecturer and above
- the proportion with declared disability status in academic posts at professorial level and above
- the proportion with declared disability status in senior management posts.

Taking the population of UK nationals with known ethnicity at HEFCE-funded HEIs:

- the proportion of staff from black and minority ethnic groups in academic posts at senior lecturer and above
- the proportion of staff from black and minority ethnic groups in academic posts at professorial level and above
- the proportion of staff from black and minority ethnic groups in senior management posts.

Enabling excellence

Key performance target	Measure
KPT19: To maintain the European Foundation for Quality Management level 2 ('Recognised for Excellence') across the remainder of the planning period.	European Foundation for Quality Management assessment in 2010.
KPT20: Stakeholders' satisfaction with the Council to at least match relevant external benchmarks and to show an improving trend over the planning period.	A survey of our communications and relations with universities and colleges will be conducted in 2010; and a survey of the perceptions of other stakeholders in 2009 and 2012.
KPT21: To review our effectiveness and efficiency in consultation with our stakeholders, including in the areas of policy development and advice to others, policy implementation, accountability for public funding and the promotion of best practice within HEIs.	Review complete by March 2010.

References

All HEFCE documents are available on our web-site, www.hefce.ac.uk under Publications.

¹ 'Higher education in the learning society' (the Dearing Report), The National Committee of Inquiry into Higher Education, HMSO (1997). Available online at www.leeds.ac.uk/educol/ncihe/

² 'Prosperity for all in the global economy – world class skills' HMSO (2006), Sandy Leitch's review of the UK's long-term skills needs. Available at www.hm-treasury.gov.uk under Independent Reviews/Leitch Review of Skills.

³ England's population is projected to increase by around 11 million between 2008 and 2036. A high fertility/high life expectancy/high migration variant projection shows an increase of around 16 million between 2008 and 2036. A low fertility/low life expectancy/low migration variant projection shows an increase of around 5 million between 2008 and 2036. Data available from the Government Actuary's Department web-site, www.gad.gov.uk under Demography data/Projections database.

⁴ The data sources for these figures are the Higher Education Statistics Agency's (HESA) 2007-08 student record and the Learning and Skills Council's 2007-08 F04 Individualised Learner Record (ILR). The numbers represent students who are registered at HEIs and FECs in England and are studying for an HE qualification. The numbers of students registered at HEIs are based on the HESA standard registration population, and those registered at FECs are from the ILR, with the population defined so as to mirror that used in HEIs. The HESA standard registration population is a count of all registrations within the reporting year 1 August to 31 July, (further details can be found on the HESA web-site, www.hesa.ac.uk). The analysis is restricted to entrants – those students who commenced their programme of study within the relevant reporting year. Level of study is defined as postgraduate or undergraduate, and mode of study is defined as full-time or part-time (the full definitions can be found on the HESA web-site). In this analysis, the students' age is calculated on the day their programme of study commenced. Students whose date of birth is unknown are counted as being under 21 at programme commencement. Students in the

ILR data are treated as being taught at an FEC. Students in the HESA data are treated as being taught at an HEI, unless their data indicate that they are taught, either wholly or in part, at an FEC, in which case we count them as being taught at an FEC for this analysis.

⁵ The Further Education and Training Act 2007 can be found on the Office of Public Sector Information web-site, www.opsi.gov.uk, under Legislation/Original/UK/Acts/2007.

⁶ 'Lambert Review of Business-University Collaboration', HMSO (2003). Available on the HM Treasury web-site, www.hm-treasury.gov.uk, under Independent reviews/Previously published independent reviews.

⁷ 'Science & innovation investment framework 2004-2014', HM Treasury, Department for Trade and Industry and Department for Education and Skills, HMSO (2004). Available on the HM Treasury web-site, www.hm-treasury.gov.uk, under Spending Review/2004 Spending Review.

⁸ 'The Race to the Top – A Review of the Government's Science and Innovation Policies', Lord Sainsbury of Turville, HMSO (2007). Available on the HM Treasury web-site, www.hm-treasury.gov.uk, under Independent Reviews/Sainsbury Review of Science and Innovation.

⁹ 'Innovation Nation', Department for Innovation, Universities and Skills, HMSO (2008). Available on the Department for Business, Innovation and Skills web-site, www.bis.gov.uk.

¹⁰ The Higher Education Act 2004 can be found on the Office of Public Sector Information web-site, www.opsi.gov.uk, under Legislation/Original/UK/Acts/2004.

¹¹ This is the number of HEFCE-funded HEIs in March 2009.

¹² For more information on the science and society agenda see the Department for Business, Innovation and Skills web-site, www.bis.gov.uk.

¹³ See note 7.

¹⁴ The areas covered by our strategic advisory committees from 1 August 2008 are: teaching, quality, and the student experience; widening access

and participation; research and innovation; enterprise and skills; and leadership, governance, and management.

¹⁵ We publish our operating plan and progress updates on our web-site, www.hefce.ac.uk, under About us/Operating plan.

¹⁶ See note 15.

¹⁷ We publish our annual accounts on our web-site, www.hefce.ac.uk, under About us/Annual report and accounts.

¹⁸ See note 2.

¹⁹ See note 8.

²⁰ The Bologna Declaration is a pledge by European countries to achieve greater compatibility and comparability between their HE systems. The text of the declaration is on the European Commission web-site, http://ec.europa.eu/education/policies/educ/bologna/bologna_en.html

²¹ See note 4.

²² ‘Higher Education in Further Education colleges: outcomes of the consultation’, Professor Gareth Parry and Dr Anne Thompson (2007). Available on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.

²³ ‘A new “University Challenge” – Unlocking Britain’s Talent’, Department for Innovation, Universities and Skills (2008). Available on the Department for Business, Innovation and Skills web-site, www.bis.gov.uk.

²⁴ ‘Languages for all: languages for life. A strategy for England’, HMSO (2002). Available online at www.teachernet.gov.uk under Teaching and learning/Subjects/Modern Foreign Languages

²⁵ Performance indicators are published each year by the Higher Education Statistics Agency. They provide comparative data on the performance of universities and colleges in widening participation, student retention, learning and teaching outcomes and research outcomes. Further details are available from the Higher Education Statistics Agency web-site, www.hesa.ac.uk, under Performance indicators.

²⁶ The Quality Assurance Framework brings together a number of sources of advice, guidance and audit procedures that together form part of the quality assurance system.

²⁷ Unistats, www.unistats.com

²⁸ See note 20.

²⁹ See note 4.

³⁰ Provisional results from forthcoming HEFCE publication ‘Trends in young participation’ report, updating similar results in ‘Young participation in higher education’ (HEFCE 2005/03).

³¹ ‘Full-time Young Participation by Socio-Economic Class (FYPSEC) 2008 update’, Department for Innovation, Universities and Skills (2008). Available on the Department for Business, Innovation and Skills web-site, www.bis.gov.uk.

³² See note 30.

³³ The Delivery Partnership was proposed in the report ‘Improving the Higher Education Applications Process – Government response to the Consultation’, Department for Education and Skills (2006), which followed the Department for Education and Skills’ consultation ‘Improving the Higher Education Applications Process – A Consultation Paper’ (2005). The documents are available on the Department for Children, Schools and Families web-site, www.dcsf.gov.uk, under Consultations/Archive & Results.

³⁴ See note 23.

³⁵ See note 2.

³⁶ Data for numbers of co-funded learners in 2008-09 will be available from the Higher Education Statistics Agency in December 2009.

³⁷ See note 7.

³⁸ See note 9.

³⁹ Further information about the Lisbon Strategy for Growth and Jobs is available on the European Commission web-site, http://ec.europa.eu/growthandjobs/index_en.htm

⁴⁰ See note 7.

⁴¹ See note 9.

⁴² The ‘Transparency and Accountability Review’ was established in 1998 to develop an approach to demonstrate the full costs of research and other publicly funded activities in HE. An advisory group, the Joint Costing and Pricing Steering Group, developed the framework and the methodology. Information on the Joint Costing and Pricing Steering Group’s work is on its web-site, www.jcpsg.ac.uk

- ⁴³ See note 7.
- ⁴⁴ See note 7.
- ⁴⁵ See note 9.
- ⁴⁶ ‘Implementing “The Race to the Top” – Lord Sainsbury’s Review of Government’s Science and Innovation Policies’, Department for Innovation, Universities and Skills, TSO (2008). Available on the Department for Business, Innovation and Skills web-site, www.bis.gov.uk.
- ⁴⁷ See note 8.
- ⁴⁸ ‘Meeting the aspirations of the British people – 2007 Pre-Budget Report and Comprehensive Spending Review’, HM Treasury, HMSO (2007). Available on the Treasury web-site, www.hm-treasury.gov.uk, under Pre-Budget Report/2007 Pre-Budget Report and Comprehensive Spending Review.
- ⁴⁹ See note 9.
- ⁵⁰ See note 6.
- ⁵¹ ‘Standing together – Universities helping business through the downturn’, Universities UK, GuildHE and HEFCE (2008). Available on our web-site, www.hefce.ac.uk, under Economy and society/Economic challenge
- ⁵² See note 6.
- ⁵³ See note 9.
- ⁵⁴ See note 8.
- ⁵⁵ See note 9.
- ⁵⁶ ‘Creative Britain – New Talents for the New Economy’, Department for Culture, Media and Sport (2008). Available on the Department for Culture, Media and Sport web-site, www.culture.gov.uk, under Creative industries.
- ⁵⁷ See note 12.
- ⁵⁸ See note 39.
- ⁵⁹ See note 56.
- ⁶⁰ See note 9.
- ⁶¹ ‘Cox Review of Creativity in Business: building on the UK’s strengths’, HM Treasury (2005). Available on the Treasury web-site, www.hm-treasury.gov.uk, under Independent reviews.
- ⁶² See note 39.
- ⁶³ See note 8.
- ⁶⁴ See note 8.
- ⁶⁵ See note 6.
- ⁶⁶ See note 7.
- ⁶⁷ ‘Evaluation of the Effectiveness and Role of HEFCE/OSI Third Stream Funding – Culture Change and Embedding Capacity in the Higher Education Sector Toward Greater Economic Impact’, PACEC and the Centre for Business Research, University of Cambridge (2009). Available on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.
- ⁶⁸ Strategically important and vulnerable subjects are: science, technology, engineering and mathematics; area studies and related minority languages; modern foreign languages; and quantitative social science.
- ⁶⁹ The overarching aim of our work to support area studies is to create a world-class cadre of researchers who have the language skills to undertake contextually informed research that will ultimately enhance understanding of: the Arabic-speaking world; China; Japan; and Eastern Europe, including areas of the former Soviet Union.
- ⁷⁰ See note 8.
- ⁷¹ See note 6.
- ⁷² See the Leadership Foundation for Higher Education web-site, www.lfhe.ac.uk, under Governance.
- ⁷³ See note 1.
- ⁷⁴ ‘Independent review of higher education pay and conditions: report of the committee chaired by Sir Michael Bett’ HMSO (1999). A summary of its recommendations is available online at www.archive.official-documents.co.uk/document/irhec/irhec.htm
- ⁷⁵ ‘Evaluation of Rewarding and Developing Staff in HE Initiative 2001-02 to 2003-04’, KPMG LLP (2005). Available on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.
- ⁷⁶ We have a specific duty under the Race Relations (Amendment) Act 2000 to monitor the position of teaching staff in the sector with regard to race. We fulfil this by monitoring all staff and students in the English HE sector through the Higher Education Statistics Agency record and we publish these statistics annually, in line with our statutory duties.

⁷⁷ See note 1.

⁷⁸ Race Relations (Amendment) Act 2000, Disability Discrimination Act 2005, and Equality Act 2006, all available from www.opsi.gov.uk under Legislation.

⁷⁹ 'Evaluation of Project Capital Round 3, 2004-2006', David Mason Consultancy (2008), 'Case studies showing how Higher Education Institutions have used HEFCE Project Capital 2004-2006, David Mason Consultancy (2009) and 'Science Research Investment Fund: a review of round 2 and wider benefits', Technopolis group (2009). Available on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.

⁸⁰ 'A new framework for capital investment', available online at www.hefce.ac.uk/pubs/consult/outcomes/capital.asp

⁸¹ The Secretary of State's letter and our response on carbon reduction is available on our web-site, www.hefce.ac.uk, under Finance & assurance/Finance and funding/Grant letter from Secretary of State.

⁸² 'Better accountability revisited: review of accountability costs', PA Consulting (2004). Available on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.

⁸³ 'Positive accountability – Review of the costs, benefits and burdens of accountability in English higher education', PA Consulting Group (2009). Available on our web-site, www.hefce.ac.uk, under Research and evaluation/2009.

⁸⁴ HEFCE's Accountability Framework is available on our web-site, www.hefce.ac.uk, under About us/How HEFCE is accountable for the funds it administers.

⁸⁵ 'The better regulation of higher education and the work of HERRG in 2007/08', Bundred, S. (2008). Available on the Department for Business, Innovation and Skills' web-site, www.bis.gov.uk.

⁸⁶ See note 14.

⁸⁷ Our research and evaluation reports are published on our web-site, www.hefce.ac.uk, under Publications/Research & evaluation.

⁸⁸ 'Corporate social responsibility policy 2008-14' and 'Corporate social responsibility action plan'. Available on our web-site, www.hefce.ac.uk, under About us/Corporate social responsibility.

⁸⁹ Full-time equivalent staff posts including Joint Information Systems Committee and Research Assessment Exercise staff, but excluding Office for Fair Access staff and HEFCE secondees.

Partners and related organisations

We work in partnership with a number of organisations and groups – listed below are those that have been mentioned in this document:

Name of organisation	Web address
Action on Access	www.actiononaccess.org
Alliance of Sector Skills Councils	www.sscalliance.org
Becta (British Educational Communications and Technology Agency)	www.becta.org.uk
CBI	www.cbi.org.uk
Committee of University Chairs	www.shef.ac.uk/cuc
Department for Children, Schools and Families	www.dcsf.gov.uk
Department for Culture, Media and Sport	www.culture.gov.uk
Department for Employment and Learning (Northern Ireland)	www.delni.gov.uk
Department for Business, Innovation and Skills	www.bis.gov.uk
Department of Health	www.dh.gov.uk
Equality and Human Rights Commission	www.equalityhumanrights.com
Equality Challenge Unit	www.ecu.ac.uk
GuildHE	www.guildhe.ac.uk
Higher Education Academy	www.heacademy.ac.uk
Higher Education Funding Council for Wales	www.hefcw.ac.uk
Higher Education Statistics Agency	www.hesa.ac.uk
Joint Information Systems Committee	www.jisc.ac.uk
Leadership Foundation for Higher Education	www.lfhe.ac.uk
Learning and Skills Council	www.lsc.gov.uk
Office for Fair Access	www.offa.org.uk
Quality Assurance Agency	www.qaa.ac.uk
Regional Development Agencies	www.englandsrdas.com
Research Councils	www.rcuk.ac.uk
Salix	www.salixfinance.co.uk
Scottish Further and Higher Education Funding Council	www.sfc.ac.uk
Supporting Professionalism in Admissions	www.spa.ac.uk
Training and Development Agency for Schools	www.tda.gov.uk
Universities Personnel Association	www.upa.ac.uk
Universities UK	www.universitiesuk.ac.uk
Wellcome Trust	www.wellcome.ac.uk

We have also referred to the following joint activities:

Aimhigher	www.aimhigher.ac.uk
National Student Survey	www.thestudentsurvey.com
Research Assessment Exercise	www.rae.ac.uk
Unistats	www.unistats.com



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