

July 2008/27

**Policy development
Consultation**

Responses should be made online by
Friday 17 October 2008

This consultation invites a debate on the approach we are taking to support the development of new higher education centres in the light of the Government's policy framework set out in the Department for Innovation, Universities and Skills publication 'A new "University Challenge"'.

July 2008/27

A new 'University Challenge': consultation on proposals for new higher education centres

Alternative formats

This publication can be downloaded from the HEFCE web-site (www.hefce.ac.uk) under Publications. For readers without access to the internet, we can also supply it on CD or in large print. Please call 0117 931 7035 for alternative format versions.

© HEFCE 2008

The copyright for this publication is held by the Higher Education Funding Council for England (HEFCE). The material may be copied or reproduced provided that the source is acknowledged and the material, wholly or in part, is not used for commercial gain. Use of the material for commercial gain requires the prior written permission of HEFCE.



Contents

	Page
Executive summary	3
Background	5
What HEFCE has been asked to do	6
HEFCE priorities	8
The priorities of other funding bodies	9
Criteria for establishing successful HE centres	11
Assembling evidence for new HE centres	11
Making a case for new HE centres	12
Timetable	14
 Annexes	
Annex A Some examples of existing HE centres	15
Annex B Higher education centres: capital and revenue funding	16
Annex C List of abbreviations	18
Annex D Consultation questions	19

A new 'University Challenge': consultation on proposals for new higher education centres

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of indirectly funded further education colleges with higher education provision
Of interest to those responsible for	Senior management, Policy development, Finance, Planning
Reference	2008/27
Publication date	July 2008
Enquiries about the consultation to	Ruth Tucker tel 0117 931 7367 e-mail r.tucker@hefce.ac.uk
Expressions of interest to	HEFCE regional consultants or regional advisers

Executive summary

Purpose

1. This consultation invites comment on the approach we are taking to support the development of new higher education (HE) centres in the light of the Government's policy framework set out in 'A new "University Challenge"'¹.

Key points

2. The publication 'A new "University Challenge"' sets out the Government's plans to open up opportunities for towns and cities to bid for new university campuses and higher education centres. It underlines the importance of universities and HE provision to national economic and social success.

3. The Government's objectives for new HE centres are that they should:

- unlock the potential of towns and people
- drive economic regeneration
- demonstrate an ability to deliver.

4. The Government has asked HEFCE 'to lead a debate with a wide range of organisations to develop a transparent mechanism for communities to put together a bid for funds for a higher education centre or university campus'.

¹ The Department for Innovation, Universities and Skills publication 'A new "University Challenge": unlocking Britain's talent' can be read at www.dius.gov.uk under Policy/Higher Education.

5. The new HE centres are intended to support wider benefits to communities and business. Crucial to their development and success will be the combined investment in them made by the range of bodies with a role in regional and local developments. These include the Regional Development Agencies, local authorities, the business community, education partners and community groups.

6. For its part, HEFCE expects the new HE centres to offer a high-quality HE experience to all learners and contribute to the Council's strategic aims. Specifically it will look at the extent to which proposals for centres address the creation of a highly skilled workforce with relevant skills for the local business community, increase higher-level skills particularly for those with no previous experience of HE and support appropriate progression arrangements. Also, proposals will need to be supported by evidence of new, sustainable demand for studying.

7. Subject to receiving high-quality bids, HEFCE is asked to take decisions to support 20 new HE centres by 2014.

8. This consultation focuses on HEFCE's approach to assessing proposals for the new HE centres, the priorities of other funding bodies, a common evidence base, and the criteria and process for making a case for a centre.

9. HEFCE's funding contribution to support capital and infrastructure costs for the new centres will be allocated from the Strategic Development Fund (SDF). The total amount of money in this fund to support this and other initiatives, for the period up to 2010-11 is £150 million.

10. HEFCE's funding will be provided through the lead institution. Where there is a substantial capital investment in an HE centre, HEFCE will channel the funds through a higher education institution (HEI) to satisfy the formal accountability requirements. During the period of this initiative, some further education colleges (FECs) may gain

foundation degree awarding powers and may wish to lead a proposal for a more focused HE centre, in partnership with an HEI and other local partners. We will consider such proposals.

Action required

11. Responses to this consultation should be made by **Friday 17 October 2008**, using the online response form which can be accessed on the HEFCE web-site, www.hefce.ac.uk, alongside this document under 2008 Publications. Lead institutions that wish to lodge an expression of interest in making a proposal for an HE centre during the consultation period should contact their HEFCE regional team.

Background

12. On 3 March 2008, the Government published a paper announcing 'A new "University Challenge"'². In the foreword, the Secretary of State for Innovation, Universities and Skills set out the Government's view of the importance of 'accessible higher education'. This encompasses widening participation to 'young people and adults who might otherwise never think of getting a degree', the provision of 'skills and knowledge transfer that enables local businesses to grow and attract new investment to the area' and 'making a real difference to the cultural life of our towns and cities'. The breadth of potential benefits means that interest is generated from increasing numbers of towns in having higher education provision available locally.

13. In this context, the Minister of State explained in the foreword to 'Higher education at work – high skills: high value' (2008)³ that:

'Higher-level skills – the skills associated with higher education – are good for the individuals who acquire them and good for the economy. They help individuals unlock their talent and aspire to change their life for the better. They help businesses and public services innovate and prosper. They help towns and cities thrive by creating jobs, helping businesses become more competitive and driving economic regeneration.'

14. 'A new "University Challenge"' sets out plans to open up opportunities for towns and cities to bid for new university campuses and higher education (HE) centres, and underlines the importance of universities and HE provision to national economic and social success. The new HE opportunities will be provided in those towns and communities that can best demonstrate that they have support from local people and businesses, and where the extension of HE provision will have the greatest impact as well as continuing to support existing developments.

15. 'A new "University Challenge"' describes a variety of ways in which local HE, taught or supported by universities, is already benefiting communities. To develop this further, the Government has asked HEFCE to 'lead a debate with a wide range of organisations to develop a transparent mechanism for communities to put together a bid for funds for a HE centre or university campus'. 'A new "University Challenge"' sets out the objectives that the Government wishes to see achieved through local HE. It asks HEFCE to develop an approach to funding new centres that reflects those strategic imperatives, working in partnership with other fund holders. The Government's objectives for new HE centres are:

- **unlocking the potential of towns and people:**
 - widening participation and unlocking talent
 - attracting, nurturing and retaining talent in an area
 - contributing to social cohesion
 - underpinning population growth strategies
- **driving economic regeneration:**
 - creating a highly skilled workforce, with relevant skills for the local business community
 - job creation
 - stimulating entrepreneurship
 - engaging with business to solve problems and boost innovation and competitiveness
- **ability to deliver:**
 - collaboration between universities, and between universities and further education colleges
 - strong, coherent support from local partners, ranging from small businesses to regional development agencies, local authorities and, where appropriate, those holding European funds
 - long-term and sustainable planning
 - management capacity.

² The Department for Innovation, Universities and Skills publication 'A new 'University Challenge': unlocking Britain's talent' can be read at www.dius.gov.uk under Policy/Higher Education.

³ The Department for Innovation, Universities and Skills consultation 'Higher education at work – high skills, high value' can be found at www.dius.gov.uk under Consultations and Discussion.

16. Working with HEFCE, the Government proposes to extend the benefits to more communities by increasing the opportunities for HE. In the period up to 2014 its aim is to have 20 new university campuses or HE centres either open or for which funding has been committed. When fully operational, these should provide places for some 10,000 students. There is no single model for a new HE centre, although it is likely that most new HE centres will be based in, or linked with, existing providers offering new opportunities.

17. Further education colleges (FECs) as well as higher education institutions (HEIs) have an important role in developing locally based HE, in providing and supporting progression routes to HE and in harnessing their expertise in working with local businesses to develop skills. As 'A new "University Challenge"' made clear, it is likely that most proposals for new HE centres will involve collaboration between HEIs, and between HEIs and FECs. That document also made clear that the policy should not blight consideration of proposals that are currently with HEFCE or would come forward in the very near future.

18. The Government's objectives reflect a number of HEFCE's existing aims. In the Council's strategic plan, we say that universities and colleges have a growing part to play through local, regional, national and global partnerships, sharing expertise and facilities to support regeneration and growth; and that we want to help foster this interest by supporting HEIs in their contributions to the wider social agenda in terms of civic engagement and developing democratic values, and in supporting and helping to regenerate communities. However, as with other HEFCE policies, it should not be assumed that all the funding should come from a single agency. Indeed, paragraph 23 of 'A new "University Challenge"' makes explicit that high-quality proposals should involve both HEFCE support for HE and resources from other bodies such as Regional Development Agencies (RDAs) and local authorities.

What HEFCE has been asked to do

19. The debate that the Government has asked HEFCE to lead should be conducted in the light of the policy framework set out in 'A new "University Challenge"' and in particular should address the benefits it identifies as arising from good new local centres.

20. The debate will be widely based, covering those involved in regeneration and local economic development – RDAs, local authorities, the business community at both national and regional levels, community groups – as well as HE providers.

21. The mechanism for bidding should develop an approach to funding that reflects the range of support required to realise the wider benefits from developing HE centres locally. The process and next steps for considering bids are set out in paragraphs 74-77 of this document. In particular, as paragraph 75 makes clear, there is not a fixed bidding timetable. Instead, HEFCE can receive proposals at any time, and there is an ongoing approval process. The process of developing a proposal is iterative and, as a first step, the lead institution should discuss its outline proposal with its HEFCE regional team. Details of the SDF process are published in 'Strategic Development Fund: updated guidance – 2007 onwards' (HEFCE 2007/22).

22. Subject to receiving high-quality bids, HEFCE is asked to take decisions to support 20 new HE centres by 2014.

Increasing the availability of higher education in communities without a university

23. The HE sector often, though not always with special funding from HEFCE, has developed HE centres in new or refurbished buildings. Some of these have been co-located with an FEC, but sometimes they have been university outreach centres in converted premises. Where public funding has been sought from HEFCE, we have often not been the sole funding body. Sometimes the HE centre has been part of a larger further education/HE development drawing in funding from, for example, the Learning and Skills Council,

local authorities and, where economic regeneration is a priority, RDAs, as well as funding from HEIs and colleges themselves.

24. HEFCE has already invested significant amounts of capital funding and additional student numbers in HE centres over several years. The total amount already allocated is in the order of £130 million, including £9 million repayable grant. Annex A describes a number of existing centres to indicate the wide variety of different approaches taken. The table at Annex B provides summary information on many of the projects to which we have contributed funding. This gives an indication of the scale of investment to individual projects by the Council and other bodies.

25. HE centres can be regarded as an organic development from the local access to HE provided through HEIs working with FECs, established for many years. FECs have either built up their own directly funded HE courses or have provided courses indirectly funded through an HEI.

26. While much of the provision is very successful, HE in FECs has not grown as a proportion of all HE, and there is undoubtedly some provision which has not been planned as strategically as it might have been and is not well connected to progression opportunities. In consequence, we are implementing a new strategy for the development of HE in FECs, which seeks a more strategic approach from FECs and their HEI partners. We are interested in how a college's HE provision relates to other HE provision locally and regionally, how it meets identifiable needs and, in doing so, how it adds value. This responds to the Government's statement of policy for the development of HE in FECs set out in the 2006 White Paper 'Further education: raising skills, improving life chances'⁴.

Funding

27. As signalled in the Success Criteria in 'A new "University Challenge"', investment in the new HE centres will depend upon contributions from a range of bodies, including regional agencies, local

authorities and business and community groups, as well as from HEFCE. Consistently with the funding pattern for centres that have already been supported and the analysis in 'A new "University Challenge"', HEFCE will expect that any proposals for its funding for HE centres will also secure from other bodies a significant proportion of the total funding required. It will, though, be for HEFCE to decide whether or not to fund any particular proposal.

28. HEFCE's funding contribution to support capital and infrastructure costs for the new centres will be allocated from the Strategic Development Fund (SDF) which has an overarching priority to facilitate constructive development and change in the HE sector at a strategic level. The total amount of money in this fund for the period up to 2010-11 is £150 million. The development of new HE centres is one of a number of priority programmes for which the SDF can currently offer funding but, as can be seen from the case studies in the annexes to this paper, many successful projects involved multiple funding partners and have taken time as well as money to develop. It is likely therefore that only a small proportion of the SDF will be needed for this initiative during this spending review period. Subject to the outcome of the next Comprehensive Spending Review, we would anticipate the SDF remaining at least at the same level until 2014.

29. We expect that the call on the fund to support HE centres will vary substantially, reflecting differences in the scale of the proposals and in the extent to which partnerships have already made capital investments to develop HE locally. Thus in many cases, where, for example, an FEC and one or more HEIs have already established an HE centre, which might be only part of a building within a college, the support required from HEFCE to develop that into a designated HE centre might be mainly through the allocation of fully funded or employer co-funded additional student numbers.

30. We are already working with some institutions and partners on proposals to develop HE locally,

⁴ 'Further education: raising skills, improving life chances' can be read at www.dius.gov.uk under Further Education/2006 White Paper.

and we will continue to progress these and take decisions on their support in the normal way during this initial consultation period and the development of the new process.

31. As with all our spending, we will decide to invest in an HE centre only when we are satisfied that to do so will be an effective use of public funds. Also, since all the evidence suggests that it takes both time and money to develop high-quality proposals, and HEFCE's resources for strategic investment resources are finite, it is possible that some initial proposals will not prove to be sufficiently convincing for funding to be allocated. In the interests of all parties, we would expect to make this clear early on rather than later when expectations have become heightened.

32. Where we make a substantial capital investment in an HE centre, we will channel the funds through an HEI, to satisfy the formal accountability requirements. During the period of this initiative, some FECs may gain foundation degree awarding powers and may wish to lead a proposal for a more focused HE centre, in partnership with an HEI and other local partners. We will consider such proposals.

HEFCE priorities

33. The new HE centres are intended to support wider benefits to communities and business. Crucial to their development and success will be the combined investment in them made by the range of bodies with a role in regional and local developments. Although each of the investors will have their own priorities and interests, in some cases there will be priorities that are of legitimate interest across a range of partners.

34. For its part, HEFCE's role relates to the development of HE, helping the Council to meet the aims and objectives set out in its strategic plan,

including the aims to sustain a high-quality HE sector, to widen participation and to enhance the contribution of HE to the economy and society. The new HE centres will offer a high-quality HE experience to all learners and contribute to all these aims.

35. The Government has asked us to lead a debate along the lines set out in paragraph 15 above. These fit well with the broad priorities that our Board has determined for the SDF in that they involve:

- a. The development of substantial collaborative arrangements.
- b. Strategic change or development in institutions where they build on institutional strengths and/or provide benefits to the wider HE sector.
- c. Projects where the scale or degree of risk would be too great for a single institution to undertake, but where the outcomes would provide significant benefits to the sector and meet our strategic priorities (HEFCE 2007/22).

36. Against that background and in assessing whether proposals meet the overarching objectives set out in paragraph 15 above, HEFCE will look in particular at the extent to which any proposals for the new HE centres address the following issues.

The creation of a highly skilled workforce, with relevant skills for the local business community

37. The new HE centres should increase the HE provision available locally, especially where low levels of HE provision coincide with low levels of participation in HE. They will be important in widening participation and unlocking talent. The HE centres, supported by multiple partners, have the potential to make an important contribution to raising the skills capacity of those already in the workforce. This is a major aim of the Government consultation 'Higher education at work – high skills, high value'⁵.

⁵ The Department for Innovation, Universities and Skills consultation 'Higher education at work – high skills, high value' can be found at www.dius.gov.uk under Consultations and Discussion.

Increasing higher-level skills particularly for those with no previous experience of HE

38. The HEFCE 2008 grant letter⁶ highlights the need to achieve lasting and sustainable change in the HE sector in contributing to the Leitch agenda for developing higher skills⁷. We expect providers to respond increasingly to the need for HE that will develop workplace skills and enhance the employability of the individual, and that will encourage widening participation. Meeting demand from adults in the workplace who missed out on HE when they were younger is an essential part of widening participation. So is widening participation among younger learners, including school and college leavers who might not enter HE at all unless it is locally accessible. The evidence to date from existing university centres suggests that they can be attractive to both relatively young and relatively mature learners.

Supporting appropriate progression arrangements

39. An important feature of the HE centres will be to provide clear and coherent opportunities and routes for students to progress to higher-level skills. FECs are well placed to provide progression routes from level 3 programmes into HE, and centres involving partnerships of FECs with HEIs will be in a strong position to increase opportunities and to build on the arrangements already put in place through the Lifelong Learning Networks.

Ensuring that proposals for new centres are supported by evidence of new, sustainable demand for studying

40. It is important for the development and health of HE overall, as well as for the regeneration of communities, that the new centres provide HE in response to new local demand from people and business and do not simply displace HE activity that would have taken place elsewhere. The new HE centres will need to be sustainable in terms of their recruitment and financial viability over time.

Consultation question 1

Do you agree with the approach outlined above for HEFCE to assess proposals for new HE centres, as the Secretary of State has requested?

The priorities of other funding bodies

Driving economic regeneration

41. The RDAs will have their own priorities for jointly funding HE centres in particular locations. These will include the RDAs' objectives in linking the regeneration impacts of HE centres with the priorities set out in Regional Economic Strategies, how they are underpinned by their corporate plans and the broader aspirations of RDAs in linking HE to innovation, research and knowledge transfer.

42. The HE centres will support regeneration of communities in a number of ways: through knowledge transfer, helping businesses locally to solve problems and improve their competitiveness; and as a stimulus for engaging the community, gaining energy and support from local people and businesses, and attracting new investment to the area. The contribution of a centre to both economic development and social benefits should have a 'multiplier effect' on the regeneration of its community.

Employers' training and skills needs

43. New HE centres would be evaluated, at the application for funding stage, in the context of how the proposal meets the needs of local, regional and national employers. This would include an assessment of skills needs and the relationship to curriculum development. Evidence of direct involvement of employers in plans for new centres would strengthen the case for any proposal.

⁶ The grant letter to HEFCE from the Secretary of State for Innovation, Universities and Skills can be read at www.hefce.ac.uk under Finance & assurance/Finance and funding/Grant letter from Secretary of State.

⁷ The Leitch Review of Skills can be read at www.hm-treasury.gov.uk under Independent reviews.

Local and community needs

44. Local authorities often invest in the development of HE in particular communities. The case studies at Annex A and the table at Annex B show examples of some investments already made. Local authorities have invested and supported the development of HE centres in a number of ways, including direct financial support, ceding land or buildings, or through linking the HE centre to other local community developments.

45. New HE centres should cater for the needs of the local community in providing access to HE for the local population and in gearing the HE provision towards vocational routes through further education (FE), into and through HE.

46. A range of other community needs would be addressed by new proposals and assessed to determine the impact on the local community. This might include, for example: the economic impact on the local community in terms of retaining adults and young people in education; the potential impact on the value placed on education by local communities (cultural, economic, aspirational issues); and the links that a HE centre would make with the local community in terms of outreach activities.

47. New HE centres would have the potential to be closer to their local communities than larger HE providers such as universities and would be in a strong position to influence the local understanding of HE and progression routes through FE and vocational skills development.

Regeneration and stimulating economic development

48. The regeneration effects of a new HE centre would need to be considered.

49. HE centres have regeneration impacts in several different ways:

- creating a highly skilled workforce, with relevant skills for the local business community

- job creation, by changing/improving the local skills base and identifying new opportunities for the private sector, linked to HE
- stimulating entrepreneurship and drawing in private investment as a result of improvements to the area
- engaging with business to solve problems and boost innovation and competitiveness.

50. There are a number of additional benefits of HE centres that other public agencies would support. These might include:

- improvements in Gross Value Added (GVA) particularly in geographical areas where there is currently a lower than national average GVA⁸
- links between HE centres and other local initiatives where public investment has been made by one or more agencies, for example a new FEC campus or a business, science or innovation park
- increased social inclusion
- decreased rural isolation in areas where access to existing HE institutions is difficult.

51. One or more of these regeneration impacts could form part of a proposal for a new HE centre, including quantifiable information on the predicted impacts, for example jobs created or private sector funding leveraged into the area as a result of the HE centre. These impacts would be of a lower importance in evaluating proposals than the impact of HE on such factors as increasing geographical access, and the higher-level skills of the local population.

Consultation question 2

Are there additional benefits that agencies and employers would support?

⁸ Gross Value Added measures the contribution to the economy of each individual producer, industry or sector in the UK.

Criteria for establishing successful HE centres

52. 'A new "University Challenge"', reflecting on the experience of existing HE centres, identifies four significant criteria by which to judge the potential for the success of an HE centre:

- collaboration between HEIs and between HEIs and FECs
- strong, coherent support from local partners
- long-term and sustainable planning
- management capacity.

Collaboration between HEIs, and between HEIs and FE colleges

53. This would draw on the strengths of the respective institutions through realisation of the benefits of collaboration, for example in curriculum development, responsiveness to local employers, progression and meeting the needs of students locally.

Strong, coherent support from local partners

54. A multi-partner approach to funding demonstrating the strength of the commitment would provide a firm foundation from to which to grow HE. Typical partners would be RDAs, local authorities and community groups.

Long-term and sustainable planning

55. HE centres need to be developed out of a regional and sub-regional strategy that includes a realistic appraisal of demand from potential students and businesses, and ensures value for money. New developments must meet local demand and guard against the mere displacement of students from one HE provider to another. It is essential that proposals for the new HE centres can demonstrate rigorous consideration of their impact, benefits and sustainability, in terms of developing HE as well as environmental, economic and social sustainability.

Management capacity

56. The objectives of partnerships involving multiple partners and large-scale investment would be realised through skilful management and governance.

Consultation question 3

In addition to these over-arching criteria for a successful HE centre would you identify any other criteria?

Assembling evidence for new HE centres

57. Paragraphs 33-51 discuss what we see as the framework of priorities and objectives for supporting a new HE centre. Although there is no single model for an HE centre, we believe it is important that there should be a common evidence base from which proposers can draw information to support their bids. The evidence base will be developed from data that are already collected. This will aid consistent consideration of the bids against the priorities and reduce the cost and administrative burden of making a bid for an HE centre. The factual evidence submitted will not of itself be sufficient to show whether a proposal should or should not be funded: there will inevitably be a need for HEFCE and for other funders to make a judgment about how information should be interpreted.

58. We propose that the common evidence base should help identify areas that, in conjunction with current low levels of HE provision, have need in terms of raising the skills for adults from Level 3 to Level 4, or have low levels of HE participation for young people. The common evidence base would provide information about three aspects:

- adult skills
- young participation
- accessibility of HE.

59. For these aspects we propose to use the following measures.

Adult skills

60. The evidence for determining the need for raising adult skills would be based on:

- the number of Level 3 qualified adults in a locality

- measures of the accessibility of existing HE provision
- any evidence suggested by the pattern of existing adult HE study.

61. For this evidence to be useful, it will need to be provided for small, local geographical areas, therefore we anticipate basing this analysis on 2001 Census outputs. Potential demand for extra HE provision, to a limited extent, would also be accounted for in this measure, since it is based on a population that is already qualified for HE entry.

Young participation

62. The measures for addressing low young participation in HE would use:

- recent young participation rates for small areas
- population figures
- measures of the extent of existing accessible provision
- evidence from the pattern of existing young HE study choices.

63. A measure of potential demand may also be included by looking at the numbers of young people with Level 3 qualifications who do not enter HE. However, we recognise the limits of measuring potential demand in this way because it could lead to overlooking areas where low levels of people with qualifications that prepare them for HE are a consequence of no suitable local provision.

Accessibility of existing HE

64. We will base the measures of the accessibility of existing HE provision on student records covering HE study in both HEIs and FECs. Recent enhancements in these records mean that we can now locate provision more accurately, including accounting for multiple campuses and provision delivered in FECs. Possible measures that we can consider as indicators of potential low HE provision include:

- the number of HE places available within a 45-minute journey for students
- the proportion of HE student entrants studying locally.

65. We would expect that that any proposal for an HE centre that aimed to raise adult skills and/or address low participation in HE should reference the common evidence base as a framework in support of its case. A proposal may offer additional evidence, or explain why the common evidence base does not provide adequate information, but we would still expect the common evidence base to inform the proposal.

66. We do not hold data that would enable us to provide a common measure of the need for economic regeneration. Also, some aspects of HE centre proposals, such as their particular effect on the local community, are not suitable for assessment against a common evidence base. We would expect proposals to be supported by evidence from relevant regional and local data and analyses. This would include evidence of demand, supported by reference to demand studies.

Consultation question 4

Do you agree with the measures proposed in paragraphs 57-66 for a common evidence base?

Consultation question 5

Are there other obtainable measures that should be included in the common evidence base?

Making a case for new HE centres

67. A case for a new HE centre will need to bring together convincingly the criteria and evidence outlined in the preceding sections. It will provide a strong evidence-based case for a sustainable HE centre, supported by key local and regional partners, and backed by a well managed and planned collaboration. It will provide a compelling case for investment, with the priorities for developing HE as the key criteria on which a decision about funding and investment will be made.

68. In addressing the priorities for a new HE centre, we expect any proposal to show how the centre will contribute to either the Leitch agenda for

higher-level skills or to widening participation, or to both. This might include developing or linking with appropriate progression arrangements. The proposal will also need to specify how the centre will provide new opportunities to educationally excluded groups and neighbourhoods. Economic development will be stimulated by appropriate knowledge exchange, for example building the small and medium-sized enterprise base of the local economy, while communities will be strengthened through action to make HE knowledge assets available to 'third sector' voluntary and charitable groups. Clear evidence that the HE centre will be primarily meeting untapped, latent, local demand will be essential to ensure a sustainable entity that does not destabilise existing HE providers nearby.

69. A good case will partly rest on evidence of serious local support and endorsement, signalled by substantial resource commitment and input to the project. Such local and regional partners will typically include employers and their representatives, as well as third sector groups, and agencies charged with regeneration and wealth creation, such as RDAs and Regional Skills Partnerships. The case for the centre will need to show a substantial economic and social 'multiplier effect'.

70. New HE centre proposals will need to demonstrate leadership and management capacity. This includes a strong collaboration able to spread risk, to demonstrate ability to plan well, and to offer an appropriate range of provision for identified needs. An established track record will be advantageous although not essential.

71. A proposed HE centre must in all cases demonstrate a robust underpinning evidence base in line with paragraphs 57-66. This means common data sources will be used where possible, complemented by evidence that supports the special features of the case, for example verifying claimed local needs or particularities. Because local circumstances vary there will not be a standard model for a HE centre. The nature of the evidence will therefore also vary but should in all cases draw on the common evidence base. Where a proposal does not, without good reason, make use of the common evidence base, or cannot reference appropriate local evidence through feasibility and/or demand studies commissioned and paid for by the

partners, this will imply that it is not ready for consideration by HEFCE for strategic funding.

72. There are many established and strong partnerships between FECs and one or more HEIs where capital investment may already have made provision for an HE centre within a college, but which has not been designated as such. This may be a building or part of a building given over to HE. The designation of an HE centre, with market indicators for growth of HE numbers, can have a number of benefits. The perceived status of the HE provision locally may be enhanced in the eyes of potential students and employers, further opportunities for collaboration may emerge and there may be a case for supporting growth through the allocation of additional student numbers. Such an HE centre may involve one or more partner HEIs with a college.

73. All proposals for HE centres will be benchmarked against guidelines to be developed by HEFCE based on previous experience and the outcomes of this consultation, including taking account of factors that relate to the interests of other funders.

Consultation question 6

Do you agree with the criteria in paragraphs 67-73 for making a case for an HE centre?

Consultation question 7

If yes, what information would help you assemble a case? Is there anything you would like us to clarify in announcing the final criteria in January?

The process for making a case

74. HEFCE will be the lead organisation in the process of inviting, and assessing, proposals for HE centres. This will be done in a way that accommodates the interests of other potential funders throughout the process. It is likely that the individual processes of the different funding agencies would be retained but we will seek to ensure there is transparency to help alignment between the

processes. This means that HEFCE and other funders would share information, including through discussion, regionally and locally about proposals at an early stage. Thus, other funders would retain their individual priorities, but wherever possible would take principal assurance from the HEFCE process. In this regard, the Council would be sensitive to the priorities of other funders, and would ensure processes fit with the considerations of the Higher Education Regulatory Review Group in respect of administrative burden.

75. HEFCE will consider proposals through the processes of the SDF, which is designed to be flexible and responsive. There is not a fixed bidding timetable. Instead, HEFCE can receive proposals at any time, and there is an ongoing approval process. The process of developing a proposal is iterative and, as a first step, the lead institution should discuss its outline proposal with its HEFCE regional team. Details of the SDF process are published in 'Strategic Development Fund: updated guidance – 2007 onwards' (HEFCE 2007/22).

76. Our regional teams are already working with a number of institutions in the early stages of developing proposals. Local authorities and other bodies that wish to be involved with the development of new HE centres will need to develop links with a local educational partner and at least one HEI.

77. We do not want the consultation process to lead to delays in developments in which partners are already involved or are planning. Therefore, we will continue to welcome initial expressions of interest for proposals that are not already being discussed with us, so that we can gauge the likely future demand and advise potential proposers of next steps. We are particularly keen to receive expressions of interest during the consultation period to help us gauge likely future demand. Those lead institutions that wish to lodge an expression of interest should contact their HEFCE regional team.

Consultation question 8

Do you agree with the process of inviting and assessing proposals described in paragraphs 74-77?

Timetable

24 July – 17 October 2008	Period for debate about the new 'University Challenge'.
23, 24, 26 September 2008	Presentations to support the debate with HE sector, employer and community organisations: 23 September – London 24 September – Leeds 26 September – Birmingham
July – October 2008	Lead institutions can lodge expressions of interest.
17 October 2008	Closing date for receipt of responses to the consultation.
20 October – 5 December 2008	Analysis of responses and development of new policy document.
17 December 2008	Report to HEFCE Board.
January 2009	Launch of new policy document.

Annex A

Some examples of existing HE centres

1. Examples of higher education (HE) centres co-located with further education colleges are to be found in the North East at Darlington, Hartlepool and Middlesbrough Colleges, all with the University of Teesside. The centres are staffed by lecturers from the colleges, and geared towards widening access and flexible progression routes through growth of locally based programmes and awards. In Lancashire, the University of Central Lancashire's HE centre in Burnley, due to open September 2009, is to be co-located with the relocated Burnley College. Burnley College and the University of Central Lancashire will deliver HE programmes within the same building, which will provide a range of opportunities to extend collaborative work.

2. In the South West and East a multi-partner approach has been taken, whereby HEFCE is not the major funding body. The Combined Universities in Cornwall (CUC) scheme includes in phase one £12.8 million from the South West of England Regional Development Agency and £24.7 million from the European Union, with £1.5 million from charities and other institutions. In phase two there was £12 million from the Department for Education and Skills and £9 million from the Office of the Deputy Prime Minister. HEFCE contributed £7.6 million spread across phases one and two. Phase three is in development. The higher education institution (HEI) and further education college (FEC) partners are the University of Exeter, University of Plymouth, University College Falmouth, Peninsular School of Medicine and Dentistry, and the colleges of Cornwall, Penwith and Truro. The CUC is important for economic regeneration, provision of graduates for regional businesses, building on links with employers, and developing the capacity for innovation and research. In serving rural areas, distributed and flexible learning are significant features of the provision. Widening and increasing participation are important, as is raising the skill level of people in employment.

3. University Campus Suffolk is jointly owned by the Universities of East Anglia and Essex, with the power to award joint degrees from these two universities. Alongside its own students, it has collaborative agreements with five FEC partners across Suffolk and into Norfolk at Great Yarmouth. HEFCE's contribution was £15 million. The other funding bodies include the East of England Development Agency (£10 million), Suffolk County Council (£22 million, of which £13 million was for land and £9 million for buildings), district councils and businesses (£3 million), and the two HEIs (£16 million). The provision is vocational and aimed at local people and businesses; it is distinct from that of the Universities of East Anglia and Essex.

Annex B

Higher education centres: capital and revenue funding

Region	HE centre	Proposed HEFCE funding	Proposed other funding
East	University centre at Peterborough Regional College with Anglia Ruskin University	£5 million	East of England Development Agency (EEDA) £3.85 million, Anglia Ruskin University £400,000
East	Centre at Harlow College with Anglia Ruskin University	£5 million	EEDA £3.85 million, Anglia Ruskin University £400,000
East	University Campus Suffolk with Universities of East Anglia and Essex	£15 million	EEDA £10 million, Suffolk County Council £22 million, district councils and businesses, £3 million, Universities of East Anglia and Essex £16 million
East	University of Essex at Southend	£4.1 million	University of Essex £2 million, Office of the Deputy Prime Minister £3.5 million, European Regional Development Fund (ERDF) £3.5 million, South-east Essex College £2 million, EEDA £3.7 million
North East	University of Teesside with Darlington College	£2 million	Learning and Skills Council (LSC) £13.5 million, ERDF and RDA £4.5 million, University £12 million
North East	University of Teesside with Hartlepool College	£1.5 million	LSC £1.5 million, ERDF and Single Pot £1.5 million, Hartlepool Borough Council £1.5 million, Hartlepool College £1.5 million
North East	University of Teesside with Middlesbrough College	£2.5 million	Phase 2: LSC £31.6 million, One North East £1.5 million, Middlesbrough College £24.3 million funding from disposals, bank loan £8.7 million.
North West	Lancaster University with Blackpool and the Fylde College	£4 million	Northwest Regional Development Agency (NWDA) and Lancaster University £6 million in total
North West	University of Cumbria	£10.3 million	NWDA £36 million, Nuclear Decommissioning Authority £10 million
North West	University of Central Lancashire with Burnley College	£9 million	NWDA £52 million, LSC £37 million
North West	Lancaster University with Blackburn College	£4.66 million	NWDA £2.9 million, Lancaster University £1.9 million
North West	Hope at Everton	£3 million	Liverpool Hope University £500,000, NWDA £1.5 million, ERDF £1.5 million
South East	University Centre Hastings with the University of Brighton	£3.777 million	South East England Development Agency (SEEDA) £6.9 million, University of Brighton £2 million

Region	HE centre	Proposed HEFCE funding	Proposed other funding
South East	University centre Folkestone with the University of Greenwich and Canterbury Christ Church University	£1.45 million	SEEDA £2.6 million by 2011-12 and the Creative Foundation £5 million
South East	Universities at Medway with the Universities of Greenwich and Kent	£3.95 million	University of Kent £1.5 million, Mid-Kent College £2.5 million, unitary local authority £4 million, University of Greenwich in-kind contribution valued at £6 million
South West	Combined Universities in Cornwall	£7.6 million	Phase 1: South West Regional Development Agency (SWRDA) £12.8 million, EU £24.7 million, charities and other institutions £1.5 million. Phase 2: Department for Education and Skills £12 million, Office of the Deputy Prime Minister £9 million, SWRDA £3.7 million
South West	North and South Devon HE centres with the University of Plymouth	£6.7 million	RDA £3.3 million, EU £500,000, North Devon and South Devon Colleges £1.1 million
Yorkshire and Humber	University of Huddersfield in Barnsley and Oldham	£8.858 million	RDAs £3 million, Government Office of Yorkshire and Humber £1.5 million
Yorkshire and Humber	University of Hull with Grimsby Institute of Further and Higher Education	£7.277 million	LSC £97 million, Grimsby Institute of Further and Higher Education £21.1 million, Yorkshire Forward £2 million, North-east Lincolnshire Council £2 million

Annex C

List of abbreviations

CUC	Combined Universities in Cornwall
EEDA	East of England Development Agency
ERDF	European Regional Development Fund
FE	Further education
FEC	Further education college
GVA	Gross Value Added
HE	Higher education
HEI	Higher education institution
LSC	Learning and Skills Council
NWDA	Northwest Regional Development Agency
RDA	Regional development agency
SDF	Strategic Development Fund
SEEDA	South East England Development Agency
SWRDA	South West Regional Development Agency

Annex D

Consultation questions

1. Respondents should complete the online response form, which can be accessed on the HEFCE web-site (www.hefce.ac.uk) alongside this document under 2008 Publications. Responses should be submitted by **Friday 17 October 2008**.

Question 1

Do you agree with the approach outlined in paragraphs 33-40 for HEFCE to assess proposals for new higher education centres, as the Secretary of State has requested? Please indicate Yes or No and give further comments as desired.

Question 2

Are there additional benefits that agencies and employers would support apart from those mentioned in paragraphs 41-51? Please indicate Yes or No and give further comments as desired.

Question 3

In addition to the over-arching criteria for a successful HE centre mentioned in paragraphs 52-56, would you identify any other criteria? Please indicate Yes or No and give further comments as desired.

Question 4

Do you agree with the measures proposed in paragraphs 57-66 for a common evidence base? Please indicate Yes or No and give further comments as desired.

Question 5

Are there other obtainable measures, apart from those proposed in paragraphs 57-66, that should be included in the common evidence base? Please indicate Yes or No and give further comments as desired.

Question 6



Do you agree with the criteria outlined in paragraphs 67-73 for making a case for an HE centre? Please indicate Yes or No.

Question 7

If yes, what information would help you assemble a case? Is there anything you would like us to clarify in announcing the final criteria in January?

Question 8

Do you agree with the process of inviting and assessing proposals described in paragraphs 74-77? Please indicate Yes or No and give further comments as desired.



Higher Education Funding Council for England
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD

tel 0117 931 7317
fax 0117 931 7203
www.hefce.ac.uk