

April 99/23

Guide

About the HEFCE

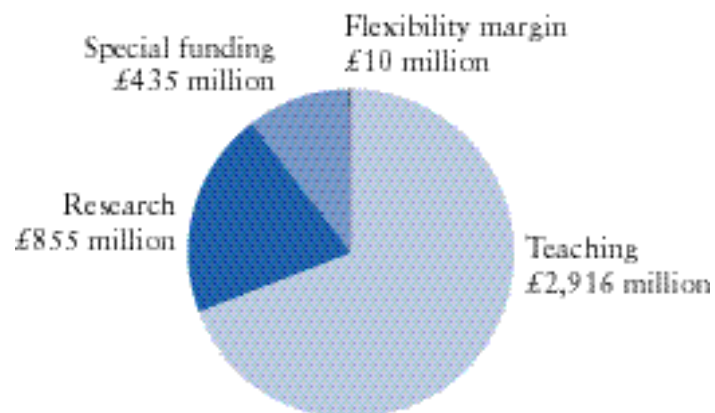
An introduction to the work of the
Higher Education Funding Council for England

Revised April 1999

HIGHER EDUCATION *hefce*
FUNDING COUNCIL FOR ENGLAND

In 1999-2000 the HEFCE will distribute:

£4.22 billion



In 402 institutions

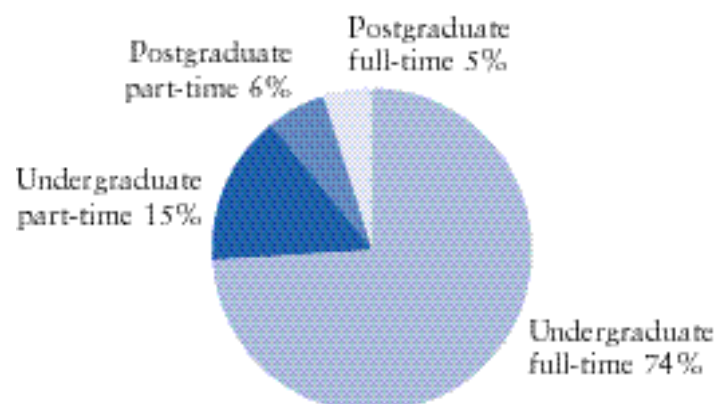
71 universities

16 colleges of the University of London

47 higher education colleges

HE courses 268 FE colleges

For 921,700 students*



* Based on full-time equivalents for 1998-99.

Promoting high quality education and research

The Higher Education Funding Council for England (HEFCE) distributes public money for teaching and research in universities and colleges. In doing so, it aims to promote high quality education and research, within a financially healthy sector.

Working in partnership

The total HEFCE grant is decided each year by the Government, and agreed by Parliament.

The universities and colleges are independent bodies, and are free to raise money from other sources (see page 5). We work in partnership with them - and with Government, professional bodies and employers - to promote high-quality, cost-effective teaching and research. In doing so, we are responsible for assessing the quality of teaching and research in the institutions we fund (see pages 3 and 6).

We also ensure that public money is used properly (see page 5).

Institutions can choose how they distribute Council grants internally, as long as the money is used to support teaching, research and related activities.

The Council is a non-departmental public body. This means that we work within broad policy guidelines set by the Secretary of State, but are not part of the Department for Education and Employment (DfEE). We advise the Secretary of State on the funding needs of higher education.

One system for universities and colleges

Before 1992, there were two funding bodies for higher education, with different funding policies: the Universities Funding Council (UFC) and the Polytechnics and Colleges Funding Council (PCFC). The HEFCE was formed, under the terms of the Further and Higher Education Act 1992, to bring together all higher education in England into one funding system.

This system includes the older universities; the former polytechnics that were granted university status in 1992 (often referred to as 'new' universities); and the general and specialist colleges of higher education. In the past we have also funded certain higher education courses provided by further education colleges, which receive most of their funding from the Further Education Funding Council. In 1998 the Government decided that the HEFCE should be responsible for funding all such courses. From the 1999-2000 academic year we will fund higher education courses in a total of 268 further education colleges.

Impartial support for teaching and learning

Seventy per cent of Council funds (£2,916 million in 1999-2000) support teaching and learning in universities and colleges. In distributing that money, we aim to promote high quality teaching and to meet the needs of students, employers and the nation.

In 1998-99 we changed our method of allocating funds for teaching. The old method provided stability for institutions, but in some cases it maintained historical levels of funding that were inequitable.

The current method was developed in close consultation with universities and colleges. It funds similar activities at similar rates, and ensures that any variations are for sound and justifiable reasons. In addition, the method supports our policy to increase opportunities for a wide range of people to enter higher education, by taking into account the extra costs of providing for certain types of student, such as part-timers and mature undergraduates.

How the grant is distributed

Some subjects are more expensive to teach than others, so we divide them into four broad price groups. For each group there is a standard 'price' for a full-time equivalent student, which covers grants from the Council and tuition fees:

Clinical subjects	£12,060
Science, engineering and technology	£5,360
Other high cost subjects with a studio, laboratory or fieldwork element	£4,020
All other subjects	£2,680

However, we add to the standard price to take account of certain extra costs. These include the costs of recruiting and supporting some types of student, and the extra costs of running some specialist colleges.

These calculations produce a standard rate of funding per student for each institution. So that institutions can manage their own student numbers, the actual rate of funding can be as much as 5 per cent above or below the standard. If the variation from the standard is greater than this, we adjust funding levels or student numbers for the institution. Adjustments are made over a period, so that the institution can manage the changes.

Full details of the funding method for teaching are given in our guide to funding higher education in England (HEFCE 98/67).

Promoting excellent research

We fund research selectively, so that the universities and colleges with high quality research departments get a larger share of the money. We also set aside a small proportion of research funds to encourage institutions to collaborate with each other, as a way of developing research potential, and to undertake collaborative projects with industry and commerce.

Public funds for research come from two main sources - the HEFCE and the six Research Councils. Under this dual support system, we contribute to the basic structure needed for research - the salaries of permanent academic staff, and the costs of premises and central computing. The Research Councils provide for direct project costs plus a fixed percentage to cover indirect costs. Universities and colleges also raise research funds from private sources, such as industry and charities, usually for specific projects.

In 1999-2000 we will distribute £855 million for research, virtually all of it according to the quality and amount of research work.

Assessing quality

To judge the quality of research, we conduct a Research Assessment Exercise (RAE) every few years. Institutions may submit research outputs in up to 69 subject areas (units of assessment). Outputs can be publications, products or even artistic performances, which are assessed through peer review by panels of experts in the subject.

Each submission is given a quality rating, judged against standards of national and international excellence. There is a seven-point scale, from 1 at the bottom through 2, 3b, 3a, 4 and 5, to 5* (five star) at the top. The results of the last RAE, in 1996, are published as a report (RAE 1/96), and on our web site. The next RAE will be in 2001.

Distributing the grant

In allocating research money to each institution we take account of:

- the relative costs of different subjects, and the volume of research activity in each
- the quality and quantity of research done by each department that made a submission to the last RAE.

To measure the quantity of research, we look at factors such as the number of academic staff actively engaged in research, the number of postgraduate research students, and the research income from charities.

RAE ratings are translated into a funding scale. For example, departments rated 1 or 2 attract no HEFCE research funds; and a rating of 5* receives four times as much money as a rating of 3b for the same volume of research.

The total for all departments in all subject areas is awarded to the institution as a block grant, which it can distribute internally as it chooses. Further details of the funding method for research are given in our guide to funding higher education in England (HEFCE 98/67).

Special initiatives to encourage excellence

To support universities and colleges in developing innovative projects and improving their infrastructure for teaching and research, we also allocate funds for special initiatives.

Such initiatives include projects to develop good practice in teaching and learning, grants for research equipment, support for students with disabilities, grants for continuing education courses, and UK-wide projects such as the network linking universities and colleges (see page 7). Further details of special initiatives are given in the 'Teaching and Learning' and 'Research' sections of our web site at <http://www.hefce.ac.uk>.

Reaching out to businesses

We have published proposals for a new special fund to help higher education institutions respond to the needs of businesses, and of the wider community, where this will lead to wealth creation (HEFCE 99/16) . The fund is intended to initiate a third stream of funding, complementing our existing grants for teaching and research.

We plan to establish the fund in 1999-2000, in partnership with the DfEE, the Department for Trade and Industry, and the Department of Education for Northern Ireland.

How we distribute special funding

The major project to widen access to higher education for students with disabilities is typical of many special initiatives. It is driven by our policy to help institutions improve opportunities for groups who are under-represented in higher education.

The initiative began in 1993-94 and will run until 2001-02. For each phase we allocate a fixed amount of money, to be distributed over a fixed period - between one and three years. We invite competitive bids from institutions, and assess proposals against set criteria, which are published beforehand.

As with all special initiatives, we want to ensure value for money and a lasting benefit to students, the institution, and the sector as a whole. Institutions have to show, for example, that the project meets disabled students' needs, that it has the commitment of senior management, and that it can be sustained once Council funding has come to an end.

We monitor the progress and results of special initiative projects, and are particularly keen that all universities and colleges should benefit from the lessons learned. We therefore expect funded projects to develop and share examples of good practice. In many cases we publish good practice guides based on project outcomes.

Good management and accountability

Public funding for higher education is limited. We need to ensure that it provides value for money and is used for the intended purposes. One of the ways we do this is through an agreement with each institution, setting out the conditions it must meet to receive funding. The institution must have proper systems for managing and controlling its finances, and must submit annual audited financial statements. (HEFCE 15/97 gives a model version of this agreement.)

In return for the grant, each institution must teach a certain number of students, although this can vary within given limits (see page 2). Each year the Government also sets a maximum number of full-time students, so that it can control public expenditure on higher education. We translate this into a maximum number for each university or college. There are financial penalties if these limits are exceeded.

Best practice and value for money

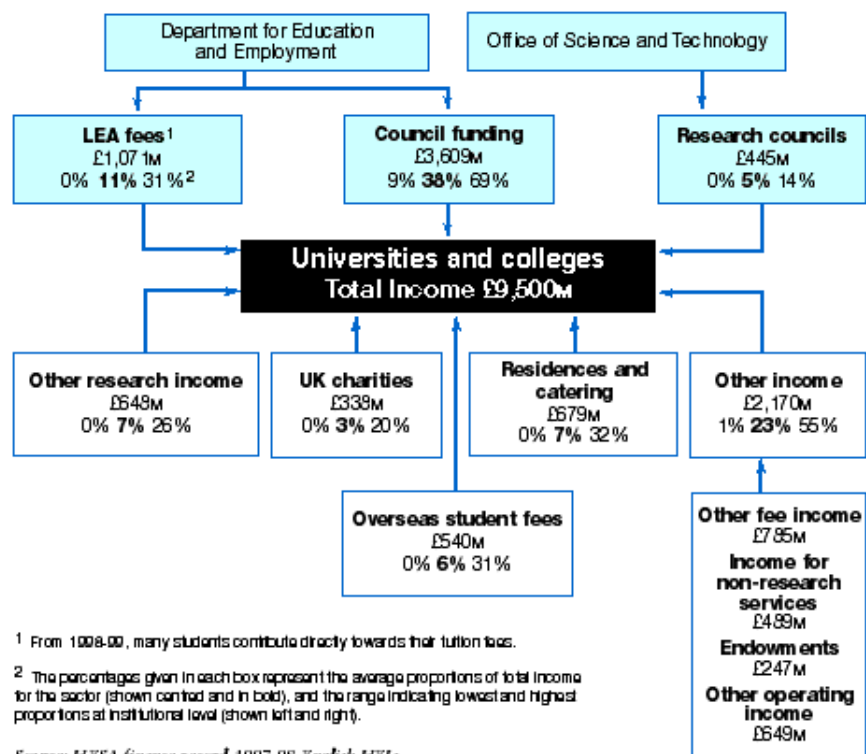
Our Audit Service and finance consultants work with institutions to promote effective management, encouraging them to develop and adopt good practice. We monitor institutions' financial health regularly, so that we can identify and help to minimise any risks at an early stage.

With the other funding councils we have set up a UK Value for Money Steering Group. The group commissions studies into aspects of running universities and colleges, such as managing energy, and produces good practice guidance on how they can get the best value for money.

Sources of funding

For many universities and colleges, the HEFCE grant is their main source of finance, although they are free to raise money from a range of public and private funders (see diagram). For the higher education sector as a whole, we provide 40 per cent of the funding, making us the largest single source. All forms of public funding make up about 60 per cent of total income for the sector.

Sources of finance for universities and colleges (1997-98)



Ensuring high quality

We are legally responsible for ensuring that the quality of education is assessed in the universities and colleges we fund.

Until recently quality assurance in higher education was dealt with by two separate bodies. We reviewed the learning experiences and achievements of students in each subject against the institution's own aims and objectives. The Higher Education Quality Council reviewed each institution's internal processes for maintaining standards of awards and academic quality.

Both functions are now carried out by a new body set up in 1997, the Quality Assurance Agency for higher education (QAA). We have a contract with the QAA to conduct subject assessments on our behalf.

The method combines self-assessment by the institution with visits by trained external assessors. They look at six aspects of the learning experience and its outcomes: curriculum design and organisation; teaching, learning and assessment; student progression and achievement; student support and guidance; learning resources; and quality management and enhancement.

Assessors award grades on a scale of 1-4 for each aspect, where 4 is the highest. Comments identifying good practice and areas for improvement are published in an assessment report. Reports are available from the Universities and Colleges Admissions Service (UCAS), and on our web site. Where any aspect is graded 1, the institution must take action to remedy shortcomings as a condition of future funding.

Developing a new framework

The agency will complete the current programme of subject assessments, which runs until 2001. Alongside this, it is developing a new system for assessing quality and standards.

The recent review of higher education, chaired by Sir Ron Dearing, proposed a national framework of qualifications, based on national standards. The QAA is currently developing and consulting on ways to achieve this. It expects to have the new quality assurance system in operation by 2001.

Working in partnership

In developing our policies and working methods, we consult extensively with a wide range of partners - organisations and individuals who have an interest in teaching or research in higher education.

Most important are of course the people in the universities and colleges we fund. We also work with the sector's representative bodies - the Committee of Vice-Chancellors and Principals (CVCP) and the Standing Conference of Principals (SCOP) - employers' organisations, professional bodies and the Government.

Most of our consultations involve inviting responses to published proposals, both in writing and in face-to-face discussions in seminars and conferences.

Regional and national roles

In response to demand from institutions for more face-to-face contact at a senior level, we have appointed eight regional consultants. They are strengthening our links with universities and colleges, and liaising with regional organisations, including the Regional Development Agencies and Training and Enterprise Councils. By taking a more active regional role we will be able to promote the interests of higher education more effectively. More information is available in 'Regional profiles' - an overview of higher education in the English regions (HEFCE 99/27).

At a national level we have particularly close links with the other higher education funding bodies for Scotland and Wales, and provide advisory services to the Department of Education Northern Ireland. Current joint projects include an initiative to encourage academics to use new technology in learning and teaching, the Teaching and Learning Technology Programme. We also fund the joint academic network (JANET) and the higher speed version, SuperJANET, which links universities and colleges electronically across the United Kingdom. Staff and students use the network for researching information, for distance teaching and learning, and to collaborate on research projects.

Other national and international partners include the Further Education Funding Council, the Teacher Training Agency, the Research Councils, the Higher Education Statistics Agency, the Quality Assurance Agency (see page 6), the British Council and the Council of Europe. Further information on these and other bodies is available on our web site at <http://www.hefce.ac.uk>.



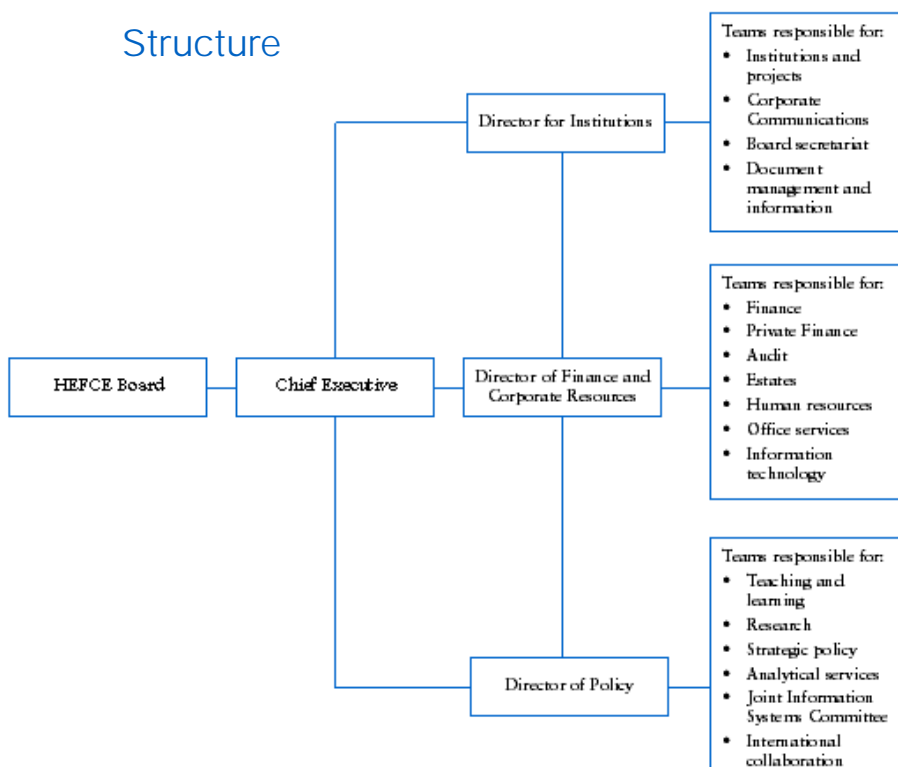
HEFCE people

Council policies are decided by 15 Board members, who are responsible for the strategic direction of the organisation. They are appointed by the Secretary of State for Education and Employment, for a period of three years. Members follow a Code of Best Practice, which sets out their responsibilities, in particular the need to be open and accountable. Anyone can ask to see the register of members' interests.

A number of standing committees and working groups advise the Board on specific issues such as learning and teaching, research, access and participation, medical education, and quality assurance.

Policies are then developed and put into practice by around 160 staff, almost all of whom work at Northavon House in Bristol. We also have a base in London, which is used for Board, committee and group meetings. Staff work in teams within three directorates, as shown below.

Structure



Contacts

For universities and colleges, the main contacts at the Council are their higher education adviser, finance adviser, regional consultant and finance consultant in our Institutions and Projects Directorate. Institutions also have direct contact with other staff in, for example, the audit and estates teams.

Complaints

We are keen to ensure that any complaints against the Council are dealt with fairly, promptly, openly and constructively. We have therefore produced a clear procedure, setting out what institutions can do if they wish to complain about the way the Council or its staff have made decisions or acted. Complainants have access to an independent complaints panel, and ultimately to the Parliamentary Ombudsman.

Further information

Details on all aspects of our work, and HEFCE publications, are available on our web site: <http://www.hefce.ac.uk>

For further information, and to order printed copies of documents, please contact the Corporate Communications help-desk (0117 931 7438) or write to: Corporate Communications HEFCE Northavon House Coldharbour Lane Bristol BS16 1QD.

Key terms

Universities are diverse, ranging in size, mission and history. The Privy Council has the power to grant university status to an institution. Former polytechnics were given the status of universities under the Further and Higher Education Act 1992. These are sometimes called 'new' universities. The existing 'old' universities include many founded in the 1950s and 1960s, the civic universities established in the nineteenth and early twentieth centuries, and the universities of Oxford and Cambridge, which date from the 12th and 13th centuries.


Higher education colleges are divided into specialist colleges dealing mainly with one subject area, such as music, art and design or teacher training; and more general colleges offering a range of courses, particularly in business, humanities and education. Before 1992, most HE colleges were funded by the Polytechnics and Colleges Funding Council.

Higher education courses are generally above the standard of GCE A-levels or National Vocational Qualification (NVQ) Level 3. They include degree courses, postgraduate courses and Higher National Diplomas. Higher education takes place in universities and higher education colleges, and in some further education colleges.

Further education is for people over compulsory school age (currently 16 in England). Further education courses are generally up to the standard of GCE A-level or NVQ Level 3. They take place in a sixth-form college, a further education college or a higher education institution rather than in a secondary school.

Photographs in this publication were kindly supplied by the following:

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