

March 2003/12

Consultation



# HEFCE strategic plan 2003-08

HIGHER EDUCATION *hefce*  
FUNDING COUNCIL FOR ENGLAND

# HEFCE Strategic plan 2003-08: consultation

<b>To</b>	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Selected national bodies
<b>Of interest to those responsible for</b>	Strategic and corporate planning
<b>Reference</b>	2003/12
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## **Executive summary**

### **Purpose**

1. This document invites comments on HEFCE's draft strategic plan for the period 2003-08.

### **Key points**

2. Attached is a draft for the HEFCE strategic plan covering the period 2003-08. This has been prepared following extensive discussions with higher education institutions (HEIs) and other key stakeholders. We now wish to consult formally on the terms of the plan before publishing a final version in July 2003. The plan would come into effect from that date.

3. The draft plan sets out our broad vision for the development of higher education in England over the next decade; our strategy for moving towards this over the next five years; the targets to assess progress; and some of the key actions that we propose to take, in concert with our partners and stakeholders, to carry it forward. It fully reflects the Government's vision and plans for action set out in the recent White Paper, 'The future of higher education' (January 2003).

### **Action required**

4. We invite responses to be sent to Michelle Cronin at HEFCE, to arrive by 27 May 2003.

## Background

5. The Council last undertook a full revision of its strategic plan in 1998-99, covering the period from 1999 to 2004. That plan has since been updated annually and the current version (HEFCE 02/20) covers the period from 2002 to 2007.

6. During the last 12 months we have been working towards a new strategic plan. This process has included extensive discussion, within HEFCE and with key external stakeholders, of our vision for higher education in England over the next 10 years; and, against that background, discussion of what should be the key elements in the Council's five-year strategy to move us towards that vision. We have conducted informal consultations with heads of universities and colleges – including through structured debate at the 2002 HEFCE annual conference – and with other key stakeholders. We have considered what lessons we could learn from our experience in preparing and working with our current strategic plan, and from our contacts with HEIs undertaking their own planning processes. Our Board has discussed the content of the new strategic plan in depth on several occasions. We have considered carefully the key actions we will need to take in order to play our full part in the programme for action set out in 'The future of higher education'.

7. In the course of this work we have considered the processes by which we seek to achieve our strategic aims, including the setting of objectives and key performance targets to measure outcomes. We have analysed the key risks likely to affect our ability to achieve our aims and objectives, and have taken these into account in our detailed planning.

## Draft plan 2003-08

8. The outcome of this process is the draft strategic plan for 2003-08 attached.

9. The draft plan is conceived as a high-level document, setting out a broad strategy for achieving our key aims over the next five years. It is not a comprehensive statement of national policy, and neither does it explain in full detail the programmes of work that we shall need to develop to put it into

effect. It was developed, and should be read, in the context of government policy on higher education set out in the recent White Paper.

10. The plan identifies four core strategic aims for the Council's action over the planning period, and three key cross-cutting aims to support the delivery of these. Of the cross-cutting aims, one is concerned with our internal development, and another with our support for developing leadership, governance, and management within institutions. The third, for building on institutions' strengths, proposes a new way of looking at the interaction between the four core aims and how this is reflected in our funding of institutions. This structure is different to that set out in the current plan, and reflects our perception of the main fields where action will now be required to carry forward our vision and to achieve our core aims.

11. Not all of the work proposed in the draft strategic plan is new. We already have significant work in hand in relation to all seven aims. We are also conducting, or preparing to conduct, more detailed consultations on the way forward in a number of areas. These are noted individually in the plan but it may be helpful to give an overview here:

- a. We have already consulted, within the last year, on action to support widening participation and quality enhancement in teaching and learning.
- b. We have recently launched, with the other HE funding bodies, a review of research assessment. When that is completed later this year we shall review our approach to funding research.
- c. We shall consult in the summer on a new integrated programme of support for leadership, governance, and management, including human resources management, in HEIs.
- d. We shall consult later this year on our approach to the allocation of funds for 'third stream' activities, to improve links between HE and business and the wider community, in the next phase of the Higher Education Innovation Fund.

e. We shall consult later this year on a review of our approach to funding for learning and teaching.

12. The draft strategic plan should be read in this context.

13. Respondents to the present consultation may wish to pay particular attention to the proposals in the plan for a new and more integrated approach to our allocation of funding in all four core areas. (As indicated above we shall also consult separately on our funding method in relation to each of these.) It should be stressed that we regard the new approach as an organic development from our present funding arrangements. Many arrangements would remain in place, and we envisage introducing any changes gradually over a period having regard to the availability of funding and the implications of the changes for institutions' workload.

14. As at present, the strategic plan will form the basis for more detailed planning of HEFCE's work through our annual operating plan. Progress against the operating plan is reported quarterly to our Board. Annual progress reports, including progress against the key performance targets in the strategic plan, are reported to our Board and to the Department for Education and Skills (DfES) and are published.

### Scope of the consultations

15. In keeping with the breadth of debate so far, we are consulting widely on our draft strategic plan. We are inviting responses from a number of bodies that we identified in our initial stakeholder analysis and have engaged in our informal consultations, as well as responses from heads of institutions.

16. We would welcome comments on any aspect of the draft plan. However, we would find it helpful if respondents could consider the draft, and frame their responses, in terms of the following five questions:

a. Do you endorse the vision and the broad strategic direction set out in the draft strategic plan – and if not, what elements cause you concern and why?

b. Viewed as a five-year strategy, is this a sound and realistic plan to guide the development of the English higher education sector, and does it contain the right key themes and elements?

c. What, from your viewpoint, are the main unresolved issues and associated risks in relation to implementing the plan, and are the Council and the sector together adequately prepared to deal with these?

d. Do you endorse our proposal to develop a funding approach that supports institutions in building on chosen areas of strength and encourages collaboration?

e. Do you have comments on other specific elements of the draft strategic plan?

### Timing and next steps

17. Our strategic plan for 2003-08 should come into effect on 1 April 2003. Because of the timing of the White Paper, and our decision to delay our consultations to take it into account, this will clearly not be possible. We aim to publish the final agreed version of our strategic plan in July. To achieve that, the period for consultation will be less than the 12 weeks to which we are committed by our standards of service. We are therefore asking for responses within some ten and a half weeks.

However:

a. Much of the core content of our plan has already been discussed with key partners and stakeholders.

b. We will supplement the formal written consultations with extensive discussion with HEIs and others at our annual conference in April, and in meetings during the consultation period with a range of stakeholders. This will help respondents to identify and consider the main issues.

18. Once we have concluded the consultations, we shall invite our Board to endorse a revised plan. We aim to publish this in July 2003, to come into effect immediately.

## Responses

19. Responses to this consultation should be sent to arrive by 27 May 2003 to:

Michelle Cronin  
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Coldharbour Lane  
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or by e-mail to [stratplan@hefce.ac.uk](mailto:stratplan@hefce.ac.uk)  
or online at [www.hefce.ac.uk/stratplan](http://www.hefce.ac.uk/stratplan)

20. In the interests of transparency, all responses to the consultation will be publicly available on request, unless the respondent specifically asks for their response, or part of it, to remain confidential.

# HEFCE Strategic plan 2003-08

**Draft for consultation**

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# Foreword

We are right to be proud of our universities and colleges. They produce some of the finest research in the world. They provide much excellent teaching, graduation rates are high, and students enjoy a good employment record. The sector is increasingly responsive to the needs of the wider community. But this is no time to rest on our laurels, because the challenges facing higher education are more wide-ranging and profound than ever before.

The White Paper, 'The future of higher education', has set us all a demanding agenda. It not only answers important funding questions that have long been debated in the sector. It also sketches a picture of how higher education might look. The Higher Education Funding Council for England has played its part in helping to shape this vision, and looks forward to taking a central role in delivering the resulting policies. This is the context in which we launch our strategic plan for the next five years.

We know that international competition is driving up standards. As more countries recognise the importance of high-quality research and new knowledge to economic success and social cohesion, we too must improve to keep ahead. An increasingly diverse student population expects more from higher education. Other stakeholders – business, taxpayers and government – place new demands on us. These growing expectations may be challenging, but they are also opportunities to deliver through greater diversity and new forms of collaboration.

Perhaps the greatest change is to the traditional concept of higher education. Lifelong learning – the continued acquisition of knowledge from cradle to grave – is turning education from a single life episode to a long-running series. Universities and colleges must continue to respond to its implications. We are already moving towards a system where half the population can expect to experience higher education at some time in their life. This will not be just through the academic three-year degree, but in new ways, such as the two-year vocational foundation degree or even as a series of learning opportunities to top up skills and knowledge as and when needed.

All this requires a step-change in how we fund, manage and deliver higher education. In this plan, HEFCE presents a vision that we believe can deliver many of the proposals in the White Paper, building on the strengths of institutions and meeting the needs of our stakeholders and customers in the coming years.



David Young  
Chairman, HEFCE

# Introduction

This draft strategic plan is the outcome of a lengthy period of discussion within the Council and with our partners and stakeholders.

Our strategy has been developed within the broad national policy framework established by the White Paper ‘The future of higher education’. It sets out our plans to carry forward the key policy aims in that document requiring action by the Council. It responds to the challenges that will shape the higher education system over the coming decade, and describes our vision of a system responding positively to those challenges.

A crucial element in implementing our strategy will be the strong working relationships that we have developed with universities and colleges and other key stakeholders. As the HE system, and the world in which it operates, become ever more complex and subject to change, we must confront together a range of problems for which partnership working is the key to finding effective solutions.

We hope that our colleagues in universities and colleges, for their part, will find in our plan a secure and practical framework for their own planning and activities throughout and beyond the planning period. We look forward to working with them to ensure that national policies and our strategy are put fully into effect, and to support and maintain a national HE system working consistently to international standards of excellence.



Sir Howard Newby  
Chief Executive, HEFCE

# 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.**

## Our strategic vision and role

1. Higher education is about acquiring and sharing knowledge. The free transmission of knowledge is both the mark of a civilised and open society and central to economic competitiveness and social inclusion. As knowledge becomes more important, universities and colleges face new challenges from students, employers and society. This strategic plan combines our vision for higher education in responding to these challenges, with the practical steps needed to deliver the funding council's contribution to the agenda set out in the White Paper, 'The future of higher education'.

2. Higher education in England today is a much larger and more diverse business than in the past. It operates in a global marketplace, competing with other providers around the world to serve client groups that are less constrained by national boundaries. The needs and demands of its customers and stakeholders are growing in range and complexity. The providers of higher education must be flexible in their response. Individual universities and colleges will have to recognise that they cannot all meet the full range of customer and stakeholder needs. They must work to build upon their own chosen areas of strength, and in collaboration with other providers, so that the sector as a whole continues to deliver all that is required of it.

## Meeting customer and stakeholder needs

3. Today's students expect more than their predecessors. A third are mature students, and many are part-time. School leavers represent a smaller proportion than before. Competition for students increasingly operates across national boundaries. University is no longer seen as a three-year rite of passage. Moreover, as graduates contribute more to their tuition costs, they will rightly demand more for their money. This will have significant implications over the next 10 years.

Students will not only expect to get a degree and a good job. They will demand suitably qualified teachers who are effective communicators. They will want the best support in their studies. They will want to return to learning at different stages during their lives, and many more may choose to study while working or supporting a family. This means being able to study at times that suit them and in ways that were not possible for earlier generations.

4. All this will change the way many courses are delivered. New and innovative approaches to teaching and learning are already emerging. With information and communications technology, individualised learning programmes will become more important. The internet and digital television offer new possibilities for interactivity and flexibility. Students will increasingly choose to learn independently through such media. Our challenge is to use these new technologies to deliver the quality of teaching and support which students would expect from attending a lecture or tutorial. Many universities and colleges are starting to harness these possibilities. But our journey has barely begun, and five or 10 years from now our world may look very different.

5. People now expect that they will need to change and adapt throughout their life. That in turn alters how they see learning and how we must respond. Education no longer ends at the age of 16 or 21. Lifelong learning has turned from an ambitious slogan to a reality in many people's lives, something that allows them to continue expanding their knowledge, skills and horizons from cradle to grave. They will seize this opportunity to support their personal development and because it is essential to remaining employable. All who work in higher education share a responsibility to help them through this journey – and to inspire and enable them to develop to the best of their ability throughout life.

6. Human capital, and the generation and application of new knowledge, are as important at the start of the 21st century as the fixed capital or machine power of the industrial revolution. In the modern global economy, employers increasingly look to universities and colleges to deliver the well-educated workforce they need to stay competitive. Employers want the HE system to produce rounded, readily employable graduates. They need it to provide more of their workers with higher-level technician skills, and the new two-year foundation degrees are one significant way of developing these.

7. The generation of new knowledge can bring economic and social benefits to the whole community. Universities and colleges have a growing part to play through local and regional partnerships, sharing expertise and facilities to support regeneration and growth. This helps create more jobs, improves the skills of the workforce and fosters a healthier social economy. Increased interaction between HE and business and the community should help to develop mutual understanding and mutually beneficial opportunities.

8. Research is fundamental to all these developments. It allows 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. However, harnessing its potential depends on its effective dissemination. Those who produce leading-edge research, and work to disseminate and apply its findings, should expect to receive recognition and support. Those who rely on their work should have the reassurance that the investment of public funding is sustainable and well targeted. In a rapidly changing world, Britain remains at the forefront of new discovery. It is important that we retain and build upon that position in the coming years.

9. As its customers and stakeholders place new demands on higher education, the sector also faces growing expectations from government and society as a whole. With more public funding for higher education come growing demands that the money is well targeted. That requires a step-change in our strategic thinking.

10. Universities and colleges each have different strengths; few organisations can truly claim to excel in every regard. Each institution should be proud to play to its strengths. Such specialisation is not a sign of weakness. The corollary is to recognise that there are some things that other institutions can do better – and that limited resources could be better concentrated where they can be put to best advantage. This approach can both improve quality and enhance British higher education's reputation for excellence on a world stage. Our intention is to foster and reward world-class provision across the full range of activities within higher education.

11. As higher education institutions work to build on their strengths, they will also need to collaborate more to meet an increasingly diverse set of needs. Some partnerships will be between institutions sharing expertise to achieve what they could not do individually. Others will be with organisations and stakeholders outside higher education – business, the voluntary sector, local communities and the public as a whole. It is widely recognised that transferring knowledge effectively is often as important as the original scholarship itself. Leading-edge research and professional practice in knowledge transfer can be the engine of economic and social regeneration for the regions, and the driver of business and institutional innovation.

12. In this era of mass higher education, we must ensure that the benefits of expansion are shared among people from every background. The challenge of widening access and improving participation by those who are under-represented in higher education remains a crucial part of the Council's mission. We cannot afford to waste talent simply because of a reluctance to foster it. That means reaching out to those for whom higher education seems beyond reach, not for any lack of ability, but often simply for reasons of family or community tradition.

13. All this implies a system that is efficiently run – one that makes good use of scarce resources. It should be a flexible and responsive system where new needs are actively identified and met. It should work with equal vigour and creativity to meet the needs of all its client groups, building lasting relationships with them. Of course this will place

heavy demands upon university and college managers and leaders. But, with our support, we are confident that they will rise to the challenge.

14. Tomorrow's university or college will need to be diverse, flexible and adaptable. The pace of change will accelerate, but a sector that is actively engaged with meeting the needs of its stakeholders is well placed to respond. The sector will need to be vigorous in shaping and responding to future change, and increasingly diverse and outward-looking. Meeting that challenge will bring its own rewards. It will ensure that higher education is at the heart of a truly competitive knowledge-based economy and an open inclusive society.

### **Our role**

15. At the Higher Education Funding Council for England, we are rebalancing our priorities in the light of these challenges and the Government's response to them set out in the recent higher education White Paper. In the coming five years, we will do more to identify and meet the needs of students, business and other stakeholders. Through our funding support, we will help to develop a system where excellence in teaching and knowledge transfer is 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 institutions that reach out beyond their traditional student base to encourage those who can benefit from higher education to do so. We will support diversity, collaboration and complementary patterns of working in the drive to improve quality. To ensure that our funding is put to good use, we will identify opportunities arising from the funding relationship to offer advice and guidance to the sector, often through the sharing of good practice from within the sector itself.

16. We are one of several funders of HE in England, and to achieve our aims must work with a number of stakeholders. Central to the delivery of our vision therefore is our commitment to **working in partnership**. We aim to work as partners with the universities and colleges in England to deliver a shared strategy that recognises:

- national policy aims and priorities
- their individual aims and missions as autonomous bodies
- our shared interest in delivering an excellent service to the nation
- the needs and concerns of a much broader group of stakeholders, including direct and indirect beneficiaries of the services that the sector provides.

17. We have consulted our partners and stakeholders at several stages in preparing this plan. We expect that our stakeholders will make significant new demands on us over the coming decade. We believe that this plan prepares us to respond to them.

### **Our strategic plan**

18. This was conceived and developed as an integrated plan. It is presented under the separate headings of four core strategic aims, and three cross-cutting supporting aims, each with their own objectives and activities. However, an objective or activity identified under one aim will often contribute to achieving other aims too. In particular, the section on building on institutions' strengths draws together core elements from each of the four preceding sections, and these need to be read in the broader context of the overall strategy.

19. Integral to the development of our plan was a process of risk assessment. For each of the seven strategic aims, we have identified the key risks to achieving the aim and its associated objectives (see Annex B). In developing the programme of activity outlined in the commentary section under each aim, we took into account actions required to manage and mitigate these risks.

20. This plan was prepared and should be read in the context of the HE White Paper, and in particular of the objectives set out in that document for which HEFCE has been asked to take the lead in ensuring delivery. In the following sections of our plan we identify more precisely how our aims and objectives are related to those in the White Paper.

## Reading the plan

This plan covers the period from 1 April 2003 to 31 March 2008. All the actions proposed in the plan relate to this period unless otherwise stated.

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

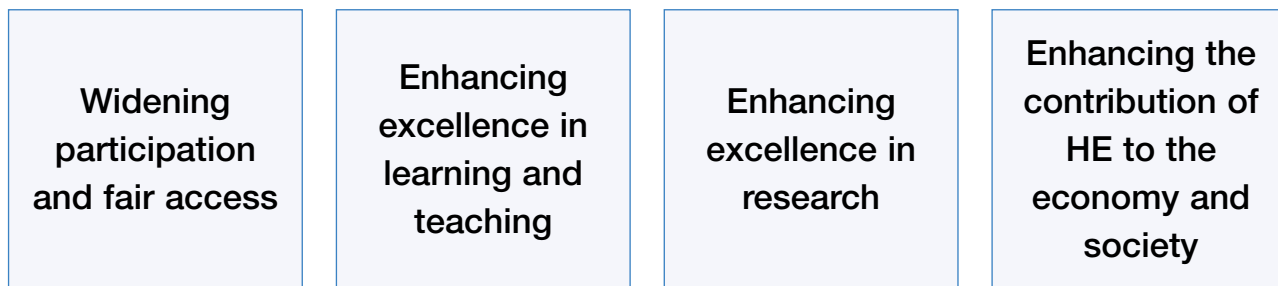
**HE:** higher education. As the context requires, this may be taken to refer to either or both of:

- the HE system – the institutions and staff
- what the system does – teaching and learning, research, and sharing knowledge by various means.

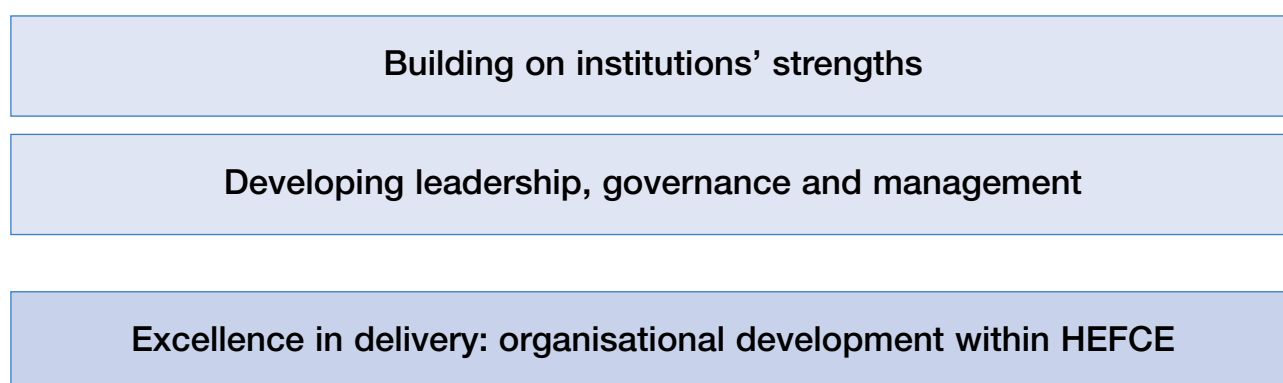
**HEIs:** higher education institutions (also referred to for brevity as ‘institutions’) – universities, and higher education colleges, to which the Council pays grant and with which it has a particular statutory relationship. Some courses of HE are provided in colleges of further education and are also funded through our grant.

# Strategic aims

**We have four core strategic aims:**



**Underpinning these are three cross-cutting supporting aims:**



The following sections of the plan set out, for each of these headings:

**The aim** in full: that is to say, the high-level strategic outcome towards which we are working throughout and beyond the life of this plan.

**Objectives:** the strategic objectives that we seek to achieve within the plan period, indicating how far and by what means we plan to work towards the aim.

**Key performance targets** by which we plan to demonstrate, in measurable terms, our progress towards the aim and objectives.

(**Note:** all the key performance targets in this document are provisional until formally approved by the Secretary of State. They may require further amendment to ensure that they are fully compatible with Public Service Agreement targets. We envisage submitting them for approval once the consultations are completed. We shall make available on our web-site a technical annex explaining in detail how certain targets should be interpreted.)

**A commentary** including some explanation of our aims and objectives and identifying the principal activities through which we plan to make progress.

**Key risks and dependencies** that our plan takes into account, specific to the aim.



# Widening participation and fair access

## Aim

**To provide the opportunity of higher education to all those who could benefit from it.**

### Objectives

- To make measurable progress, while maintaining standards, to increase participation in higher education towards 50 per cent of those aged 18 to 30 by the end of the decade in keeping with the Government's target.
- To make measurable progress towards widened participation, without increasing student non-completion, while maintaining standards of excellence and recognising and building on institutional strengths and diversity.
- To stimulate new sources of student demand and adjust supply accordingly.
- To improve opportunities for all students through lifelong learning.

### Key performance targets [draft]

- By 2004, the sector will sustain an Initial Entry Rate (IER) of at least 43 per cent, increasing by annual increments towards 50 per cent by the end of the decade.
- By 2004-05 there will be no more than two institutions with 5 per cent less than their benchmark of students from Social Classes III<sup>m</sup>, IV, V. By 2010 there will be no more than two with 3 per cent less than their benchmark.
- Across the planning period the non-completion rate for English HEIs will remain the same as, or be less than, the benchmark value calculated from the start year 2002-03.

### Introduction

1. Widening access and improving participation in higher education are a crucial part of our mission. Participation in HE will equip our citizens to operate productively within the global knowledge economy. It also offers social benefits, including better health, lower crime and a more tolerant and inclusive society. Accordingly, we aim to ensure that all those with the potential to benefit from higher education have the opportunity to do so, whatever their background and whenever they need it. This means providing for the needs of a growing group of independent learners with a broad variety of previous life and educational experiences. These students will return on more than one occasion across their lifetime in order to refresh their knowledge, upgrade their skills and sustain their employability.

2. Widening and increasing participation must therefore be a permanent goal for the higher education sector. We regard delivering, with others, the Government's target for increased participation as the first step in a longer campaign of developing bespoke education to meet the needs of individual learners.

3. This section sets out our plans for expanding HE to meet the needs of students and the economy, and for ensuring that suitable and accessible HE provision is available to all who could benefit from it, as outlined in chapters 5 and 6 of the White Paper. It should be read with the proposals in the rest of the plan – especially those in the section on enhancing excellence in learning and teaching. The objectives described are achievable only if institutions are funded at a level fully reflecting their costs, and if they engage effectively with the communities they serve. They also depend upon

increased student demand arising from planned improvements both in the proportion of pupils staying in education post-16, and in attainment at lower levels of the education system.

### Increased participation

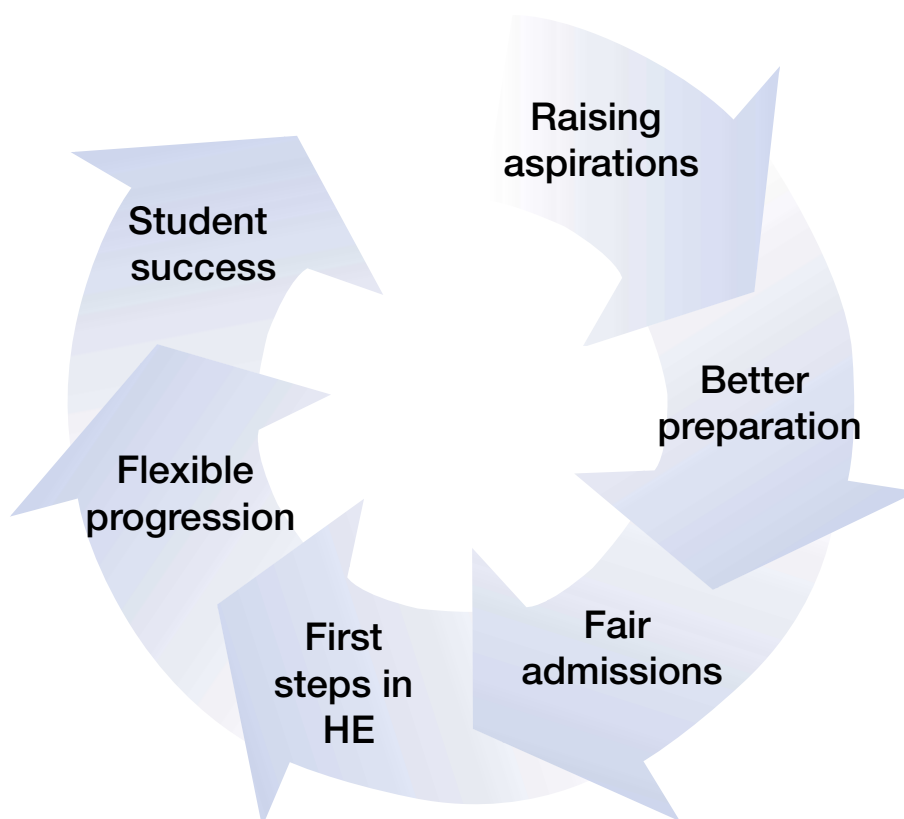
4. Increased participation is not simply a matter of providing more places. We have to work to increase **demand** for HE, and to support improved progression from schools and further education into the sector. We shall tackle this in collaboration with the Learning and Skills Council and other partners. It will require the setting of regional targets, backed by funding and other support as resources become available. We will work with the Department for Education and Skills to integrate the joint HEFCE/Learning and Skills Council Partnerships for Progression initiative with the Government's Excellence Challenge scheme, to be rolled out under the Aimhigher brand.

5. We will make plans to increase the **supply** of places to keep pace with increased demand. We will work with the sector to develop innovative approaches to providing suitable learning experiences for the students of the 21st century, while taking account of the willingness and capacity of institutions to expand. This will be a complex task bringing into balance student demand, capacity in the sector and employers' needs.

### Widened participation

6. Simply increasing demand will not be sufficient to meet the needs of the economy and deliver the social benefits that we seek. We have to widen participation in such a way that a person's background, and previous educational and life experiences, do not deter them from considering what higher education has to offer. For the Council that means looking at all aspects of the student life-cycle, as illustrated in Figure 1.

Figure 1 **Supporting widening participation at all points of the student life-cycle**



7. Widening participation is not about reducing standards. We will sustain standards by enabling HEIs with a particularly strong commitment to widening participation to build and strengthen their activities, by ensuring that they receive sufficient funding to cover the additional costs of these and of supporting student success. We will increase the total allocation to institutions for widening participation and provision for disabled students to £265 million in 2003-04, and if funds are available will seek to increase this in future years.

8. We will continue to investigate more sophisticated access indicators, in consultation with the sector, and use them for funding as appropriate. As 'The future of higher education' makes clear, the Government favours moving towards more sensitive indicators, looking at a student's family income, their parents' level of education, and the average results of the school or college they attend. Through communication with institutions, good practice guidance and improved information, and publication of the indicators, we will support and encourage institutions in working towards widening participation and fair access.

9. It is a condition for receiving Council grant that every HEI we fund should have a widening participation strategy. To ensure continuing progress, we will encourage them in developing these strategies to:

- consider how well their provision meets student demand and the needs of an increasingly diverse student body
- work with new partners (for example the Ministry of Defence, the NHS, and local authorities)
- build on links with the community, and create new pathways for progression into HE (for example through Partnerships for Progression, or through volunteering activities supported by the Active Community Fund).

10. Foundation degrees will play an important part both as the main vehicle for continuing expansion and in widening participation. We aim to make these programmes accessible, flexible and relevant to employment needs, with smooth transition onward to honours degrees. In our review of

funding for teaching, we are examining our funding for part-time and continuing education, funding for completed modules, and funding for flexible modes of delivery (including open and work-based learning). We are ready to consider changing our funding method accordingly. We intend to introduce pilots for a '2+' scheme (a two-year programme with an option for further study), and to work on extended-year schemes and credit accumulation.

11. We will develop a framework for fair admissions processes; and will work with the sector and the Department for Education and Skills to develop the role of the proposed Access Regulator and our relationship with them.

## Lifelong learning

12. Although much of the activity described above will focus on young, first-time entrants to HE, we remain committed to supporting lifelong learning and educational progression linked to a process of continuing personal and professional development. We wish to encourage participation by part-time and mature students. We will work with the Learning and Skills Council, professional bodies, and others to promote wider participation by adults in lifelong learning, including through vocational qualifications and workplace learning.

## Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing the plan, are:

- That there is insufficient additional demand for higher education places from 18-30 year-olds to meet the participation target by 2010, through aspirations not being raised sufficiently.
- That the participation target can be achieved by 2010, but that there is no, or insufficient, increase in representation from the under-represented socio-economic groups.
- That the supply of places created to meet the participation target does not match the demand from students, in terms of level or mode or location.



# Enhancing excellence in learning and teaching

## Aim

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

### Objectives

- To achieve the successful implementation of the new quality assurance framework for higher education.
- To promote activities to enhance the quality of learning and teaching across the sector.
- To provide rewards to celebrate and encourage excellence in all modes, pedagogies and approaches to teaching, and to promote the professional development of teaching staff.
- To support the continuing development of the physical infrastructure for learning and teaching, so that this remains fully fit for purpose and delivers excellent provision.
- To support the supply of HE student places matching the changing needs of learners and other stakeholders.
- To review and put in place funding methods for learning and teaching that will support the achievement of these objectives.

### Key performance targets [draft]

- To achieve a measurable increase in the number of staff in higher education who have successfully completed an accredited teacher training programme, or who have achieved membership of the Institute for Learning and Teaching.
- At least 95 per cent of Quality Assurance Agency audits identify satisfactory provision throughout the plan period.
- A new Academy to support quality enhancement in learning and teaching will be set up by the end of 2004.
- Seventy Centres of Excellence in teaching will be established by 2006 and their impact evaluated by 2008.

### Introduction

1. Learning and teaching are at the heart of higher education. They are a core activity for all HEIs, and feature strongly in public perceptions of the sector's role and achievements. We welcome the proposals in chapter 4 of the HE White Paper to drive up quality in learning and teaching, through action to support, promote and reward excellent practice and to inform student choice. We endorse the aim to improve the status and recognition of excellent teaching and learning as a key element in institutions' missions, alongside research and other activities. Institutions face the challenge and the opportunity to develop innovative approaches to learning that meet the changing needs of learners and society.

2. Our plans for achieving these aims, set out in the following paragraphs, recognise the changing environment in which teaching and learning in higher education take place. Students will be learning in a wider range of settings, and the advent of new technology is already opening up new ways of teaching and supporting them. The student body is changing, with more part-time and mature students and people from diverse backgrounds. In the modern world, people increasingly need skills of evaluating and managing information, in both their personal and working lives. Curriculum design and pedagogy within HE must support and develop these skills and encourage students to take responsibility for their own learning.

3. Students increasingly see themselves as consumers, entitled to agreed standards of provision and to full information about the quality of what is provided. They should be fully informed about the nature of programmes, have access to flexible qualification and credit frameworks, and be able to

see both specific learning outcomes and broader benefits from their study.

4. Students will also require different forms of provision at different stages throughout their lives. Lifelong learning, and the increasingly complex demands of employers and other stakeholders, require flexibility of course design and a greater focus on learner needs. Beyond graduation, learners will increasingly demand access to the community of learning and expert tutors that the framework of a formal course requires. Postgraduate and post-experience courses will become more important, and there will be growing demand for provision tailored to the needs of particular groups of learners and developed in partnership with employers and other stakeholders.

## Quality assurance

5. English universities and colleges are respected throughout the world for the quality of their teaching. Quality assurance remains vital in maintaining that reputation at home and abroad. We have worked with Universities UK, the Standing Conference of Principals and the Quality Assurance Agency to put in place a new framework for quality assurance from 2003. The new framework recognises the progress that has been made by the sector in setting up robust internal quality assurance arrangements. It will secure accountability by providing public information. It will support the drive for high quality and allow for action to be taken where quality is poor. We will continue to work with these partners and the sector to implement the framework fully. We will keep it under review to ensure that it meets its original objectives. We also undertake to review that the burden that the quality assurance framework imposes on the sector is commensurate with the benefits secured to stakeholders.

6. In implementing the new framework we will wish to ensure that students and other stakeholders can get the information they need to make well

informed choices. The main vehicle for this will be the creation of a quality and standards web-site drawing together information from individual HEIs and national statistics. We shall embark upon a new national survey of student opinion from 2003 and disseminate results through the web-site.

7. Good teaching includes effective assessment of learning. We will encourage assessment that helps learners to understand their developing strengths and makes visible the value added through their studies. We will review approaches to recording student achievement.

8. The external examining system in the UK is critical to assuring standards. We will support work by Universities UK and the Standing Conference of Principals to ensure the system remains strong and healthy. This will include improved arrangements for the development, induction and training of external examiners within institutions, and a national development programme from 2004-05. The Bologna declaration<sup>1</sup> may have widespread implications for the future of UK quality standards within a European perspective. We will work with partners to assess the implications of any move towards a more co-ordinated Europe-wide system of quality assurance for the UK.

## Quality enhancement

9. As we described earlier in our vision, the pressures of global competition and diversity of needs met by HE will mean that the sector has to be increasingly flexible and responsive. We expect greater diversity of modes, methods and pedagogic approaches, including networked, mobile and workplace learning, and e-learning. We aim to support HE providers in exploring these new approaches. In particular, we will promote the development and evaluation of work-based learning through foundation degrees and courses of initial and continuing professional development.

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<sup>1</sup> The Bologna declaration is a pledge by 29 European countries to achieve greater compatibility and comparability between their higher education systems, and to increase the international competitiveness of European HE. The text of the declaration is available at <http://europa.eu.int/comm/education/socrates/erasmus/bologna.pdf>

10. The Teaching Quality Enhancement Committee (TQEC), commissioned jointly by HEFCE and sector representative bodies, has developed an exciting and challenging agenda for the quality enhancement of learning and teaching. Its report is available on the web at [www.hefce.ac.uk](http://www.hefce.ac.uk) under 'Learning and teaching/TQEC'. It recognises that pedagogy will diversify in response to an increasingly diverse student body. The TQEC has proposed a new agency for quality enhancement – the Academy for the Advancement of Learning and Teaching in HE. This would build upon the achievements and strengths of the Institute for Learning and Teaching in Higher Education, the Learning and Teaching Support Network, and the Higher Education Staff Development Agency. The academy could play an important part in providing tools for change, innovation and excellence in the sector, as well as raising the status of teaching. We will work with the representative bodies, the sector and the individual agencies to implement the vision set out in the TQEC report.

11. Teaching in HE is a skilled profession which must be adequately recognised and rewarded. Teachers are expected to demonstrate scholarship in their discipline and a professional approach to its application. Their professional development, and the esteem in which they are held as teachers within the academic community, are of great importance in securing our strategic aim. We will work with partners to provide appropriate training and professional development for all the staff engaged in learning and teaching. In doing so we will build upon existing standards and work towards the Government's aim that all new teaching staff should obtain a teaching qualification meeting these standards by 2006. We will expand the National Teaching Fellowship Scheme to identify, celebrate and reward leading practitioners.

12. The quality of the student learning experience depends upon the combined experience and skills of a range of staff. We will increase the rewards for excellent teaching by extending and targeting our funding for human resource strategies. Meeting the needs of a diverse student body is an increasingly significant challenge for HEIs, so we will increase our efforts to support institutions in maintaining high levels of retention.

13. All institutions need to be excellent in teaching to fulfil the expectations of their learners and other stakeholders. Where HEIs have developed particular strengths, we should celebrate their good practice and encourage its sharing with others, and thus encourage the sector as a whole to strive for excellence. In consultation with the sector, we will fund a number of Centres of Excellence in teaching, as set out in the higher education White Paper. Establishing the centres will both reward demonstrable excellence and be an investment in developing effective pedagogy that reflects new modes of teaching and learning and the growing diversity of learner needs.

14. We wish to ensure that this new funding stream works in synergy with existing enhancement initiatives, and with the Academy for the Advancement of Learning and Teaching and the National Teaching Fellowship Scheme. We will review other funding for quality enhancement, and will further strengthen the link between quality and funding: all institutions receiving our grant will be expected to achieve satisfactory audits by the Quality Assurance Agency.

## Funding

15. We will review our funding methods for teaching, to ensure that they meet our objectives, in the light of the Government's plans for funding HE, student support and growth in student places. This will be particularly important as the system, and its sources of funding, become more diverse. We shall give particular consideration to the possible consequences of the decision to allow institutions to charge variable fees from 2006-07.

16. We will seek to provide appropriate capital and recurrent funding to secure quality in all levels and modes of learning and teaching, and in different types of institution. In particular, we will review with the Learning and Skills Council, and the Government, the best means for supporting and enhancing quality in learning and teaching across the HE and further education sectors, acknowledging the important contribution that further education colleges can make in partnership with HEIs. We will also pilot and evaluate compressed two-year honours degrees.

17. We will plan to provide student places in higher education that meet the needs of a knowledge-based economy. We have set out above, under our aim for widening participation, how we plan to enhance and increase flexible progression and provision routes into and through HE, and to recognise different student characteristics. Working with the DfES, we will target funding to deliver expansion and increased take-up of foundation degrees, in ways that increase the engagement of employers and help students to move on to higher qualifications. We will work with the sector to establish Foundation Degrees Forward as a national centre of expertise.

18. We will foster collaboration between institutions to make the best use of established strengths and resources. We will work to develop strong connections between institutions and other stakeholders to develop patterns of provision tailored to emerging needs within the regions. We discuss further our plans for engaging with businesses and the regions, under our aim for enhancing the contribution of HE to the economy and society.

## Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That teaching quality and standards decline as universities and colleges are unable to recruit and retain suitable academic and support staff and/or maintain appropriate physical resources.
- That national capacity for learning and teaching does not match the demand from students, in terms of mode or level or location.
- That the new quality assurance framework does not successfully deliver the agreed principles (including assuring high quality, taking action on poor quality, accountability and provision of information).

# Enhancing excellence in research

## Aim

**To develop and sustain a dynamic research sector that holds a strong position among the world leaders, and makes a major contribution to economic prosperity and national wellbeing and to the expansion and dissemination of knowledge.**

### Objectives

- To maintain a research sector that holds a strong position among the world leaders, with the capacity to respond flexibly to a changing research environment.
- To work with the sector to develop a system for assessing research that not only informs funding but also demonstrates the power of the national research base and helps institutions to identify and foster excellence.
- To work with the sector to develop robust research costing methods for institutions, to ensure that the research effort can be supported without prejudice to their long-term financial well-being or the delivery of other public interest activities.
- To develop a funding policy that:
  - supports and rewards world-class research, encourages effective collaboration, and provides capacity for developing and extending research capability in new areas of work
  - fully reflects both the economic and social benefits of research
  - is responsive to changes in the research environment and in the demands made on researchers
  - enhances skill levels and working conditions for researchers and research students.

### Key performance targets [draft]

- To maintain the UK's leading international position in research excellence, as demonstrated by citation and publication indicators and other traditional measures of output. At the same time, to develop new metrics that will provide a benchmark for the future assessment of economic and social benefits of research.
- To develop a new process for assessing research by 2008 that informs stakeholders about relative performance and recognises the diversity of outputs of research effort in different disciplines.
- To improve sustainability by 2008. This will be demonstrated against measures to be developed by mid-2004, based upon Transparency Review data and informed by the review of the under-investment in research infrastructure.

## Introduction

1. Research is essential to the acquisition of new knowledge and to fostering understanding. A dynamic, world-class research sector is not only vital for the health of universities but crucial to economic growth and social cohesion. Enabling and nurturing truly excellent research remains the cornerstone of our research policy. We recognise that this can only be achieved in a research base that is properly funded, where there is critical mass, and with valued and well motivated researchers. As funding for research is inevitably limited, this is likely to mean that the pursuit of leading-edge world-class research is a distinctive mission for only some HEIs.

2. In this section of our plan we describe our strategy for responding to these challenges. It has been developed in the context of the Government's proposals for building on our strengths in research excellence, as set out chapter 2 of the HE White Paper and in the earlier strategy document on 'Investing in Innovation'.

3. Researchers working at the leading edge of their subject in HEIs are part of a much wider research community. They conduct their research, and make their careers, in the context of a number of external factors: the evolution of research agendas and themes; competition from research groups and other modes of research and development across the world; and the evolving interface between research, practice, business and the community. International competition in leading-edge research is increasing, and as our competitors invest more aggressively we shall have to work even harder to retain our leading position.

4. We therefore remain fully committed to playing our part in supporting the national academic research base through the dual support system of public funding – by the HE funding councils and the Research Councils. We are also committed to collaborating with other funders to enable the research base to respond positively to the changing face of research. It is a priority for us to ensure that funders work closely together so that we do not pull the research base in different directions.

5. Sustaining our research base against global competition means we must recognise and support truly excellent research financially, and foster effective collaboration. We will develop a selective funding system that allocates our grant primarily by reference to robust assessments of research excellence and also works to maintain and develop the research infrastructure. At the same time we will support and promote collaboration within and between institutions and other partners, in the research and through partnerships to disseminate research outputs.

6. We will work with our stakeholders to redesign the way we assess research. Any new system for assessing research must be able to identify excellence in a global context, while recognising the breadth and diversity of research outputs in different disciplines. It must not place an inappropriate burden on the academic community, but should be sufficiently rigorous to identify the research that should be fostered. We are committed to designing a method of assessing research that is fair to all, including young researchers and those who have taken a career break.

7. Maintaining the international standing of the national research base, and strengthening its contribution to national competitiveness, are key elements in our strategy. However we would not wish to see this mission expressed too narrowly. We need to recognise researchers whose work supports public sector professions, the cultural industries and civic society, alongside those whose work has brought economic benefit or expanded the frontiers of knowledge.

8. Our national record of excellence in creating new knowledge has not always been matched by our achievements in applying this knowledge. To retain our competitive position in a global economy, we must ensure that we secure and retain more of the benefits of the research that we undertake. This means ensuring that the dissemination and application of research findings are accepted as integral parts of the research process. These activities may be done by the researchers themselves or by others working in collaboration with them. With other funding bodies, we will sponsor studies

of the social impacts of research and develop tools for measuring the outcomes of investment in research.

9. We wish to enable researchers to respond to new trends and developments in their disciplines and in the research environment, and to pursue new fields of enquiry. We propose to support such research through a funding stream that supports new capability.

10. We will develop tools to assess the sustainability of research at both institutional and sector level, building on the work of the Transparency Review and the cross-cutting review of support for science. Since public funding for research is likely to remain limited, it will not be possible to support every HEI to carry out high-quality research in every subject area. Given this assumption and the significant gap in research funding highlighted by the Transparency Review, our funding policies must aim to achieve a sustainable research base over a period of time. This means enabling the sector to maintain high-quality buildings and equipment, fit for changing research needs, and to sustain and renew a body of researchers producing work of international excellence in the full range of disciplines. Achieving a sustainable research base will also require HEIs to identify clearly the full economic costs of the research that they undertake and how these will be met.

11. The leadership and management of research must be enhanced to maintain our current position. We will work with stakeholders to ensure that we nurture the human resource – our researchers – by improving leadership and management, and by developing an environment that provides equal opportunities and respects and encourages its participants. We will develop minimum standards of training and an appropriate assessment measure for the provision of training for doctoral (PhD) programmes by 2004-05.

12. Excellence in research has a number of dimensions. We need to plan our support for research activity in the context of our aims to build on institutions' different strengths and to enhance the contribution that HE makes to the economy and

society. The plans above represent one arm of our strategy in this regard; they need to be read with the following two sections to give a complete picture.

## Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That universities and colleges are not recovering the full economic costs of research from funders and sponsors, leading to deterioration in the research infrastructure.
- That future methods to assess research quality fail to replicate the successes of the Research Assessment Exercise in providing incentives to innovate and improve, or act as a barrier to developing research capacity in some disciplines.
- That research quality declines as universities and colleges are unable to recruit and retain suitable staff.



# Enhancing the contribution of HE to the economy and society

## Aim

**To support all institutions in making a significant and measurable contribution, through knowledge transfer and related activities, to economic development and the strength of communities.**

### Objectives

- That all institutions, in conjunction with other institutions and local, regional and national partners, assess the potential to engage with their regional businesses and communities.
- That all institutions develop and implement strategies to meet this potential, in conjunction with other institutions and local and regional partners.
- Working with other national and regional agencies, to establish a recurring funding base allowing institutions to plan and deliver these activities over a number of years, and sufficient to support an enhanced level of activities in institutions wishing to make this a key element in their mission.
- To establish robust quantitative and objective qualitative criteria to inform the funding for these activities and to support institutional management.

### Key performance targets [draft]

- By 2005 we will be able to demonstrate the year on year improvement in the collaborative and individual interactions of all HEIs with business and the community, related to national social and economic benefit and evaluated from annual collection of robust data.
- To develop a set of objective measures of what is delivered over the planning period from an established baseline.

### Introduction

1. In the global knowledge economy, HE has an increasingly significant contribution to make. As global competition increases, so does the importance of ensuring that the knowledge that HEIs create and accumulate is applied for the economic and social benefit of all, and especially within their surrounding communities. This will require closer collaboration between HEIs, and new and close partnerships between them and potential users of their knowledge, expertise and facilities. We recognise the importance of these relationships and will reflect this in our funding. In this section we set out our plans to build our existing support for HEIs' activity in this field into the permanent targeted funding stream. We will help them develop their contribution to the economy and their interaction with communities, envisaged in chapter 3 of the HE White Paper.

2. The dissemination and application of new knowledge is a complex process. This is not a simple matter of making knowledge available in convenient complete packages ready for immediate application. It requires sustained collaboration between the creators and users of knowledge, in an iterative process of shared discovery informed by feedback from experience in applying research outcomes. The HE sector must work with a complex and diverse user group, encompassing not only business but also the public sector, voluntary bodies, and the wider community. It must consider the needs of the regional as well as the national economy.

3. Effective knowledge transfer will lead to more jobs, through higher economic activity, and to a healthier social economy and a better skilled

workforce. Increased interaction between HE and business will help to develop understanding within HE of the needs of business, and to build intelligent demand within business for the resources of HE. People involved in the interactions will themselves develop new knowledge and skills. There can also be benefits to widening participation and improving graduate employability.

4. These processes can be particularly effective at regional level. HEIs should become fully embedded in their regional economies, working in partnership with further education colleges, Learning and Skills Councils and other stakeholders including the Regional Development Agencies. In addition, we will work closely with the Office of Science and Technology and other partners to ensure that the HE sector as a whole is effectively and productively engaged in supporting national policies for economic growth and social development.

5. We wish to see HEIs making available a wide range of knowledge and physical assets. This will include activities that support society in the civic and cultural fields, and work with public sector and voluntary bodies. We aim to support all HEIs in developing and implementing plans for activities which play to their established capability. Each institution will need to define its client group, and the communities with which it will work, building on its strengths and the reach of its existing activities. We will broaden the scope of this stream of activity, promoting and rewarding a vital role for less research-intensive HEIs in knowledge transfer and innovation.

6. Some knowledge transfer processes depend heavily on cutting-edge research resources, such as the exploitation of new intellectual property through licensing and the formation of spin-out companies. As we have indicated in the section of the plan dealing with enhancing excellence in research, we attach importance to the principle that the dissemination and application of research findings should be viewed as integral to the process of research at the highest level. Institutions receiving our grant for excellent research should undertake these activities accordingly.

7. Other activities rely on other capabilities within HE, including the provision of lifelong learning, continuing professional development or consultancy to support business development. Expertise in knowledge transfer and working with business is already widely

distributed throughout the sector. So there is no reason why professional experience built up in one institution should not be made available to benefit others.

Consequently we wish to support some institutions in selecting and developing activities within this broad field as a particular emphasis of their individual missions.

8. Within the next phase of the Higher Education Innovation Fund we will support up to 20 new Knowledge Exchanges, focused on HEIs that are already centres of excellent practice in both knowledge transfer and skills development. These will develop expertise specifically in the transfer and brokerage processes, focusing on regional and sub-regional or sectoral needs to support social and economic development.

9. Our role here is to encourage HEIs to seek out opportunities for engagement in this field and to support them by:

- building on the permanent third stream of funding covering a number of years, allocated to promote and support a basic level of activity in most or all HEIs and enhanced activity in some
- facilitating the development of an overall strategy and a common funding regime among government departments and agencies
- encouraging and supporting universities and colleges in seeking out new markets and opportunities
- supporting the development of staff within universities and colleges to take full advantage of these new opportunities.

## Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That there is a lack of consistency, coherence or collaboration between the funders of the economic and social contributions of higher education.
- That HEIs do not develop strategies that respond sufficiently to the needs of business and the community.
- That there is insufficient evidence from the performance of HEIs to support commitment to third stream funding.

# Building on institutions' strengths

## Aim

**To ensure excellent provision across the full range of activity within HE, by supporting institutions to focus on achieving excellence in what they do best and to collaborate based on their strengths.**

### Objectives

- To provide more effective means of recognising and rewarding excellence in provision across the full range of activities set out in our plan.
- To maximise the benefits which the HE sector delivers to its staff, students, employers and civil society across the full range of its activities, by encouraging more collaborative working.
- To encourage and support all HEIs to develop a clear and distinctive mission and strategy, building upon identified areas of relative strength while also sustaining the shared aims and common expectations of all HEIs across key common areas of activity.
- To support HEIs investing in their areas of strength, and to help institutions to reposition themselves within the sector as they pursue their specific mission.

### Key performance targets [draft]

The primary performance targets for this aim are incorporated within the four core strategic aims. The success of our approach to building on institutions' strengths can be judged mainly by the extent that it supports achievement of these. The key supporting target is:

- By 2006, all HEI corporate plans to identify clearly both how the institution will develop and sustain distinctive excellence in one or more of its areas of relative strength, and its plans for collaboration related to its mission.

### Introduction

1. We have recognised the achievements of HE in England and highlighted the challenges that the sector faces. Achieving the national policy aims set out in the higher education White Paper, and implementing our strategy in response to these aims, will require changes in the way HEIs plan and conduct their work. It will also require changes in the way we engage with them in funding their activities and supporting their corporate and strategic planning.

2. More fundamentally, we believe that the pressures for change to which our strategy responds are likely to lead over time to the development of an HE sector which is significantly different – in its structure, organisation and approach – to what we see now. Universities and colleges need to consider now how they will respond, individually and collectively, to the challenges that change of this order will present.

3. Our vision is for an HE sector in which institutions are at once more diverse and increasingly interconnected. We aim to support institutions in focusing on their strengths while building new partnerships based on complementary missions. We aim to help institutions, and the sector as a whole, to respond effectively to global competition, and to become more firmly grounded in the needs of their regional economies and communities. The outcome should be a sector working to common standards of excellence to achieve shared goals across a wide range of activity.

4. Underlying our plans for each of the four core strategic aims discussed above are four important assumptions:

- a. All HEIs should aim for excellence in all that they do.
  - b. While it is right to expect the sector to strive for excellence across the full range of activities envisaged in our plan, individual institutions should be more selective. All HEIs should develop missions which focus upon achievable individual chosen areas of strength, and which provide for collaboration across a broader range of activity.
  - c. Within this distribution there will be activities which all HEIs are expected to undertake, and areas in which some have elected to specialise.
  - d. Our funding arrangements should recognise and advance this pattern of activity, with targeted funding made available to support focused excellence in activities underpinning each of the four core strategic aims.
5. This approach to funding will enable and encourage institutions to develop distinctive missions building on their areas of relative strength. It will enable them to choose the areas in which they plan to achieve particular excellence – within a coherent national framework. We will expect all institutions receiving Council grant to engage in certain activities, but in different ways and striking different balances in the emphasis they give to each. We will make available additional funding beyond our core grant in all the strategic areas, allocated in response to the institutions' own aims and missions. There will be less emphasis on special programmes with more narrowly focused and externally determined priorities. We aim over the planning period to build up this funding to the point where substantial additional rewards are accessible to institutions achieving particular excellence under any of the aims.
6. In particular:
- a. We have already consulted on a new approach to funding for **widening participation**. We expect all institutions to contribute to achieving national objectives in this area, including widening and increasing participation and fair access, in exchange for our core funding. We plan to make available additional funding for institutions that have a distinctive mission in this area, and a correspondingly large proportion of students from non-traditional backgrounds.
  - b. All HEIs will continue to be expected to sustain high-quality **learning and teaching**, and to undertake scholarship to support this, funded from our core grant. At the same time we are developing plans to reward particular excellence in learning and teaching, through targeted funding for Centres of Excellence in teaching. We are also proposing rewards for particular excellence in this area through extended funding for human resource strategies.
  - c. Our funding for **research** will necessarily continue to be highly selective. All HEIs could undertake research, selectively and funded from a variety of sources, in keeping with their own research strategy. Institutions and departments aspiring to excellence in basic research in particular disciplines will be required to submit the staff they consider appropriate to future assessments, on similar lines to the Research Assessment Exercise. HEFCE funds will continue to be allocated by reference to judgements of national and international excellence.
  - d. All HEIs should engage with their regional and local communities, contributing to **economic and social development**. Additional funds will enable some to develop this role further. Some HEIs could, as their distinctive form of excellence, develop themselves as partners in Knowledge Exchanges, becoming the regional or sub-regional focus for intensive engagement with business and the community. These HEIs will not necessarily have undertaken the research whose application they support; their specific expertise would be in understanding and meeting the needs of the user community. This funding could also support the development of innovative collaborations between HEIs and a range of bodies outside the sector.
7. Running across all these activities we will build up our support for institutions engaging in **collaborative activities** based in their chosen areas of strength. Increasing collaboration, between HEIs and with other bodies, will be essential to achieve

our strategic aims. We will deploy money allocated by the Government to introduce a new strategic development fund. This will support structural change and increased collaboration, in a range of forms, between institutions – including with further education colleges. We are looking at ways to support institutions that need to reposition themselves within the sector, developing and implementing realistic missions driven by excellence.

### **Risks and dependencies**

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That institutions 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 institutions do not manage change effectively or allocate their resources appropriately in order to support the achievement of excellence in their chosen mission.



# Developing leadership, governance and management

## Aim

**To provide support, through a broad-based partnership, to enhance further the sector's leadership, governance and management.**

### Objectives

- To help HEIs enhance their capacity in leadership, governance and management, equipping themselves to respond to the challenges posed by a more competitive national and international HE market, as well as changes in the policy environment.
- To develop a new accountability relationship with the HE sector based on increasing stakeholder confidence (both by promoting success and by helping to minimise the risk of avoidable failings).
- To promote a more sustainable approach to rewarding and developing staff who work in HE.
- To help institutions develop a more demonstrably fair and supportive environment for their staff.

### Key performance targets [draft]

The primary performance targets for this aim are incorporated within the four core strategic aims. The success of our approach can be judged mainly by the extent that it supports achievement of these. They are supplemented by a target in relation to the staffing profile of HEIs:

- By 2008 all HEIs will show measurable improvements in at least one dimension of equal opportunities.

## Introduction

1. We recognise that universities and colleges are autonomous institutions and should decide for themselves how best to lead and manage their activities. While the sector has significant areas of strength, the major changes facing higher education will be a considerable challenge to its leadership, governance and management. In particular, institutions seeking to increase their competitive advantage by moving towards a more selective mission will not only need to identify clearly which strengths they can build on, but must also design and implement new management processes to support them. Leading such strategic changes will be demanding.

2. We welcome the proposals in the HE White Paper to support strong leadership and management in universities and colleges, and to reduce the administrative burden placed on them. By working with the sector in a supportive partnership and within this framework, we can help them to achieve both their own aims and our strategic goals.

## Leadership

3. Central to this part of our strategic plan is a focus on **leadership**. We define leadership as agreeing strategic direction in discussion with others and communicating this within the organisation; ensuring that there is the capability, capacity and resources to deliver planned strategic outcomes; and supporting and monitoring delivery. As such this embraces elements of governance and elements of management.

4. Our work will support the sector's own strategic framework for leadership development through a

new Leadership Foundation, which will broker access to the highest quality provision and support drawn from across the world and from other sectors. It is intended that the foundation will be customer-focused and flexible enough to meet the diverse needs of institutions as they respond to economic and policy-driven change.

## Management

5. We will develop a complementary programme of investment to enhance management capacity and capability. We will research, develop, communicate and encourage good practice in leadership, governance and management within English HE to help improve the service delivered to students. Because institutions may need to re-focus their activities to build upon their strengths, we will pay particular attention to supporting them in developing effective strategic and operational planning, informed decision making, and investment in staff and key processes. We recognise that this requires substantial investment in people, good practice and governance.

6. The development of the people who work in HE underpins the delivery of all our key objectives. It was an important theme in the Government's recent White Paper. The sector needs to recruit and retain staff of high quality, and to ensure that they are suitably developed, motivated and rewarded. This requires the continuing development of human resources systems and processes. Reward systems need to be aligned to each institution's distinctive mission. Peer esteem and career development must recognise achievement not only in research but also in teaching and in forging links to business and the community. This should apply equally to support staff, whose role in facilitating academic activity is crucial to the sector's success.

7. We will continue investment through our initiative for rewarding and developing staff. We shall withdraw the restrictions on how this funding may be used as the activities it supports become embedded in each institution's practice. Although good progress has been made both at institutional level and through national agreements, more remains to be done. The rate at which the funding can be mainstreamed may vary between institutions.

## Governance and good practice

8. It is clear that demands on institutional governance will increase. This reflects trends throughout the world, in the public and private sectors. It also reflects the growing demands made by students and government. Both require greater assurance that individual and public investment will produce the personal, economic and social returns that are essential to continuing economic growth and social cohesion. Effective governance is crucial to ensure that the leaders of universities and colleges are appropriately challenged (and supported) as they work to set the strategic direction for their institutions, building on established strengths and managing increasingly significant and rapid change.

9. Our main means of investing in governance and good practice will be through the integration of the Value for Money initiative and the Fund for Development of Good Management Practice to create an enhanced leadership, governance and management fund. We envisage that this will be co-ordinated with the sector's own strategic framework for leadership development mentioned above. Since institutions must increasingly both collaborate and compete in international markets, the new fund, and the Leadership Foundation, will draw on best practice throughout the world.

10. The fund will help institutions to develop and share good practice, supporting improvements in the management of resources and increasing use of benchmarking across the sector. The sector's success in achieving savings through better practices, and in improving management information through better costing and estate management statistics, demonstrates the high return that can be achieved from relatively modest investment. We will also continue to support university and college governors in their programme for self-development.

## Reducing the burden

11. A common element in all these actions is our aim to build a new relationship with HEIs. We wish to reduce the administrative burden on the sector by moving away from an audit-focused accountability relationship towards helping the sector to build stakeholder confidence through visible good practice.

12. Accountability mechanisms are clearly important where there are significant investments of public money, and we take our responsibilities seriously in this regard. However, we believe that such accountability can normally be best secured through institutions' own systems of control and risk management. Our audit activity may then be smaller in scale and better targeted. We will work towards this within the framework established in the report of the Better Regulation Task Force, and in the light of the recommendations by the HE-focused taskforce chaired by Professor David VandeLinde.

### Promoting diversity

13. We will play our part in enabling the sector to achieve a good reputation for promoting equal opportunities and diversity. Our commitment to promoting diversity within the staff and student bodies in HE runs through all our strategic aims and is embedded within our policy development processes. This approach is demonstrated by our race equality scheme. We apply the same principles to other diversity issues.

14. We have required institutions to produce targets for equal opportunities as part of their human resources strategies, and have in particular supported them in developing and implementing their own race equality policies. We will continue to support a newly enhanced Equality Challenge Unit; to fund research programmes relating to equal opportunities; and to encourage and support improvements in human resources systems and processes.

### Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That the leadership, governance and management of institutions do not continue to have the capability or capacity to ensure long-term viability and compliance with our Financial Memorandum.
- That stakeholders perceive that the quality of leadership, governance and management within HEIs is poor, leading to an increase in the accountability burden.



# Excellence in delivery

## Aim

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

### Objectives

Our strategic priorities for our own organisational development across the planning period are:

- To ensure that the needs of our stakeholders are met.
- To ensure optimum use of our staff and other resources.

### Key performance targets [draft]

- By December 2008, HEFCE to be assessed by the European Foundation for Quality Management as maintaining level 2 – ‘Recognised for Excellence’.

### Introduction

1. Our performance as an organisation has a major impact on how over £5 billion of public money is spent each year; on how well it is accounted for; on what outcomes the spending delivers, and how far good value for money is secured. It affects how institutions 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 here and overseas.

2. We will strive to operate in an open and transparent way, giving confidence to our stakeholders that we behave with integrity and work to consistently high standards. In our dealings with the HE sector, our aim will be at all times to achieve standards of good practice that the sector itself recognises as appropriate. We will seek continuously to improve our own internal activities and processes, making the most of our own resources and minimising institutions’ costs in meeting our requirements.

3. Our commitment to working in partnership is highlighted in our mission statement, and is crucial to our capacity to deliver our strategy. We attach the greatest importance to engaging systematically with our key stakeholders, including different parts of government. This entails understanding their expectations, and taking their views fully into account in developing and implementing our strategies, policies and funding methods. We will provide sound and timely advice to the Government on the necessary level of running costs to deliver our objectives.

4. In addition to activity specifically to deliver our strategy, we undertake a number of operations

essential to our role as a funding body. These include collecting data, allocating funding, paying grant, monitoring outcomes, and audit and accountability checks. There are also overarching activities such as our international programme and our own operational planning. We aim to continue all of these, to steadily increasing standards of excellence, throughout the life of the plan.

5. To achieve our aims we must be a learning organisation with a culture of high quality and progressive people-focused management policies. We attach a high priority to supporting, rewarding and developing our people so that we continue to have a skilled, knowledgeable and well-motivated staff for whom the experience of working for the Council is a positive stage in their careers. We will continue to develop management and working practices, including practices in recruiting and rewarding our staff, that reinforce this and encourage all our staff to aim for and achieve the highest standards.

6. To validate our achievement of these aims we will continue to monitor, through regular surveys of institutions and other key stakeholders, their perception of relations and communications with the Council, and of our role and effectiveness as an organisation.

## Risks and dependencies

The key risks to achieving our strategic objectives under this aim, that we have taken into account in preparing this plan, are:

- That there is a mismatch between the Government's priorities, the views of key stakeholders and our core strategic aims.
- That our leadership, governance, and management (of resources, key processes and relationships) and system of internal control do not effectively support delivery of our core strategic aims.

# Implementation and monitoring

1. We already have action in hand towards many of the aims and objectives set out in this plan. We will initiate further action through our annual operating plans.
2. We remain committed to consulting and working in partnership with our stakeholders. This plan has itself been produced in consultation with the sector and with other key stakeholders. We have already consulted on how to carry forward several of the core elements in it and will consult further in the future.
3. We will work closely with the Department for Education and Skills to implement the plan for action set out in the White Paper, 'The future of higher education'. We shall define responsibilities to ensure that we work together effectively in partnership and to limit the burden placed on institutions by our strategy.
4. Progress against the operating plan will be monitored quarterly and reported to our Board. The Board is establishing committees which will monitor progress in implementing our strategy under each of the four core strategic aims. We will monitor our progress against the key performance targets in this strategic plan and report on this to Ministers and in our annual report.
5. We will review this strategic plan after three years and consider what changes may be required at that time.

# Annex A

## Financial and resource information

### Council administrative costs

	(£ million)		
Financial year	2003-04	2004-05	2005-06
HEFCE running costs	15.3	TBA	TBA

TBA = to be announced

### Publicly planned HEFCE sector funding

	(£ million)		
Financial year	2003-04	2004-05	2005-06
Spending Review outcome HEFCE grant	4,931	5,166	5,596
Public contributions to fees	412	421	432
Student contributions to fees	417	442	469
OST funding for HEIF	40	61	70
Capital grants			
for IT and other capital	206	376	441
for research	158	208	208
Cost of capital and depreciation	-12	-11	-10
Access and hardship funds	116	94	89
<b>Total</b>	<b>6,268</b>	<b>6,757</b>	<b>7,295</b>
Student numbers (FTEs in thousands)	1,053	1,070	1,092

# Annex B

## Risk management framework

The key risks that we have identified fall into four stratified groups, or key risk areas.

### 1. Funding and our relations with government

We have identified one key risk in this area: of failure to secure sufficient funding from the Government to deliver our mission and aims.

This risk runs across all of the activities planned under the seven strategic aims. We plan to mitigate this through three principal courses of action:

- a. Ensuring that we work closely with the Government, through our sponsor department the Department for Education and Skills, to understand as fully as possible the implications of current and emerging national policies and spending plans and how these will affect HE.
- b. In partnership with the sector, offering to the Government in good time the best advice that we can on the needs and aspirations of the sector, and on the costs of achieving these and of delivering government policies.
- c. Supporting and encouraging HEIs to develop strong financial management systems, to build up adequate reserves, and to spread their income sources by developing other sources of funding.

### 2. Management and leadership within HEFCE

We have identified two key risks in this area. These are set out in the section of our plan on excellence in delivery, and the action plan summarised in that section was designed to take them into account.

### 3. Management and leadership within HEIs

This area of risk is considered in the sections of our plan on developing leadership, governance and management and on building on institutions' strengths. We have identified four key risks divided between these headings, and again the plans set out in these sections were developed taking the risks into account.

### 4. HEFCE and our partners delivering specific objectives for our core strategic aims

Within the sections of our plan relating to our four core strategic aims we have identified a number of risks in relation to the achievement of particular objectives related to those aims. The plans were drawn up taking them into account.