

Ted Tapper

The Governance of British Higher Education

The Struggle
for
Policy Control

 Springer

THE GOVERNANCE OF BRITISH HIGHER EDUCATION

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By

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PART ONE

**UNDERSTANDING CHANGE AND INTERPRETING MODES
OF GOVERNANCE**

SETTING THE SCENE

In spite of the considerable expansion of interest in British higher education policy issues, the governance of the system remains a relatively under-researched field. Since the publication in 1994 of *The State and Higher Education* only two books of note have appeared. In 2000 Kogan and Hanney's *Reforming Higher Education* was published which, although examining how the system is governed, had the somewhat broader remit of presenting an overview of recent developments in British higher education. Moreover, its approach to understanding the process of policy change is essentially inductive, with its presentation of 'theoretical perspectives' constituting the book's concluding section. But regardless of how one may react to its essentially pluralist interpretation of the change process, with considerable reliance – as is so common in the higher education policy literature – upon the role of individual agents, it is undoubtedly a scholarly publication.

More recently (2005) Stevens' *From University to Uni: the Politics of Higher Education in England since 1944* has appeared. This interesting publication serves a very different purpose. It is an accessibly written book with a solid empirical base, but essentially polemical in tone with one central theme – increasingly since 1945 English higher education has been constrained by state action, which has not only undermined institutional autonomy but also eroded the overall quality of English higher education. For Stevens the solution to the current malaise is obvious – the financial dependence of higher education upon the public purse needs to be replaced by a more equitable input of private and public resources in order to restore institutional autonomy and system dynamism.

The initial drive to write this book was therefore essentially pragmatic: to add to the sparse body of literature in what, at least to the author, was an important aspect of higher education – how the system is governed. It seemed something of a contradiction that there should be an explosion of interest in policy issues in both academic (see the *Higher Education Quarterly*) and popular (see the educational supplements to the quality press) circles without a parallel expansion in trying to understand how the system is governed. The contention is that without understanding how higher education is governed, it is impossible to reach meaningful conclusions about policy outcomes for the two are inextricably linked. It was not that this obvious link was denied but rather the analysis of policy was invariably trapped in the descriptive case study straitjacket. If there was a political dimension to the research the focus it was upon the politics of the particular issue rather than how this related to the governance of the system.

This wish to write another text on the politics of higher education was, not surprisingly, reinforced by the fact that the 1994 publication, *The State and Higher*

Education, was by now inevitably dated. It had encompassed the demise of the University Grants Committee (UGC), the creation of the National Advisory Body (NAB) and the Universities Funding Council (UFC) along with the amalgamation in 1992 of these two bodies into the funding council model of governance (HEFCE – Higher Education Funding Council for England, SHEFC – Scottish Higher Education Funding Council and HEFCW – Higher Education Funding Council for Wales). But it was published shortly after these national funding councils had been established and long before devolution was a reality. The time of passage alone allows for a deeper and more considered judgement on the functioning of the funding council model. This is without taking into consideration critical developments such as the emergence of mass higher education, the implications of the abolition of the binary divide, and the election of New Labour Governments from 1997 onwards. To what extent has the model been reshaped by different political inputs?

Besides being shaped in part by developments in the policy-making process *The Governance of British Higher Education: The Struggle for Policy Control* will go beyond the theoretical foundations of *The State and Higher Education*. Critical to that book was the importance of new ideas to the process of change. The liberal ideal of the autonomous university governed by its academic faculty was slowly undermined by the economic ideology of higher education – successive governments saw the primary purpose of higher education as serving the needs of the wider society, above all its economic needs. Political control of the higher education system was perceived as essential if this goal was to be secured effectively. With some qualifications this perspective of the relationship between the state and higher education is now widely shared, although there are few who are pleased by its implications. More contentiously *The State and Higher Education* placed the state's central educational apparatus, then the Department of Education and Science (DES), at the centre of this process of change – as both the source of the burgeoning economic ideology of higher education, and as the key institutional force for translating its meaning into concrete policies. This was an anathema to a field of study that had been traditionally more noted for its descriptive depth than its theoretical subtlety, that placed considerable store upon the intervention of 'great men', and was firmly persuaded (and correctly so) of the prior low-status and past policy ineffectiveness of the DES.

The Governance of British Higher Education: The Struggle for Policy Control also sees ideological struggle as integral to policy change, and places the educational state apparatus at the centre of the policy formation process, but it locates both themes contextually. Firstly, it places higher education policy within the broader arena of public policy; seeing it is as a policy issue that needs to be analysed with reference to the wider debates that have surrounded the delivery of British public policy. Secondly, it argues that there was both a political and economic crisis of the British state in the mid-1970s and integral to the resolution of that crisis was the movement towards a new model for the delivery of public policy. Furthermore, although the economic ideology of higher education may have developed within the state bureaucratic apparatus, its full policy impact has been dependent upon

its broad political support. Across the political spectrum, and most importantly in government circles, there is powerful backing for the idea of higher education as an economic resource.

Whereas up until recently it made political sense to see the Department for Education and Skills (DfES – its latest nomenclature) as the major state apparatus with responsibility for the formation of education policy, this is no longer the case. The creation in 1992 of the funding councils transferred administrative responsibility for higher education to Scotland and Wales, to be followed by the devolution of political responsibility in the late 1990s. As significant as this hollowing out of the central state has been the fragmentation of responsibility for policy formation within the central state itself. The administrative responsibility for science policy and the research councils (located in the Office of Science and Technology) has been transferred to the Department of Trade and Industry. Under the guise of ‘securing value for money’ the Treasury has demonstrated its willingness to intervene directly in the affairs of higher education. It sponsored the Lambert Report on business-higher education relations (in which it made strictures about the governance of Oxbridge) and currently it is making a major push to change the basis on which the assessment of research in higher education is determined (advocating a shift from peer review to a metrics-based system). Moreover, there was the personal attack on the University of Oxford by the Chancellor (Gordon Brown) when it failed to award Ms. Laura Spence a place to read medicine. The media furor (not all of it sympathetic to the Chancellor) was intense and, if nothing else, it demonstrated the close political scrutiny higher education now faced. Finally, there is clear evidence to suggest that the Prime Minister and members of his Office were personally involved in formulating the policy on variable fees and helping to steer it through Parliament.

The interpretation of how higher education policy changes has to be sensitive to the range of both political and departmental inputs. It no longer makes sense to insist on the policy primacy of the central educational bureaucratic apparatus. As in *The State and Higher Education*, this text will pay particular attention to the relationship between the quasi-state bodies (above all the funding councils) and the departments of state in the formation of policy. In its latter years the UGC assumed a planning role but the 1988/1992 Acts delegated policy implementation to the funding councils but reserved to the government the right to make policy. But this is too simple a dissection of the policy-making process. Governments may form policy but they do so in a context that stimulates close institutional interaction. What are the lines of influence between governments and the funding councils? How and why do they differ across national boundaries? Is it possible for the funding councils not only to shape the policy formation process but also to use their powers of implementation if not to thwart government policy then to mitigate its potential impact? Moreover, governments are not above intervening in the policy implementation process, which further complicates the question as to where the boundaries in the policy-making process are to be drawn and where authority resides. The funding councils are a manifestation of the new public management mode of governance that came into

vogue in the 1980s and 1990s. This book, through its analysis of higher education policy, demonstrates what that means in practice.

What this book should above all convey is the fragility of institutional relations and the instability in the policy-making process. This is not to evaluate these characteristics negatively but rather to see them as intrinsic to the process of governance in higher education in Britain, or more especially in England. The chapter on the devolution of higher education policy will show that the picture in Scotland and Wales is altogether more stable but that a price has to be paid for that stability. And, moreover, the sheer difference in the respective sizes of the national higher education systems within itself makes it improbable that the Scottish/Welsh model could be replicated in England.

The theoretical interpretation of the development of higher education policy, the analysis of the enhanced complexity of the institutional relationships (involving the political and bureaucratic arms of the state and quasi-state) in the making of that policy, and the enactment and subsequent consequences of policy devolution make up Part One of the book: *Understanding Change and Interpreting Modes of Governance*. Part Two, *Shaping Policy*, examines those forces whose central role is to influence the course of the higher education policy-making process. Although these forces may acquire some responsibilities for drafting and implementing policy their primary purpose is to develop policy ideas, put those ideas into the policy arena, shape the implementation process and to evaluate how policy is working – its effectiveness and unintended consequences.

The major political parties (those that embrace the UK) are given more extensive coverage than is to be found in the existing literature and their endorsement is seen as a vital stage in the overall process of policy-making. Without the backing of one or more of the political parties (at their annual conferences and reaffirmed in manifesto commitments) domestic policy initiatives will rarely come to fruition. Of course Parliament has the formal role of enacting government legislation and in recent years (with respect to both the 1988 Education Reform Act and, even more so, the 2004 Higher Education Act) aggressive parliamentary battles have ensued to ensure the passage of the legislation. In the process Parliament has undoubtedly extracted some concessions, although opinions differ as their significance. Moreover, it would be fair to say that both in 1988 and 2004 the government succeeded in passing the bulk of its legislative proposals, including all the points of principle.

In recent years the work of the parliamentary select committees has expanded dramatically and both the Select Committee on Science and Technology (House of Commons) and the Select Committee on Education and Skills have issued important reports on higher education. The investigative work of the Committees serves the primary function of developing policy ideas as opposed to making an immediate input into the policy-making process. In terms of on-going policy formation the input of the select committees invariably comes at too late a stage in the process to have an immediate impact and governments, in their response to committee reports, invariably seek to build consensus whilst giving nothing away. Another function of the Committees is to bring together a range of institutional interests and individual

expertise. Their reports are certainly built on a solid basis of informed evidence; it is almost as if they are constructing around them a privileged policy network.

The third chapter in this part of the book examines the higher education policy networks. A key component in the theory of change was that new economic and political circumstances generate both different policy ideas and restructure the organised interests within the policy field. Moreover both policy formation and, even more so, policy implementation in higher education have been constructed on the basis of continuous consultation with the affected interests. This chapter notes the deconstruction of the traditional interests, most noticeably the Committee of Vice-Chancellors and Principals (CVCP – now Universities UK), along with the construction of new interests (the Russell Group, the 94 Group and the Campaign for Mainstream Universities) and examines how the mode of governance operates to encourage the development of policy networks. There has been a shift from the national organisation of the different interests within the higher education sector to the steady emergence of more focussed interest groups and policy networks. The regulatory state, as represented by the funding council model of governance, functions in large part on the basis of co-operation with the policy networks. The point being that is safer for the state to incorporate them rather than risk their opposition.

The third part of the book, *The Politics of Higher Education in Action*, analyses four contemporary policy areas that have stimulated both political and academic conflict. The first of these is the funding of higher education with the focus on the steady, if so far limited, move away from the overwhelming dependence of higher education institutions upon the public purse to a more mixed public/private pattern of funding. The second examines the convoluted struggle to establish a consensual model for monitoring the teaching and learning process in higher education, embracing the shift from quality assessment, through quality assurance to quality enhancement. The third looks at the regulatory state's assessment of research outputs with, on the one hand, the focus upon the tension between standard setting, monitoring and evaluation of research quality and, on the other hand, the state's responsibility for underwriting the results of that process. The fourth focuses upon the current government's widening participation agenda to increase the size of the student population and to diversify it socially – to recruit more students from families that traditionally have not participated in higher education. Although these case studies are both interesting and important in their own right, they have been selected because they demonstrate key points about the politics of higher education in contemporary England.

The book concludes by addressing two questions. Firstly, who has the power now? And, secondly, who will have the power in the future? The first half of the chapter uses the initial question to draw together the major findings of the book. At the same time it will consider whether the theoretical base of the book needs to be reformulated. As the theory was located within a particular historical context – the crisis of the British state that unfolded in the 1970s, then it would not be surprising to discover that some refurbishment was in order. Indeed, the chapter

on devolution claims that transferring political responsibility for higher education policy to the Scottish Executive and the Welsh Assembly represents an attempt by the central government (which appears to have been successful) to ward off another potential crisis of the state. The crisis of the state that emerged in the 1970s has not necessarily been resolved but we have most decidedly moved beyond it.

This book took root within the context of the arrival of mass higher education, the abolition of the UGC, the creation of the funding council model of governance, devolution, the fragmentation of state responsibility for higher education policy and the abolition of the binary divide. We are now entering an era in which market forces (including the power that students can exercise as consumers) will have a more significant part to play, in which British higher education will find itself increasingly in a competitive global environment (for the recruitment of undergraduate and postgraduate students, for attracting the most prestigious faculty and in winning important research contracts), in which a regulatory framework appears to be emerging – the Bologna Process – at the European level, and in which missions will be more sharply differentiated with universities aspiring to be both international players and/or significant local institutions. These are forces that will inevitably act upon the manner in which systems of higher education are governed. Ironically, as the space in which individual higher education institutions becomes more confined – as a consequence of their particular market positions – then they may become more autonomously governed in the sense that their future prosperity is more critically dependent upon the quality of their leadership and management.

As a final observation it should be stressed that, although the empirical focus of this book is directed at the understanding the contemporary governance of British higher education (with the emphasis upon the English experience), it is not intended to be a book about developments in higher education – in the sense that is true of its two closest contemporary rivals (the texts by Kogan/Hanney and by Stevens). It is a book about contemporary British politics; how the state responded to the greatest of its post-war domestic crises. Thus the analysis of developments in higher education is not an end in itself but has been used to illustrate the changing relationship between state and society in present-day Britain. To pursue this end it draws upon the work of Christopher Hood (1994) to place the development of British higher education in the context of a neo-pluralist political struggle that is bounded by a shifting ideological context (a genuflection to Gramsci), the burgeoning of bureaucratic power (a genuflection to Weber) and an acceptance of the relative autonomy of the state (a genuflection to Miliband). The study of the governance of higher education makes sense only when placed in the disciplinary framework of political science.

CHAPTER TWO

THE STATE AND THE GOVERNANCE OF HIGHER EDUCATION: CONTEXTUALISING THE CHANGING RELATIONSHIP

LESSONS FROM THE PAST

The State and Higher Education placed the state at the very centre of the political process that led to the demise of the UGC and the emergence of the funding council model of governance (Salter and Tapper, 1994: pp. 1–19). The starting point was Halsey and Trow's proposition that the state as both 'manager of economic growth' and 'the dispenser of individual opportunity for participation' had a major interest in higher education, 'which supplies scientific manpower and technological innovation for economic growth and widening opportunities to a rising proportion of the population' (Halsey and Trow, 1971: p. 60). The state's argument was that the universities, under the leadership of the UGC, were not acting with sufficient vigour either to stimulate sustained economic growth or widen opportunities across the social spectrum. In the mid-1960s, almost as an act of desperation, Crosland had agreed to the creation of the public sector of higher education (PSHE) as a counterweight to the universities. The polytechnics would be 'the people's universities', driven forward by responding to societal needs (Robinson, 1968).

Of course the universities, and certainly the UGC, would have seen this critique as a caricature of reality. Moreover, the polytechnics were not immune to the siren call of the universities, allegedly stealthily following the path of 'academic drift', even resisting the pressures of social demand (Pratt, 1997: pp. 11–12). However, regardless of where the truth resides, a clear division of opinion within elite circles was opening up. Could the universities be trusted to respond to the state's needs? Alternatively, was a different mode of governance required that would make the universities more sensitive and reactive to government pressure? The position of the universities was made more precarious by the fact that the critique transcended political boundaries as governments of differing persuasions faced the same problems. Increasingly the political issue was not whether there should be change but what principles should underpin the new structure of governance.

But before new structures could be contemplated the values underpinning the established state-university concordat had to be challenged (Salter and Tapper, 1994: pp. 12–18). New ideas would be the precursor of new structures. Although the UGC had very important technical functions (distributing the annual grant, guiding institutions that sought membership of the university club and, in very broad terms, presiding over the development of the system), its major role was the defence of the liberal ideal of the university. The central functions of the universities were

to determine what was to count as high status knowledge, how this knowledge was to be transmitted and augmented (teaching and research), and to verify on behalf of state and society the quality of higher education. Thus the universities both produced and determined the quality of high status knowledge. University autonomy and the political independence of the UGC were the means that secured the university's monopoly of these functions.

The State and Higher Education argued that a counter-ideology, the economic ideology of higher education, took root in the central educational state apparatus and, as economic and political conditions changed, it steadily gained broad cross-party support. Its proponents challenged the universities on two interrelated fronts: their monopoly control of the definition of high status knowledge, and whether this control should constitute their primary purpose. This challenge has had considerable success on both fronts. It is now part of mainstream academic, let alone political, thinking that one of the central purposes of higher education is to serve the needs of the economy whilst widening social opportunity. Inevitably, as this understanding of the purpose of higher education has seeped into the general consciousness, so the universities' control of what is to count as high status knowledge has weakened. On several occasions the state had demonstrated its willingness to challenge their prior monopoly.¹

As important as the ideological conflict may have been, it is critical not to lose sight of the fact that the main political battles have focused on the mode of governance. The traditional idea of university autonomy could be more easily undermined when the values it perpetuated no longer held political sway, and indeed even within academic circles were increasingly under attack. Why sustain a mode of governance when its *raison d'être* is no longer viable? This is not to suggest that the new values have no significance in their own right. Few would dispute that there is a relationship between economic development and higher education, but the nature and intensity of that relationship is highly disputable. However, to suggest that governments have a misguided faith in the recuperative economic power of higher education, a critique which may indeed be valid, is to miss the more subtle point. The battle is as much about politics as economics (for a good example of such tunnel vision see Wolf, 2002).

But as the 1988 Education Reform Act and the 1992 Further and Higher Education Act demonstrate, the steady erosion of the traditional, essentially English, understanding of the university was followed by a new model of governance as the UGC gave way to the funding councils. The detailed functioning of this model will be covered in the next three chapters. At this stage it is sufficient to note the three critical principles on which it is based:

1. Policy control, and thus the ability to direct the development of higher education, is formally the responsibility of the state.
2. The primary purposes of the funding councils are to allocate the universities their share of public funding and to develop the strategies that will best fulfil politically defined policy goals.

3. The universities are obliged to operate as effectively as possible within the parameters established by the state and the funding councils. Thus competent institutional management, as opposed to central planning, will mould the future of the universities, subject always to the occasional calculated political intervention. However, although the new model has been placed on a statutory basis, it is quite another matter to claim that it is functioning as intended.

To provide a contextual setting the analysis will commence by outlining how the model has addressed the three broad issues to which any system of university governance must respond: how to relate higher education's traditional functions to the needs of state and society, how to structure the system of higher education, and how it is to be funded. In addressing these issues the primary goal is to explore what kind of politics the funding council model of governance has generated. How stable is the model and what are the forces that sustain or undermine its stability? The goal is to build on the key theme of *The State and Higher Education*, which saw the state as the major player in the restructuring of the governance of higher education. But what are the forces to which the state itself responds? The chapter will conclude briefly with a question to which the book will return repeatedly. Are there alternative models of governance that will stimulate more desirable forms of politics?

SOME KEY DEVELOPMENTS SINCE 1988

For the funding councils it is the government's definitions of state and societal needs that will prevail. But what is equally evident is the continuity of the official interpretation of those needs. In 1971 Halsey and Trow defined the state's interest in higher education as dependent upon its obligation to promote a successful economy and to secure widening social participation in the fruits of assumed economic success. Across the political spectrum, although this has been particularly important for the Labour Party, these two issues have been continuously interlinked. Together they have provided the basis for a counter-ideology to the liberal idea of the university in which the transmission and extension of knowledge are seen as desirable ends in their own right (Salter and Tapper, 1994: pp. 12–18). Over time politicians may express the state's interest in higher education in somewhat different terms but the essential content of the message has remained constant.

What is remarkable is the repeated re-iteration of the central themes. The contribution that higher education can make to national prosperity, and desire that the universities should broaden their social recruitment base both make regular appearances in the Secretary of State's annual grant letters to HEFCE. There is an almost ritualistic reaffirmation of the themes. But it is also possible to discern a government attuned to the language of contemporary social science. Thus we require higher education to be responsive to the needs of the industry because this is the age of the 'knowledge economy' in which Britain faces 'global competition'. And widening participation is vital if the nation is to counter 'social exclusion' and encourage 'lifelong learning'.

What is especially fascinating is the range and intensity of the Government's input. In January 2003 Lord Sainsbury, at the time a minister in the Department of Trade and Industry's (DTI), addressed a HEFCE sponsored conference² in which he outlined the various ways in which the Government was helping to forge links between industry and the universities and, in the process, informed us: 'The Government believes that universities are at the centre of the knowledge economy', and '... there is now a clear focus on this issue in the DTI'. And, as if more were needed, we are informed that both the Prime Minister and Chancellor of the Exchequer are on board: 'They both see the university system as key to economic success' (Sainsbury, January 2003).

The Chancellor of the Exchequer (Gordon Brown) is undoubtedly the most significant advocate. There is a certain amount of irony in the fact that during the many years (1919 to 1964) when the Treasury was formally responsible for the UGC it did little more than secure its annual grant, trusting in the UGC to distribute it fairly and to steer the universities benevolently and wisely. The present Chancellor was responsible for appointing Richard Lambert to explore ways in which the relationship between industry and the universities could be enhanced, with the evident supposition that stronger links would be mutually beneficial (HM Treasury, 2003). There was a clear sub-plot implying that the strength of the relationship was in part dependent upon the way in which universities were governed. The desired Lambert model is for the vice-chancellors to assume the role of chief executive and form institutional policy with aid of a small management committee to be composed of a strong wedge of external trustees. Thus in a Treasury-sponsored report of 'business-university collaboration' we find a chapter on 'Governance, Management and Leadership'. This is a perfect demonstration of how a commitment to a policy position that has strong political backing can impact directly upon how universities are supposed to conduct their affairs.³ And there is a reward for those who can demonstrate that they have the correct mode of governance – a light-touch regulatory regime. Thus university autonomy is contingent upon conforming to the Government's prescriptions.

There are still to be found those who are prepared to advocate the traditional liberal values (Russell, 1993; Graham, 2002; Maskell and Robinson, 2002) and, although they may not be a dying breed in university circles, their wider impact is in decline. Thus a key development within higher education since the introduction of the funding council model has been internalisation of the principle that the universities should respond to social demands as defined by government. It was part of the folklore of higher education that the polytechnics were prone to the dreaded disease of 'academic drift'. Evidently the drift has not been all one way. Have polytechnics become universities? Or have universities become polytechnics?

Given the precise ways in which social demand has been defined – responding to the nation's economic needs and increasing the admission of students from families that in the past have shunned (or been shunned by) higher education – it has been difficult for the universities not to respond positively to government pressure. These are causes that the universities themselves were prepared to take on board, and

the UGC repeatedly made supportive statements. So what has changed? It is the intensity and persistence of the messages; that these are policy goals reflecting the Government's understanding of the purposes of higher education to which the universities should defer. There is a clear line of command rather than autonomous institutions responding reflectively to a preferred pattern of development. In a nutshell, it is the power relations that have changed.

Although this development has posed a significant challenge to the universities (or more especially those universities with no prior links to the public sector of higher education), it has presented the funding councils with opportunities to enhance their influence. In their policy implementation role the funding councils have devised a variety of schemes to encourage both widening participation and stronger industry-higher education links. They may be acting at the Government's bidding but they are also distributing resources to institutions squeezed by a more discerning public largesse. In this context it is very difficult for the universities not to enter into constructive relationships with the funding councils especially, as we will see, the funding councils have incorporated the universities into the fine-tuning of their implementation strategies. Moreover, the ties between higher education and industry are not just institutional links for increasingly academics are prepared to work at the interface between higher education and industry (Fazackerley 4th November 2005: p. 9) and universities develop their own commercial activities. To paraphrase Clark Kerr, the British universities have become publicly funded service stations (Kerr, 1964).

Nonetheless, there remains the possibility of real potential conflict between government and funding councils. The Government may disapprove of implementation strategies because, from its perspective, they are failing to pursue the desired policy goals with sufficient vigour. For example, after RAE 2001 the Government imposed a more selective distribution of resources than HEFCE felt was appropriate. The creation of the Office for Fair Access (OFFA) provides a more visible, albeit more complex, example of government/funding council tension. It can be plausibly argued that the Office was created in order to persuade the Government's own backbench MPs to support the 2004 Higher Education Bill, to demonstrate that its commitment to increasing the social diversification of the student population was still strong. Many Labour MPs opposed those clauses in the legislation that permitted the universities to charge variable fees. The Office was a symbol that demonstrated the Government's continuing commitment to widening social access to higher education. Thus the authority of HEFCE was weakened to secure a particular political objective. Although government-funding council tension is ever-present in the sense that it is intrinsic to the governance model, it is also a force that the respective parties have a vested interest in managing adroitly. And, given that there have been few public demonstrations of irreconcilable differences, this has been achieved. It was the universities that needed to make the most significant accommodations and, through *force majeure*, they have.

The implementation of the funding council model of governance represented a massive structural change in British higher education, arguably the most significant

in its post-war history. At a stroke the two sectors of higher education were incorporated within the same system of governance and, in a short space of time, nearly all higher education institutions labelled themselves as universities (although higher education programmes and courses were increasingly on offer in colleges of further education). The binary line disappeared. In conjunction with this structural change was the progressive movement, albeit at an uneven pace, from an elite to a mass system of higher education. Therefore, two important developments overlapped to reshape the character of British higher education.

However, although there may be structural unity at the system level, inevitably there is also considerable internal institutional diversity. On the one hand this is officially encouraged: 'A diverse higher education sector is one with the capacity to meet the varying needs and aspirations of those it serves ...' but also because it promotes '... the understanding of how higher education can contribute to the economic, social and cultural development of the nation', which is followed by the remarkable assertion, 'In this sense diversity of HE provision is not an end in itself. It is a means of securing the best fit with the needs and wishes of stakeholders, both current and future' (HEFCE, August 2000: p. 4). But, on the other hand, the limits of funding council power is recognised, 'But in general our function is to provide a supportive framework within which institutions can decide their own positioning, rather than seeking to decide that positioning for them' (HEFCE, August 2000: p. 5). This self-denial is reinforced by a funding mechanism that has historically not favoured institutional differentiation and currently does so only at the margins. Even the Research Assessment Exercise, which allocates significant financial rewards to a few institutions and very little to a large tail, remains open to all who are formally eligible to compete. And there is very little institutional self-modesty.

The British, particularly the English, university system developed on the basis of a comparatively narrow definition of the university controlled by the UGC. For much of the 20th century the UGC defended that definition and used it when passing judgement on applications to enter the university club. It does not follow that, although the state in the form of the 1992 Further and Higher Education allowed the public sectors institutions to acquire the university label, that they would be recognised as such by those who already belonged to the club. Deeply entrenched values are invariably difficult to change. The consequence is that the issue of diversity can readily arouse fragile sensibilities in the sense that, while some would applaud it as a virtue the same people fear that it can camouflage a hierarchy with significant internal differentiation of institutional status. Interestingly, the most perceptive reflections on this issue have been made by leaders of the new (or even newer) universities (Watson, 1998; Scott, 1998, 2005; Brown 2002, 2003). And Scott has written: 'Despite all the talk about selectivity and 'world-class' universities the reputational range of British universities has almost certainly narrowed in the last ten years' (Scott, 2005: p. 70). Scott's judgement may be correct but reputations are made on the basis of criteria with supportive empirical evidence and *inevitably* will result in a reputational scale, no matter how narrow the degree of institutional differentiation or overlap. In fact it probably makes more

sense to think of a reputational scale with very clear differences at each end but in between a significant institutional overlap.

In fact the strength of the traditional value system imposes (at least for the present) a barrier to structural change that would formally delineate the boundaries within a unified but internally diverse system of higher education. What Watson, Scott and Brown are at least implying is that we must avoid a system in which many universities are designated as 'teaching-only' institutions, drawing their students overwhelmingly from the local community and offering mainly courses with a strong vocational flavour geared to the needs of the labour market. And yet, until the system contains a sizeable institutional element that approximates this profile, it will not be considered by many to be sufficiently diverse. It is this structural change that the state clearly favours and which the funding councils have yet to deliver.⁴

Over time the funding councils will be able to chip away at the traditional value system that restricts their endeavours to introduce further structural change. There is every reason to believe that if universities can internalise the economic ideology of education (almost making it their own), then it will not be long before a segment of the university sector imposes upon itself a restrictive (teaching only) mission in the full knowledge that in the eyes of some (but not formally in the eyes of state) they will not be regarded as 'real' universities.

However, the question of how the costs of higher education are to be met requires policy decisions rather than funding council manoeuvring. In dissecting the funding council model of governance it will be argued that one of its key principles is that payment for social goods should be met, at least in part, by those who consume them. Currently the funding councils still distribute most of their resources as a block grant awarded on the basis of formula funding. But the proportionate size of the block grant has declined somewhat in recent years as resources are moved to programmes with earmarked funding (so-called 'third-stream' funding to encourage, for example, links with industry or to widen the social base of undergraduate recruitment) with the universities competing for the resources these offer. We have moved somewhat away from formula funding towards a more competitive distribution of the resources provided by the Exchequer with the competition structured by the funding councils; a situation best described as a 'managed market'. But it will take considerable political courage to proceed further.

The political turmoil stimulated by the recent decision to permit the universities to charge variable ('top-up') fees illustrates only too vividly the pitfalls awaiting governments intent on further shifting the balance of funding for higher education from the state to the market. But the breach has been made (at least in England) and, in due course, we can expect the cap on variable fees (currently £3,000 per annum) to be raised (perhaps even removed). Moreover, the funding council schemes for developing the relationship between higher education and industry have been complemented by locally negotiated initiatives as well as research projects with considerable central government funding. We are seeing the emergence of a model of higher education in which the mix of public and private resources is

more evenly balanced with, not surprisingly, the balance showing wide institutional variation. The problem the state faces is, if it has a direct interest in how higher education functions (perhaps exercising a strong steer rather than direct control), then it has to remain politically engaged in its development and the strongest card it has to play is the provision of resources.

In terms, therefore, of dealing with the key issues of purpose, structure and funding the post-1988 model of governance has an interesting record. It has readily assumed its responsibilities for translating the state's broad policy goals into concrete action. And, although it has experienced some difficulty in persuading sceptical (and occasionally hostile) higher education institutions to fall into line, a combination of its legal, political, and – above all – financial muscle has carried the day. Conflicts between governments and HEFCE stem from the fact that the model encourages change through a process of consensus building, consequently proceeding at a pace, as well as arriving at outcomes, that are not always to the government's liking.

The moves towards structural and funding change have presented the funding councils with different problems. Whereas it is governments that apply pressure to ensure the rapid fulfilment of their policy goals, it is the tenacious hold of a relatively confined understanding of the university – linked to sensibilities regarding institutional status – that make it difficult to further structural change. Undoubtedly the British higher education system has become more diverse, but to translate that diversity into formal structural differentiation has proven impossible. Having seen the binary line abolished, powerful academic interests will resist its resuscitation – regardless of what new form it may assume. Again the mix of public and private funding has moved in the right direction (from the perspective of the state) since 1988. To some extent this has been encouraged by small (at least in financial terms) funding council initiatives. However, to move decisively on this front requires political action. The problem for the state is that should there be a decisive shift in the balance of private/public funding this could weaken its hold over the development of higher education with serious repercussions for the authority of both the funding councils and government.

INTERPRETING THE POLITICS OF GOVERNANCE

The abolition of the UGC and the creation of a new model of governance restructured the process through which higher education policy emerged. The purpose was to bring the development of higher education in Britain more under the control of the state by giving the government of the day primary responsibility for policy change. But it is one thing to set up a model of governance, and even to spell out the institutional relationships within that model, but quite another matter to shape the politics that become embedded in its *modus operandi*.

In defining responses to the core issues of the purpose, structure and funding of higher education the funding council model of governance has evolved a political style different from the days of the UGC. In part this is because it is a very different

model but also because it is operating in a radically changed context. This is the age of mass higher education that functions within the framework of greater institutional diversity. Whilst contrasting traditions of higher education have been formally amalgamated within the governing structure, devolution has provided a stronger opportunity for national traditions to express themselves more forcibly. Whereas once governments, at least publicly, disavowed having any direct role in shaping the development of higher education (this was a matter for the UGC), government departments now fall over themselves in their haste to express a policy interest. As a public political issue higher education now figures more prominently than it ever did in the past, whilst in recent years the issue of student fees has aroused middle-class Britain at large. Directing universities to be involved in regional development and aiding national economic regeneration inevitably means that a wider range of interests are sucked into shaping the development strategies of their local universities. Even if the UGC had survived, its style of governance would have been forced to change to accommodate these developments.

But the changes in the politics of higher education are not simply a consequence of a different environment; the funding council model within itself contributes to the new politics. Elite politics is never conducted entirely in the public domain but we now have a more visible politics of higher education. The advice funding councils may give to ministers is conveyed in private but we are far from the days in which, reputedly, the most important decisions of the UGC were made in the inner sanctum of London clubs (particularly the Athenaeum). The UGC obviously issued a number of ad hoc and regular reports but the funding councils overwhelm us with a plethora of information. This is a direct consequence of the regulatory functions that are intrinsic to the governance model. That regulation cannot be performed without a sizeable input from the higher education institutions and the academic profession. Their incorporation has to be negotiated, and thus a great deal of information needs to be in the public domain. Moreover, whilst the formation of government policy may be a comparatively hidden process the broad sweep of its policy agenda is outlined in the annual grant letters, and the most serious clashes with HEFCE are difficult to conceal.

Besides being more visible, the politics of higher education is more politically contentious, no doubt in part as a consequence of its greater visibility. Given the comparatively closed world of the UGC it is impossible to make a categorical judgement, but it is reasonable to suppose that it was easier to work consensually in a smaller, more closed environment in which there was a considerable measure of value consensus. The funding council era is one of internal institutional tension coupled with potential conflict between government and the funding councils with respect to both policy goals and implementation strategies. It was not until its final days that the UGC found itself embroiled in public political wrangling of the same level of intensity. Conflict is therefore endemic to the funding council model.

Although the scope of participation in the higher education policy-making process is still comparatively limited, it is much more pluralist than it ever used to be. Devolution, inputs from a wider range of government departments, and the periodic

intervention of parliamentary committees have increased the scope and intensity of involvement by the political system. The stronger political visibility of higher education, coupled with a widening of its functions, has helped to draw in more interest groups. At the same time there has been a fragmentation of interests within the higher education community. At one time there were a limited number of dominant players (for example: the Committee of Vice-Chancellors and Principals CVCP, the Committee of Directors of Polytechnics – CDP, the National Union of Studies – NUS, and the lecturers’ unions) but over time these have become more unstable with the emergence of internal factions. On some issues it is possible for them to speak with one voice (the need to increase public funding for higher education, not surprisingly, is one cause around which they can all rally) but even apparently united fronts (for example, the commitment of Universities UK – the new style label for the CVCP – that the Research Assessment Exercises should not result in undue selectivity in the public funding of research) can conceal but not remove significant internal differences.

The creation of the funding councils, perceived as a manifestation of the new public management mode of governance, and the associated expansion of pluralist politics, can be tied into the burgeoning political science literature on policy networks. The rise of the regulatory/audit state, the creation of competitive mechanisms for the distribution of public monies and the search for private funding have undermined structurally the world of higher education and, consequently, policy networks emerge in response to that fragmentation. Similar market positions bring about common political fronts, at least in relation to specific issues. Therefore the various networks, which may form unstable alliances with one another, can become an integral part of policy-making, which at the very least means incorporation into the funding councils’ formation of their implementation strategies. Moreover, as the struggle for variable fees illustrates, direct intervention – by invitation or otherwise – into the making of policy goals will occur. This is a long way from that world in which the leading members of those key umbrella interests negotiated ‘behind closed doors’ with the scions of the UGC.

The operation of the funding councils reflects a political mode that is common to many organisations that have to distribute resources to a disparate body of interests. The most obvious way to proceed is to do so on the basis of constructing as broad a consensus as possible. Later dissection of the policy cases will argue that the aim has been to operate policy implementation strategies designed to encounter the least opposition. They are based on the lowest common denominator around which all the interests can gravitate. Besides minimising institutional opposition it is also a strategy that coalesces comfortably with traditional bureaucratic procedures. The funding council model may have been conceived as a means of shaking up the network of governance but the UGC established powerful traditions that have not proven easy to cast aside and, perhaps more importantly, bureaucratic institutions seek procedural order above turbulence in their dealings with clients.

But it is important not to forget the state’s input, for the funding councils ignore it at their peril. There are indeed policy goals that the funding councils are responsible

for implementing so a careful line needs to be drawn between securing those goals and ensuring system stability. Some policies will pose few problems and some political contexts are more supportive of consensus building than others. It is difficult for institutions to resist applying for earmarked funds to assist them in running programmes designed to achieve goals of which they approve. Tension will arise when selective funding per se is the policy goal as is the case with the Research Assessment Exercises. Where should the line be drawn between attempting to satisfy the widest range of institutional interests while ensuring that there is a level of selectivity that the state is prepared to accept? Should the policy goals themselves be the issue, then the universities have recourse to political action and the state has not proven immune to such pressure. So both the funding councils and the universities need to be conscious of the fact that they are functioning in the shadow of state power, which requires a measure of sophistication on their part should they wish to resist its policy logic.

The funding councils, therefore, are at the centre of a potentially instable model of governance, very different – except, perhaps, in its final days – from the situation that prevailed in the long years of the UGC. But the current instability can be seen as a product of the model itself, whereas instability in the late-UGC period was a result of external political and economic turbulence. And arguably the UGC's response was very effective (stability of governance was restored) as it became an increasingly potent planning body. But, although instability would not generally be considered as a desirable trait of governance, it does not follow that the funding council model is about to disintegrate. So what are the forces that would ensure its demise? How is the process of change in this critical aspect of higher education, that is the governance of the system, to be understood?

UNDERSTANDING THE PROCESS OF CHANGE

Studies of the governance of British higher education have tended to be organised on historical lines (parallel to certain of the chapters in *The State and Higher Education* – Salter and Tapper, 1994: pp. 104–54), very strong descriptively and frequently with policy axes to grind. There is also a tradition of reflective 'insider' accounts with Carswell (1985) and Shattock (1994) as the best examples. What is evident is the rarity of accounts that attempt to analyse the process of change theoretically, although there are powerful sociological approaches that have interpreted the *general* development of educational systems in considerable theoretical depth. These approaches fall into different sociological traditions – Marxist, functionalist, structuralist – and their focus is upon general system change rather than the specific issue of governance. A classic example of this approach, which has both a contemporary focus and draws upon the English experience, is Deer's *Higher Education in England and France since the 1980s*, which uses Archer structuralism (Archer, 1979) '... to identify and clarify converging trends and policies, ideals and structures between the two countries since the 1980s in order to build a cross-national understanding of changes in this area of public policy' (Deer, 2002: p. 7).

Almost as if in recognition of the failure of prior work to provide a theoretical basis, Kogan and Hanney commence their *Reforming Higher Education* with a chapter entitled 'Our Project and Theoretical Position' (Kogan and Hanney, 2000: pp. 20–42).⁵ But rather than attempting to create a theoretical framework that is designed to give direction to their empirical research, they explicitly set their sights lower: 'Our theoretical position will be seen to be that of eclecticism. We eschew general hypotheses but look to political and other social theory to illuminate and help us to classify the experiences undergone by higher education in the UK between 1975 and 1997' (Kogan and Hanney, 2000: p. 42). The problem with such an approach is that you end up with a somewhat superior (or perhaps more pretentious) form of reflective analysis, making observations about historical developments rather than providing an explanation of what is actually happening.

The State and Higher Education purposefully took a narrow theoretical position, partly to make sense of the developing relationship between the state and higher education and partly to escape the descriptive morass (as interesting as much of it may be) of past work. The essence of the argument was that to understand changes in the state-higher education axis it was essential to look at the territorial ambitions of the central educational apparatus. In both 1919 (the Board of Education) and post-1945 (Ministry of Education) internal bureaucratic elements had sought to bring the universities under the direction of the department (Salter and Tapper, 1994: pp. 73–79). From a departmental perspective it was 'natural' to have responsibility for the varying levels of the educational system co-ordinated under one roof. Moreover, over a long period of time the idea that higher education was essentially an economic resource took root and developed within the department. Thus the basis for a counter-ideology to the liberal idea of higher education emerged. Evidently bureaucratic power alone would not succeed in establishing the dominance of the burgeoning ideology, and certainly would not be capable of instigating structural change in the governance of higher education. What was needed was a shift in the political environment, the acceptance by government that control of the British system of higher education should be structurally reformed.

This book retains the state at the very centre of its analysis of why structures of governance change. But it is a view of the state that stresses the interaction between bureaucratic (departmental) and political (mainly governmental) pressures. Any explanation of change has to ask what are the forces that galvanise those complex institutions into action. In his *Explaining Economic Policy Reversals*, Christopher Hood has developed a framework for understanding why (with a broad comparative focus) established economic strategies become less credible over time, and eventually disintegrate to be replaced by policies based on different economic premises (Hood, 1994: pp. 1–18). The intention is to adapt Hood's schema in order to provide a broader theoretical context within which to locate the claim that changes in the governance of higher education have been critically dependent upon developments within the state apparatus. The objective is the reverse of Hood's – to explain policy innovation rather than policy decline.

Hood places considerable stress upon the role of ideas in the change process, and quotes Keynes' powerful phrase: '... ideas of economists and political philosophers ... are more powerful than is commonly understood. Indeed the world is ruled by little else ...' (Keynes, 1936: p. 383 as quoted in Hood, 1994: p. 5). Hood believes that ideas can act as 'climate-changing meteorites' that implode upon us to wipe out 'the policy dinosaurs'. The growth of the economic ideology of higher education could scarcely be described as a meteorite in as much as it took root on the further shores of the educational state (the technical education branches within the central bureaucratic apparatus), spent a lot of time percolating through the state apparatus and beyond, and only came into its own as political support grew. But, nonetheless, it became a critical force in destabilising both the established value system and the structures which governed higher education. However, the idea of education as an economic resource did not fully materialise until the arrival of the fiscal crisis that swept over Britain in the 1970s. Thus, although the meteorites may be responsible for changing the policy climate, they can only strike home effectively if there are favourable conditions.

The turmoil that engulfed British higher education in the decade from 1975 to 1985 was reflective of a more important crisis. The steady comparative economic decline of Britain, culminating in the near chaotic industrial and financial circumstances of the latter half of the 1970s, questioned the competence of the state to govern. This was not only an economic crisis but also an interrelated political crisis. So ideas that had been around for some time (the free-market think-tank the Institute of Economic Affairs was founded in 1958) started to be taken seriously, especially when they penetrated Conservative party thinking with the emergence of Mrs Thatcher (strongly supported by her guru, Keith Joseph) as its leader in 1975. Old ideas about the vital necessity of curtailing public expenditure, what should be the extent of the state's policy obligations, how government should exercise responsibility for the delivery of economic and social policies, and the key importance of providing a favourable context for the private generation of wealth, bubbled to the surface. These were the most important ideological meteorites.

The 1970s crisis reshaped ideas as to how the state should be restructured to meet the changed conditions in which Britain found itself. Intrinsic to the new ideological climate were ideas about the need for a smaller but stronger state, a state that could secure the effective implementation of its policy goals, a state in which control over the formation of policy goals was separated from the detailed administrative responsibility for their implementation, and a state that monitored and regulated institutional performance to ensure compliance with its policy goals. The funding council model of governance flowed out of these ideas, ideas which had a general impact upon the reshaping of the delivery of social policy. The growing strength of the idea of education (and not just higher education) as an economic resource has provided the new model with critical policy goals – the necessity of creating a flexible workforce that can compete effectively in the global economy, and the importance of higher education in serving the economic base through its research,

by forming partnerships with industry and being in the forefront of local social and economic regeneration.

So the first explanatory level is to identify the emergence of new ideas about governance stimulated by 'changes in policy habitat' (Hood, 1994: pp. 10–13). These were developments external to British higher education but impacted upon it as governments grappled with the problem of how to deal with the crisis of the state. Hood argues that another external influence is 'the emergence of new competitors and predators'; new coalitions of interests emerge to drive nails into the coffin of the old order whilst at the same time supporting the emergence of new regimes (Hood, 1994: pp. 7–10). New interests have emerged within the higher education policy arena, although to some extent these interests have been encouraged by purposeful state action – business interests, Regional Development Agencies and parents. As significant, however, is the fragmentation of established interests *within* the higher education sector. Integral to the 1998/1992 changes in governance are the conflicts between central and local government, the need to balance the concerns of the universities with those of the polytechnics, what tasks should be controlled by academics as opposed to university officials, and the structure of responsibility within institutions – senior management vis-à-vis rank-and-file staff and academics. Indeed one of the primary purposes of change was to restructure the distribution of authority amongst the traditional higher education interests. For example, the new regulatory state, embedded in an audit culture – a central characteristic of the new governance model – would inevitably be more suspicious of evaluative procedures built upon a trust of professional academic judgement over assessments arrived at on the basis of quantitative and qualitative evidence acquired through agreed bureaucratic procedures. Thus changes in the style of governance impact upon established patterns of authority and status.

A range of embedded interests that wished to enhance their status and authority, therefore, supported the move towards the new governance model. In some cases there was an explicit recognition of the desire for change (for example, the Directors of Polytechnics anxious to escape the restraining tentacles of the local authorities), whereas in other cases it was more a question of the Government hoping that the new model would force institutions to act differently (for example, that the universities would be more effectively managed and led). Hood also raises the interesting idea of institutional sclerosis, almost as if an organisation reaches the end of its useful life (perhaps even knows that its time is up) and starts to self-destruct (Hood, 1994: pp. 13–17). Although, thanks to government pressure, the UGC reinvigorated itself in the 1980s, there was the question of whether an organisation designed to steer an elite system was an appropriate governing body for the age of mass higher education. Although it can be argued that the UGC's behaviour in its latter years was irrelevant to its survival, the reaffirmation of its self-denial role in the Cardiff affair was widely seen in political circles as a sign that it was incapable of adjusting to changing realities. Arguably the UGC had ossified and statutory change was essential to create a governing body confident that it possessed the authority to intervene in such crises.

Inevitably in the long march to the new model of governance there have been some successes for those opposed to change. But these have been essentially symbolic and have not altered significantly the functioning of the funding councils. Rather than attempt to discover paradise lost the universities have done their best to operate effectively within the confines of the new order. In some quarters this may be considered as supine behaviour (Kogan and Kogan, 1983) but without sufficient political leverage it is difficult to see what else they could have done. Not surprisingly, the changes have stimulated both 'luddite' responses to the present (Maskell and Robinson, 2001) and nostalgia (Graham, 2002) for the past. But for the time being no creditable new vision of higher education appears on the horizon.

The creation of the funding council model of governance was therefore part of a much broader range of thinking about the control of social policy in Britain in the light of economic failure and political ineptitude. It represents a shift of paradigms from the post-war, centrally-led planning model underwritten by a political consensus that perceived the expansion of the welfare state positively, to one that was sceptical of the ability of central government to deliver social policy effectively and, moreover, claimed that the steadily increasing size of the public sector was eroding the nation's general economic well-being. So new models of governance emerged in response to economic and political crisis. With respect to higher education the shift was aided by the fact that there was a sharp division of interests within the higher education community. This division was reinforced by parallel, but very different structures of governance – the UGC and NAB. It was possible for the state to use this divide as a leverage to secure its policy goals. It was not so much that new interests started to exert political pressure but rather a question of the state siding with those interests that were prepared to enhance its policy goals.

The funding council model of governance in higher education was, therefore, but one manifestation of a wider movement. Four inter-related variables were involved:

1. The emergence of a new policy habitat thanks to the economic and political crises of the 1970s, when long-term trends came to a head that would force changes in both the structure and behaviour of the state.
2. The search for different principles to guide the state in determining the social policy goals it needed to pursue (how to establish priorities) and how best these could be delivered.
3. The purposeful promotion by the state of particular established interests internal to higher education that would be supportive of the new governance model.
4. The failure of those higher education interests that were opposed to change to mount an effective campaign, although it is doubtful whether they were in a position to do little more than lever out of the government small (if important) changes to the legislation that brought the new model into operation.

The changes in the governance of higher education, therefore, have to be placed in a wider context. Although it is possible to formulate general principles for the state's delivery of social policy, these will be adapted within particular policy contexts. The state widened its social obligations over a long period of time, and different

historical and political contexts shaped how the obligation was acquired and was to be delivered. The UGC is a perfect illustration of the point. The financial difficulties of the universities provided the rationale for annual grants, whilst the elite consensus as to the virtues of university autonomy persuaded the then government to establish the UGC.

Given the fact that the state-university relationship had been so special, even peculiar, the emergence of the funding council model, with its envelopment in principles of governance with wide applicability, was a particular shock to many within the academic community. This was intensified by the fact that the central educational state (then the Department of Education and Science) would now be in a position to shape the policy goals of higher education, thus making the responsibility it had formally assumed in 1964 a reality. It now had responsibility with power, as opposed to responsibility with influence. Moreover, and equally critical, is the fact that the new values driving forward the system of higher education in England were developed within the state apparatus and thus it had a clear view of the general direction in which policy should be pointed. Finally, although the new mode of governance was a consequence of government action, it was a model that gave the officials what they wanted – the right to be the major players in the shaping of policy without assuming responsibility for the day-to-day administration of higher education.

SURVIVAL

If the demise of the UGC was the consequence of a paradigmatic shift in thinking about models of governance brought on by the political and economic crises of the 1970s, will it require another such shift to remove the funding councils? Whilst to remove the funding councils *formally* from the structure of governance would probably require a parallel development, it is possible to imagine a situation in which, although the funding councils continue to function, their role in the model of governance changes rapidly. To all intents and purposes, it becomes a different model. The purpose of this book is to examine the politics of higher education in the funding council era to discern whether this is indeed what is occurring. Or whether it is happening in Scotland and Wales but not in England

There are two seemingly diametrically opposed lines of development that could take place. Governments could become increasingly disaffected with the way in which the funding councils implemented policy goals. In that case the funding councils could be absorbed into the state apparatus. The absorption would not necessarily have to be undertaken formally but by giving the funding council far less freedom of action in defining its policy implementation strategies. For example, the Secretary of State (in the case of England) could issue more detailed annual grant letters. Or, more effectively, through additional meetings between departmental and funding council officials in which the latter were given an increasingly stronger steer by the former. We know that such meetings already occur but discerning the flows of information and revealing the balance of influence is difficult.

The second scenario depends upon the market becoming a more significant player in the financing of higher education. Already many higher education institutions receive less than 50% of their recurrent income from their annual grant and, while some of their non-funding council income may come from the public purse, it is not subject to the same accountability regime. Moreover, the Lambert Review suggested that if universities could demonstrate they were effectively governed then they should be subjected to less funding council regulation. A greater mix of public and private funding is steadily emerging and it is possible to imagine a situation in which this eventually impacts upon the governance model.

In the struggle to reform schooling (as opposed to higher education) different governments have looked to the private sector to give a lead: to provide models of good practice, to educate pupils who – allegedly – would not have received schooling commensurate with their needs in the state sector, and even to establish formal institutional links. Given the virtual absence of private universities in Britain⁶ – the universities as government departments, even nationalised industries (Jenkins, 1995: pp. 148–149) – it was impossible to use private sector models as leverage for change in the public sector. But an intrinsic aspect of the new public management mode of governance is the introduction of market mechanisms both in providing public services and underwriting some of their costs. The state, therefore, has been engaged in introducing the market into higher education but the long-term implications of this for governance have yet to be fully realised.

This analysis of the emergence of the funding council model has argued that it was clearly the product of a paradigm shift: economic and political crisis stimulated serious (although not necessarily new) thinking about the role of the state in the delivery of social policy, which was followed by intense political manoeuvring – including the alignment of interests within higher education – to produce the 1988 Education Reform Act. Because this was the past route to change it does not follow that it is the only means by which it can be achieved. There does not have to be a general crisis of the state for modes of governance to change. There are at least two evolutionary pathways to change – one following the expansion of state power, the other the increasing intrusion of the market.

The central purpose, therefore, of this book is to examine the politics of higher education in action, to analyse the role of the funding council model within the context of this politics. We will then be in a better position to judge whether its relationship to either the market or the state is changing in ways that will eventually undermine its credibility. Or, assuming the absence of a general crisis of the state of the magnitude experienced in the 1970s, will continuity prevail?

NOTES

¹ All the issues examined in Part 3 have thrown up explicit examples of attempted state intervention.

² The conference went under the portentous title, 'Higher Education Working with Business and the Community, Celebrating Achievement – Developing Potential'.

³ The issue is especially pertinent for the Universities of Oxford and Cambridge. They are seen as clinging on to governance models that are the very antithesis of the Lambert model. Although there may

be deep-seated reasons why Oxford's current vice-chancellor (John Hood) is proposing to reform the governance of the University, the Lambert Review is undoubtedly one of the contemporary, and clearly external, pressures for change.

⁴ This is the foundation degree route. Logically this points to a formal linking of the further and higher education sectors in England and Wales to follow the Scottish precedent.

⁵ In fact it is their second chapter.

⁶ The University of Buckingham is the only British university with a serious claim to be called a private institution.

FROM THE UGC AND NAB TO THE FUNDING
COUNCIL MODEL OF GOVERNANCE

INTRODUCTION

The previous chapter examined the broad contextual variables that shape the character of British higher education. Those variables exert an influence at all levels within the British system of higher education. However, it is contended that the system of governance invariably distils and responds to the critical pressures in policy terms before they have a significant impact upon the higher education institutions. In other words the system of governance stands between the pressures for change and institutional action. This and the two following chapters will examine this idea in three different contexts: the creation of the funding council model of governance, the expansion of political intrusion into higher education beyond the confines of the formal educational state, and the devolution of responsibility for higher education to the Scottish Executive and the Welsh Assembly.

The funding council model of governance was created in the 1988 Education Reform Act and thus precedes by some four years the full emergence of a devolved administrative system separated along national lines. However, Scotland in particular already exercised considerable influence in shaping the policy direction of its own higher education institutions and the devolution of political responsibility for higher education is now also firmly entrenched in Wales. To pay separate attention to Scotland and Wales is not merely a politically correct gesture. The contention is that the funding council model of governance, although constructed on the basis of general principles, will function differently within contrasting political contexts. Central to the model are critical relationships – between the state and the funding council, and between the funding council and the higher education institutions – and politics will shape how those relationships work in practice. Thus contrasting national political contexts will result in the model functioning differently.

The initial interpretation of the funding council model of governance will be heavily dependent upon an analysis of the 1988 Education Reform Act, which will form the core of this chapter. The 1992 Further and Higher Education Act created separate national funding councils and the ways in which it reshaped (if at all) the interpretation of the model of governance will be taken up in the next chapter. The central thrust of this chapter is to understand how a particular model of governance functions and its approach is essentially analytical rather than historical.¹ However, the chapter draws upon the English experience to illustrate how it has actually functioned in practice, although between 1988 and 1992, that is prior to the creation

of the national funding councils, the discussion is broadly relevant to the United Kingdom as a whole.

The chapter commences by presenting a brief overview of the governance of higher education under the UGC regime with an equally truncated discussion of why that regime collapsed. This creates a setting, partly historical and partly analytical, for the core concerns of the chapter: the membership of the funding councils, their formal functions, and how they perform those functions. The chapter then explores the principles that underlie the performance of those functions. This is followed by an examination of how the power relations inherent within the model have evolved over time. Have these institutional relationships changed in a manner which impacts significantly upon the funding council model of governance? If the UGC was widely perceived as performing three key roles – buffer, coupling and broker (Moodie, 1983) with a planning role emerging in the 1980s – how are we to interpret the brief history of the funding council model of governance? And is it a history that is about to come to an end?

THE DEMISE OF THE UGC

The 1988 Education Reform Act not only abolished the University Grants Committee (to become the Universities Funding Council – UFC) but also terminated the National Advisory Body (to become the Polytechnics and Colleges Funding Council – PCFC) within whose confines those interests with a stake in the governance of the Public Sector of Higher Education (PSHE) had fought their own battles to shape the development of the polytechnics and colleges. The move to the funding council model of governance was especially traumatic for the UGC in view of the fact that it had been in existence since 1919 (NAB had been created in 1982), and the universities on its grant list were entrapped in the idea that they were self-governing (autonomous) institutions – a view receiving constant re-enforcement from the UGC itself.

Historically the polytechnics and colleges that made up the public sector were tightly managed either by the local authorities or voluntary associations. Thus two different kinds of battle were being fought at the same time: to wrest control of the public sector out of the hands of the local authorities and to bring the universities under the control of the state by giving central government a clear responsibility for the construction of higher education policy. In view of the fact that the latter struggle is more critical to understanding the operation of the funding council model of governance, it is the particular concern of this chapter.² However, this is not a very significant issue given that the binary line was abolished in 1992, and there emerged a unified higher education sector (with institutions moving hastily to label themselves as universities) under the guidance of funding councils divided only along national lines. In other words, by 1992 the input of the local authorities had been terminated, what remained to be determined was the relationship between the funding council and central government.

The history of the University Grants Committee has been very well documented (Berdahl, 1959; Moodie, 1983; Owen, 1980; Carswell, 1985; Shinn, 1986; Shattock, 1994; Salter and Tapper, 1994: pp. 104–132). Although it is to make the point too crudely, in terms of its style of governance there were two critical periods: from its inception in 1919 to the election of the first Thatcher Government in 1979, followed by the ten year period from 1979 to its demise in 1989. The UGC, created by a Treasury minute and formally the Exchequer's responsibility, was composed initially of ten senior academics and a part-time Chairman. It was served by a full-time secretary, usually drawn from the Treasury, and aided by a small clerical staff. Up until the conclusion of the Second World War (during which the universities like most other public institutions were subject to the demands of wartime planning) its primary function was to make recommendations (always accepted) as to how the Treasury's annual grant should be distributed amongst the institutions on its list. In effect it calmed the sensibilities of those in university circles who were intent on preserving their autonomy. The state was to provide financial support for the universities without determining the course of higher education policy.

Post-1945 it was more difficult to sustain the myth of institutional independence because the university system moved from relative to almost complete financial dependence upon the state but, interestingly, if perversely, this dependence was interpreted as a guarantor of, rather than a threat to, university autonomy (Salter and Tapper, 1994: p. 115)! However, in 1946 the UGC acquired additional terms of reference: '... to assist, in consultation with the universities and other bodies concerned, the preparation and execution of such plans for the development of the universities as may from time to time be required in order to ensure that they are fully adequate to national needs' (as quoted in Shattock, 1994: p. 3). And in 1964, with the transfer of responsibility for the UGC from the Treasury to the then Department of Education and Science, it appeared as if the universities were to be fully integrated into the British educational system and subjected to the policy imperatives of the elected government. But no such fate was to befall the universities – at least not immediately.

The planning mode suggested by the additional 1946 terms of reference did not give rise to a new UGC bent on interpreting national needs and requiring the universities to conduct their affairs in a manner that would achieve them. The quinquennial reports on university development did suggest desirable avenues for the universities to follow (support for: expansion – especially in the sciences, greater social diversity in the composition of the undergraduate intake, more graduate students, and the need to encourage research) but it would be impossible to perceive the UGC as attempting to use its resources to impose its will. It simply did not understand its role in these terms. This was a form of governance that aimed to provide commonsense guidelines within which – hopefully – all reasonable persons could work. It depended upon the exchange of ideas and information, on regular visits to the universities and on social contact between the great and the good. Whilst the bureaucratic interaction between the UGC and the universities increased in the post-war years and parliamentary scrutiny grew (the Public Accounts Committee of

the House of Commons gaining access to university accounts) neither the bureaucratic demands nor the political intrusion could scarcely be described as severe or restrictive. Even the transfer of responsibility for the UGC from the Treasury to the then Department of Education and Science did not usher in radical changes, and the chickens would take some time to come home to roost.

Not surprisingly there were periodic bouts of political disquiet directed at the seemingly very passive role of the UGC, coming as much from parliamentary sources as from governmental quarters. But two seismic events were to undermine the status quo: the severe financial crises of the 1970s (quinquennial funding forecasts around which the development of the university system had been structured came to an end), and the political determination of the first Thatcher government both to cut public expenditure and to increase the accountability of publicly funded institutions. Within this context the UGC had little choice but to become more pro-active for the alternative was a swift demise. The most dramatic about turn was its willingness in the early 1980s to take responsibility for distributing the cuts in its annual grant. The UGC argued that if it abdicated its role then the predicament of the universities would be even more severe. Consequently, it was prepared to adopt a very explicit planning role, using its judgement to make decisions on the uneven spread of misery (Soares, 1999: p. 219). The 1980s was also the decade in which the Committee started to make tough decisions about the so-called rationalisation of university departments. It was comparatively easy to hone in on some of the smaller subjects (theology and classical studies) but it should be remembered that it was only the death of the UGC that prevented the same fate awaiting key areas of science – physics in the wake of the Edwards Report, and chemistry following the Stone Report (University Grants Committee, 1988 and 1988a).

Given that the UGC was finally galvanised into action, and it should not be forgotten that the first Research Assessment Exercise was its brainchild, the question arises as to why the third Thatcher Government decided to replace it by a new institution bound by different rules of governance. Indeed, some distinguished commentators claimed that in the early 1980s the Committee had increased its standing in government circles and its chances of survival were good. It is possible to refer to past apparent failures (the Committee's seeming inability to provide a lead to the universities in the face of the 1970s economic crises) and the then current difficulties of which the most significant was the widespread criticism of its role in the University College, Cardiff debacle in which, to put it mildly, not all had behaved with financial probity. Indeed, reflecting on the UGC's role in this sorry affair, the Public Accounts Committee was moved to comment, 'We believe strongly, however that the UGC should have taken earlier and more positive action to identify, appraise and tackle the financial difficulties at Cardiff' (Public Accounts Committee, 1990: p. v). And later concluded with an unequivocal expression of its judgement: 'We welcome the establishment of the new Universities Funding Council, with an expanded role, a more positive remit and greater powers and responsibilities' (Public Accounts Committee, 1990 as quoted in Shattock, 1994: p. 127).

TOWARDS THE FUNDING COUNCIL MODEL OF GOVERNANCE

To imagine that by the time the 1980s had arrived the survival of the UGC would be dependent upon the perceived effectiveness of its performance is to miss the point. Not surprisingly there was a political desire between 1979 to 1988 to see the UGC act effectively, but as far as the Government was concerned the Committee had too many inherent weaknesses to merit long-term survival. The UGC drew its members from the leading circles of the university community; in effect powerful insiders were determining the distribution of the annual grant and shaping the development of the university system. The composition of NAB, with representatives from the local authorities and trade unions, was more pluralistic but no better from a government perspective. Whilst the UGC had developed considerable expertise over time, and was supported by an expanding staff, without political cajoling it rarely instigated initiatives. Moreover, whilst in the early 1980s it may have handled competently the cut in the annual grant many questioned whether it had given a strong enough lead to the universities as they grappled with the ravages of the inflationary crisis of the mid to late 1970s (the collapse of quinquennial planning, the lack of a government commitment to make supplementary awards that would compensate fully for inflation, and the clear need for strategic planning). Most decidedly the UGC could not be described as pro-active.

The optimism generated in certain quarters (Shattock and Berdahl, 1984: pp. 496–8) by the UGC's surge of activity in the 1980s under-estimates the critical importance of two points. If the Committee was proving itself as an effective planning body for *the university system as a whole*, the Cardiff debacle demonstrated its apparent inability to intervene effectively in *the affairs of an erring institution*. In spite of the increase in its administrative support, there is some doubt whether it had the resources to pursue intervention effectively even if it had the will to do so. Moreover, in his evidence to the Public Accounts Committee, the UGC's Chairman (Swinnerton-Dyer) claimed that it lacked the authority to intervene. The principle that the universities, having received a block grant from the UGC, then determined how it should be distributed appeared to be so deeply entrenched that it stifled action.

Assuming that the UGC could have demonstrated its ability to engage in effective planning, incorporating procedures supported by the requisite expertise needed to keep institutions on the straight and narrow path, raises the question of whether this would have been acceptable to the government of the day, indeed to any government. It is hard to imagine a Thatcher Government conceding what would have amounted to effective policy control over the development of the universities to a small group of insiders (notable representatives of the 'producer' interests who for much of their careers had been embedded in the policy networks of higher education) who were invariably bound by strong socio-cultural ties and ultimately made decisions on the basis of their professional judgements. For a government bent on expanding its policy control it would have appeared little short of a nightmare scenario.

The UGC, therefore, was not so much impaled by past failures (and it should not be forgotten that it was the lynchpin in a model of governance that commanded much respect over a long period of time), but rather the victim of new ideas supported by powerful political forces. Although it greatly simplifies reality, the changes that occurred in the governance of higher education broadly followed 'new public management' principles whose introduction was central to the drive of the Thatcher/Major Governments to reform the delivery of public services in the 1980s/1990s.³ The decision therefore to restructure the governance of higher education is part of a wider reform of the state with a particular focus upon how the state could most effectively discharge its responsibility for delivering social goods.

There is no consensus on the core principles that constitute this form of governance but with respect to higher education policy the following points are highly relevant. Whilst it is recognised the state has acquired an irredeemable obligation to finance the delivery of social goods they are best provided by non-state bodies (the state purchases services from private providers). Moreover, it must not be assumed that all social goods should be paid for in full by the state. Individuals have an obligation to meet their own social needs and private purchase invariably improves the quality of the product. Because of a deeply entrenched (or at least growing) public expectation that social goods should be of a high quality (the effectiveness of their delivery can have powerful political ramifications) policy control needs to be in political hands. This is especially true of those core social goods, which would include education, that are heavily dependent upon public funding. Policy control is complemented by the well-established principle that the expenditure of public resources requires the implementation of rigorous accountability procedures. The state needs to be convinced that it is receiving value for money. Finally, there is an underlying drive, particularly evident in the Thatcher years, to introduce market principles into the equation: service providers compete for customers (even those who are publicly funded), the state encourages competition for its resources (there are no guaranteed hand-outs), and publicly funded institutions need to seek out private resources.

HIGHER EDUCATION AND THE FUNDING COUNCIL MODEL OF GOVERNANCE

And so, following Lord Croham's *Review of the University Grants Committee*, (DES, 1987) which the Government interpreted to further its own policy goals in the White Paper, *Higher Education: Meeting the Challenge* (DES, 1987a), the UGC was wound up and the funding council model of governance duly arrived. The fact that the funding councils have a clear statutory basis, dependent upon the 1988 Education Reform Act (ERA) and the 1992 Further and Higher Education Act (FHEA), is of some significance. The UGC was created by a Treasury Minute and, although part of the state, was on its periphery. The statutory basis of the funding councils places them more firmly within the machinery of governance.

More importantly, the legislative framework provides at least a starting point for teasing out who has control over the policy-making process and what are the responsibilities of the different institutional actors. In the days of the UGC so much was dependent upon convention and precedent. There was no absolute certainty as to the boundaries of its authority either with respect to the universities on its grant list or in its dealings with central government. In the context of a small, elite system of higher education this generally caused no problems but was more problematic as the system expanded and became increasingly complex and costly, and governments were more intent on steering the development of higher education. Although the formal statutory framework is only a starting point for determining how power is distributed, nonetheless it is a preferable option to having no starting point.

Membership and Formal Responsibilities

Although the UGC had become a larger body over time and incorporated non-academic members, this diversity of membership was legally reinforced and extended with the creation of the funding councils. The 1988 Act (and this is substantially repeated in the 1992 Act and is applicable to both the UFC and the PCFC) stated that, 'The Council shall consist of fifteen members appointed by the Secretary of State, of whom one should be appointed as chairman'. Of these members between six and nine were to be drawn from the higher education community 'and in appointing the remaining members the Secretary of State shall have regard to the desirability of including persons who appear to him to have experience of, and to have shown capacity in, industrial, commercial or financial matters, or the practice of any profession' (ERA 1988: clauses 131.2, 131.3).

Although the funding councils have been less dominated by academic ('producer') interests than the UGC, it is impossible to discern whether distinctive internal factions have emerged and, if so, what lines they follow. Moreover, like most small committees, the balance of influence is likely to be heavily dependent upon individual interests, commitments and even personality traits. However, it is a well-known fact that the early days of the Universities Funding Council (UFC) were dogged by strong differences between its Chief Executive (Sir Peter Swinnerton-Dyer who was the final Chairman of the UGC) and its Chairman (Lord Chilver who was seen as a close ally of the Thatcher Government). Without further research the only sensible observation that can be made is that the funding councils provide the opportunity for individuals whose careers have not been moulded exclusively in the groves of academe to make an input into the higher education policy-making process. But as 'outsiders' one would expect them to tread warily before making their influence felt.

The central responsibility of the UFC/PCFC under the terms of the 1988 ERA (and again this was not modified in the 1992 legislation) was to administer 'funds made available to the Council by the Secretary of State for the purpose of providing financial support for activities eligible for funding under this section' (ERA 1988: clause 131.4). Moreover, these grants could be made by the Council 'subject to such

terms and conditions as they think fit' (ERA 1988: clause 131.6). Besides requiring the governing bodies of universities to provide the Council with the information it needed for the performance of its functions, the Council also had the power 'to provide the Secretary of State ... with such information and advice relating to activities eligible for funding under this section as they think fit' (ERA 1988, 131.8b). In other words there were potential flows of information, initiated by the Funding Council, which could travel in the direction of both the government and the universities. But, as we shall see, these were not the only possible lines of communication.

Modus Operandi

It can be argued that the central purposes of the funding councils are not that dissimilar to those of the UGC: to distribute to higher education institutions public resources made available by the Treasury (after the usual political infighting), to make sure that individual institutions act with probity and remain financially sound, and to guide the development of the system along lines that command broad academic and political support. The key difference in the equation is how the functions are to be performed and, of even greater significance, how the interested parties relate to one another in determining how those functions are fulfilled. In particular, what is the pattern of interaction between the funding bodies and the government in the performance of the three tasks? It is the change in this relationship that is critical to understanding the difference between the UGC and funding council model of governance.

Out of the funding council model of governance has emerged the following pattern of institutional interaction, which structures the policy-making process in higher education and, in turn, steers the development of the system:

1. The formation of *policy goals* is a political responsibility to be undertaken by the incumbent government.
2. The major function of the funding councils is to devise the mechanisms for *the policy implementation process*. The broader the terms in which policy goals are stated, the greater the significance of this function.
3. Higher education institutions have to devise strategies that will enable them to respond positively (which usually means how to maximise their public funding) to the framework established by the funding councils. There is a need for high quality leadership and competent management if they are to do this effectively.

In formal terms, therefore, the funding councils have a more limited role in the development of the system of higher education in Britain than the UGC, which could claim that for much of its history it had the primary responsibility for steering the development of the universities. But it operated in a context in which the lines of responsibility were unclear and, whilst it could resist government pressure for change (the buffer role), it could scarcely initiate significant change without government support.

In what ways does the legislation put flesh on this skeleton of the governance model? The Secretary of State can make grants 'to each of the Funding Councils

of such amounts and subject to such conditions as he may determine' (ERA 1988: clause 134.6). And the potentially most draconian powers are to be found in what appear to be two reserve sub-clauses: 'The Secretary of State may by order confer or impose on either of the Funding Councils such supplementary functions as he thinks fit' and 'in exercising their functions under this part of this Act each of the Funding Councils shall comply with any directions given to them by the Secretary of State' (ERA 1988: clauses 134.1, 134.8).

The established manner in which the Secretary of State transmitted policy priorities was to issue memoranda of guidance (the grant letters) on an annual basis, which the councils were required to take into consideration when making their funding decisions. But in this respect it is important not to draw too sharp a distinction between current practice and the circumstances in which the UGC operated in its final years. In the 1980s the Committee had become accustomed to receiving guidance, which Booth has referred to as statements of ministerial priorities (Booth, 1987: p. 62). The difference, and it is a critical difference, is that ministerial guidance is now *an integral part* of the interactive process. It occurs on a regular basis and the expectation is that the funding councils will respond positively, that they will not act as a buffer.

Although the annual memoranda of guidance represent the most persistent statements of the government's policy priorities, there are other ways in which policy direction can be provided. For example, there has been continuous government pressure in recent years upon higher education institutions to broaden the social basis of their undergraduate recruitment, and to place British universities at the very centre of economic regeneration. Besides the re-iteration of both themes in numerous public settings by various government ministers, they are also powerfully expressed in the 2003 White Paper, *The Future of Higher Education* (DfES, 2003). We have also seen how some of the ideas (for example, 'lifelong learning') to be found in the Dearing Report (National Committee of Inquiry into Higher Education, 1997) have been taken up both politically and in funding council publications. And then there is legislation should exhortation fail! For example, the 2004 Higher Education Act by creating the Office for Fair Access (OFFA) not only had a profound impact on the relationship between HEFCE and the state but also attempted to shape the widening participation strategy.

In terms of the second tier in the funding council model of governance (that is the interaction between the councils and the institutions of higher education) an amalgam of an audit and regulatory culture has developed. The 1988 Act empowered the councils to impose 'such terms and conditions as the Council think fit' upon the grants it makes, which was underlined in the 1992 Act by permitting Councils to require repayment 'if any of the terms and conditions subject to which the sums were paid is not complied with', and even to seek repayment with interest (FHEA 1992: clauses 65.3, 65.4)! Such a sanction may be difficult to implement but its mere presence reinforces the message that institutional probity is of the utmost importance. Moreover, as early as 1986 the UGC, with the instigation of the

Research Assessment Exercise, had already established the principle that resources could be distributed selectively on the basis of measured performance.

The 1992 Act, whilst not creating an explicit link between resource distribution and the assessment of teaching quality, carried the process forward by requiring Councils to ‘secure that provision is made for assessing the quality of education provided in institutions for whose activities they provide’ and, to this end ‘a committee, to be known as the “Quality Assessment Committee” should be established ‘with the function of giving them advice on the discharge of (this) duty...’ (FHEA 1992: clause 70.1). Although at this stage there is still some way to go before the state moves from defining policy goals to telling the funding councils how to implement them, the statutory creation of the Quality Assessment Committee represented an important step in this direction. Clearly the discretion of the funding councils is being politically circumscribed. Therefore, the higher education sector has seen a massive growth of the regulatory state. And, at least with respect to England, by linking the right to charge variable fees to Access Agreements (agreements reached between the universities and OFFA) it demonstrates that its regulatory capacity can assume new forms. However, although formally the funding councils may have the regulatory responsibilities, both the quality control and widening participation agendas clearly illustrate the significance of government intrusion.

Again in a *formal* sense, and certainly as reflected in both the 1988 and 1992 Acts, the higher education institutions, the third institutional tier, are not accorded a policy role in the funding council model of governance. Indeed, the relationship between funding councils and institutions is one in which the latter provides information to the former (to enable it to fulfil its audit functions) and, furthermore, a great deal of institutional behaviour is structured by the regulatory framework – finding expression, for example, in performance indicators and the control of aggregate student numbers – that the funding councils have constructed to achieve the politically prescribed policy goals.

Although it is difficult to substantiate the case in great detail, there is evidence to suggest that in government circles the competence of university leadership and management has not been highly regarded. The chapter on the RAE will demonstrate that the then Department of Education and Science was keen to use research assessment as a means of forcing the universities to develop long-term research management strategies. Inevitably it was the UGC, and then the funding councils, that had the responsibility for applying the pressure. Furthermore, a constant fear in government circles, especially from the economic crisis of the mid-1970s onwards, has been that higher education institutions are poor at managing tighter budgets and slow at finding means of augmenting public income with private money. A list of institutions considered to be in danger of financial insolvency is known to exist, with the obvious implication that should an institution go bankrupt government and funding councils may need to implement contingency plans as well as prepare themselves for the obvious political fallout. Thus for the higher education institutions the purpose of the 1988 and 1992 Acts was not to define their role in the

policy-making process but rather to establish a system of governance that demanded of them better quality leadership and management (Henkel, 2000: chapter 3).

WHAT ARE THE PRINCIPLES STEERING THE MODE
OF GOVERNANCE?

The early years of the UFC were mired by the fracas surrounding the Council's attempt to fund teaching through a bidding system underwritten by guide prices. Universities could tender to teach students either at or below the bid price (only in exceptional circumstances would bids above the guide price be accepted). This smacked of a desperate attempt to allocate resources through the creation of a market and, not surprisingly, came in for a lot criticism – including from within the UFC itself. Students were perceived as customers and the funding councils would contract those universities to teach them which offered the lowest bid prices (Ferlie et al., 1996: pp. 65–66).

Shortly after his resignation from the post of Chief Executive, Swinnerton-Dyer wrote: 'On this interpretation, the UFC was established in order to expose the universities to market forces – though that was certainly not made clear to most Council members at the time.... In respect of teaching, the first attempt to bring in market forces was the 1991–95 Planning Exercise; that was Lord Chilver's brainchild (though probably with Ministerial guidance) and the rest of the Council had very little say. As you all know, the failure of that was acknowledged last November, and it took desperate improvisation on the part of the office to announce the 1991–92 grants at the usual time' (Swinnerton-Dyer, 1991: p. 205). This is an extraordinary statement suggesting both political conflict within the Council and the marginalisation of some of its members. But, more significantly, the episode illustrates the difficulty in moving from a system based on awarding grants through the established procedures of formula funding to creating a market in which institutions compete for resources. According to Swinnerton-Dyer, Lord Chilver blamed 'the failure on the lack of co-operation from the universities in not tendering at cut-throat prices' (1991: p. 206), which, if true, shows a degree of political naivety (what else would you expect of the universities?). It was very evident that there was little sympathy within the universities for the new funding councils, and their policy networks would go into overdrive to protect their perceived common interests, which is precisely what happened.

Although the effective rigging of the market by the universities undermined the bidding mechanism, nonetheless the funding council model has successfully extended competition between the universities for public resources. The most serious breach in formula funding was initiated by the UGC with the selective allocation of research income through the Research Assessment Exercises. For academics the RAE is about demonstrating the research quality of their departments, for university managers their primary purpose is to maximise research income. And, although research income is technically awarded as a block grant, this has not prevented the state from placing pressure upon the universities in their allocation of those resources.

Moreover, with the introduction of special initiatives funded by earmarked resources (for example, widening participation schemes and the incentives that encourage links with local businesses), competition has further increased. Although the block grant still dominates, Taggart presents evidence to show that it fell from 89% to 82% over the period 1999–2002, and HEFCE itself claims that special funding amounted to 18% of its total budget in the academic year 2003–04 (Taggart, 2004: p. 108). Whilst these are not significant shifts they are suggestive of a change in the mode of resource allocation; the partial emergence of a market managed by the funding councils.

If the funding council model was meant to create a market that would determine the distribution of public resources, it has clearly fallen short of any ambitious target. It is ironic, therefore, that governments committed to extending market discipline into the distribution of public resources have created in the funding councils bodies that are most noted for their audit and regulatory functions. In view of the obvious shortcomings revealed by the financial mismanagement at Cardiff the strengthening of the audit function was to be expected. In this respect the funding councils are not doing anything different in principle from the UGC but simply have more financial expertise and a clear interventionist channel at their disposal: 'If it appears to the Secretary of State that the financial affairs of any institution within the higher education sector have been or are being mismanaged he may, after consulting the council and the institution, give such directions to the council about the provision of financial support in respect of the activities carried on by the institution as he considers are necessary or expedient by reason of the mismanagement (FHEA, 1992: clause 81.3). And one could expect that on occasions the funding councils themselves would initiate the Secretary of State's intervention.

However the regulatory regime has assumed a significant presence and is a new experience, especially for those universities that were never part of the public sector of higher education. A battery of performance indicators measure institutional outcomes against targets, which enables comparisons to be made between institutions, and how particular universities have changed (or not changed!) over time can be monitored. The evaluation of the teaching and learning environment was based in part upon departmental inspections, although effective political lobbying has replaced this with regulation dependent primarily on institutional audit. Following the explosion of student numbers in the early 1990s the department (obviously reflecting Treasury concerns about the impact expansion was having upon expenditure) shifted to what it preferred to call a period of consolidation. In response HEFCE developed what was known as the Maximum Aggregate Student Numbers (MASN) regime to regulate the overall size of the student population and its academic and institutional distribution.

There is nothing in these developments to suggest the funding council model of governance has developed in a way that is fundamentally inconsistent with the expectations of those responsible for the 1988 and 1992 legislation. The Research Assessment Exercises were already in place, the regular evaluation of the quality of the teaching and learning experience is built into the 1992 Act, and the growth

of the regulatory regime is in part a response to the policy goals of the state and in part a recognition of parliamentary support for a strong audit culture. If the new public management model of governance was supportive of a drive to introduce market mechanisms into the delivery of social goods, then – if the experience of British higher education is any guide – it appears to be much easier to expand the grip of the regulatory state than to introduce the alleged liberating power of the market. Policy goals may be determined by the state but undoubtedly the system is managed by the funding councils.

There is general agreement that whereas the UGC was a planning body and, in its final years, extended considerably the scope and depth of its planning capabilities, the funding councils manage rather than plan. Although it could be argued that to give the funding councils planning powers would not threaten the state's control of policy formation, it would most definitely undermine the critical importance attached to institutional leadership. If a university's development is to be determined by externally imposed planning decisions where does this leave institutional autonomy? What incentive does it give to university leaders and managers to steer the future direction of their institutions?

In recent years several universities have closed departments (chemistry, physics and languages are particular targets) on the grounds that continued support jeopardises the university's financial stability and prevents resources being channelled towards expanding more financially viable departments. There have been calls for both government and funding council intervention (on the grounds that the closures threaten the survival of disciplines that are allegedly vital to the nation's future). Because they are supported by powerful vested interests these calls cannot be ignored. However, either the universities are going to determine their own futures in response to market pressures or they are going to rely upon state planning that may enable them to deny the logic of that pressure. The issue was apparently resolved at the very foundation of the UFC. Both the Stone (on chemistry) and Edwards (on physics) Reports, commissioned by the UGC, were shelved. It may have been more sensible to have implemented a UGC-led redistribution of these science departments but this would have been inconsistent with the principles of governance implicit in the legislation that created the UFC. It will be interesting to see if pressure, mainly from the academic community, succeeds in changing government thinking. The then incumbent Secretary of State, Charles Clarke, drew up a list of higher education courses considered to be of 'national strategic importance' and HEFCE was asked whether intervention was needed to protect these courses and, if so, what form it might take (DfES, 1st December 2004). But to date, although the situation in Scotland is very different, no national plan has emerged.

Of course whether the model has actually led to an improvement in university leadership and the enhancement of institutional management is another matter. At least since the publication of the Jarratt Report (CVCP, 1985) there has been considerable stress upon the importance of ensuring that universities are effectively managed. University governance is not only a key ingredient in the funding council model but also, thanks to the intrusion of the regulatory state and the

launching of policy initiatives underwritten with earmarked funds (not to mention the problem of balancing budgets in the face of shrinking public resources!), there are ever more tasks to perform that require administrative expertise. What we have undoubtedly witnessed is a steady move away from the idea that key institutional roles can be filled by academics – possibly for short time periods and sometimes even in conjunction with their academic duties. Higher education administration is increasingly a professional career and, although the tradition of academics filling key leadership roles still persists, important posts are rarely circulated amongst senior academic staff on temporary secondment. Today it is usual to find senior management groups, headed by the vice-chancellor and composed of a combination of officers and academics who have moved permanently into management.

The funding council model, at least as it has evolved in the context of English higher education, has therefore been driven forward by a number of different operating principles to create a form of governance with significant internal tensions. Competition in the managed market, regulation and audit, the steering and management of the system coupled with the value placed upon the quality of institutional leadership at all levels are uncomfortable bedfellows. But this is not to say that the model has functioned ineffectively (especially in the context of severe resource constraints throughout much of its history) or that there are more viable models waiting to be tested.

THE ELUSIVE SEARCH FOR POWER

Scott has written that, ‘The new funding councils are agents of government not buffer bodies ... The job of HEFCE and other councils is to implement the government’s predetermined objectives through second-order politics’ (Scott, 1995: p. 27). However, the elite interviews conducted by Kogan and Hanney reveal a considerable measure of ambivalence in perceptions of the relationship between ministers and officials on the one side and funding council members on the other. At one extreme we read, ‘the reality is that the Higher Education Funding Councils do exactly what the ministers ask them to do ... And what appalled me ... was that these quangos had no involvement in ministerial policy making ... They were seen out there as bodies to whom ministers thought we will write... and tell them what to do and what their priorities should be’ (Kogan and Hanney, 2002: p. 171).

But be this as it may, there has apparently been considerable departmental reluctance *to direct* the funding councils, especially on how policy priorities should be implemented. According to another of their interviewees, ‘There was never direction on policy’ (Kogan and Hanney, 2002: p. 172). To concur with Scott’s judgement that this is ‘second-order politics’ is to make a condescending judgement about the significance of the policy implementation process. In 1994 we wrote: ‘Judgements as to whether funding councils are to all intents and purposes part of the state apparatus and, as such, mere appendages of the minister’s authority, depend upon how significant you perceive their functions to be and the measure of discretion with which they can exercise them’ (Salter and Tapper, 1994: p. 214). On

reflection, the funding councils are indeed part of the state apparatus but it does not follow that this necessarily makes them appendages of the Department. Moreover, policy implementation is a critical stage in the policy-making process especially if policy goals are written in very broad terms. It is the implementation procedures that impact upon institutional behaviour and, moreover, which can shape how the goals themselves are to be interpreted. What needs to be known, therefore, is how much leeway the funding councils exercise in the performance of their functions. Is ministerial direction tight or does it respect the integrity of the funding councils?

Even though there may be – to quote Kogan and Hanney’s interviewee – no funding council ‘involvement in ministerial policy making’, it is evident that there are regular meetings between departmental officials and funding council personnel at which ideas are exchanged and views expressed on current pressure issues (Kogan and Hanney, 2002: p. 173). Indeed, a departmental assessor is a member of HEFCE and thus readily available to present ‘the departmental view’. In his evidence to the Select Committee on Education and Skills, the then Chief Executive of HEFCE (Howard Newby) replying to the Chairman stated; ‘We have extensive discussions with ministers from time to time. Obviously our advice has to remain confidential to ministers, but there are often quite detailed discussions ...’ (Select Committee on Education and Skills, Minutes of Evidence, 5th March 2003: question 410). And, equally obviously, it is difficult to discern the lines of influence. What to some may appear to be a frank exchange of views between equals may to others seem more like the communication of commands (no matter how politely expressed) from the stronger party to the weaker. But, more critically, the perception of the policy-making process presented in this text is based on the premise that policy-making is not easily segmented in a manner that enables the observer to reach unequivocal conclusions about the nature of governance – where policy formation is finalised and policy implementation begins. It is, therefore, misleading to speak of strong and weak parties.

Again how different this is from the final days of the UGC is open to debate for Booth has argued that there were increasingly close links between the UGC and the Department of Education and Science, at least at the level of the officials, and implied that policy initiatives were being brought forward for discussion by departmental officials (Booth 1987: pp. 62–3). Within itself this tells us nothing about the relative balance of influence, and in the current context in which the Department is responsible for policy initiatives the balance may be very different from what it was in the days of the UGC. However, given that HEFCE presents its views in confidence it is difficult to make a categorical judgement. Whereas Scott’s interpretation is formally correct there is no reason to believe that HEFCE personnel have especially deferential personalities and, moreover, they will have at their disposal the expertise and evidence to sustain their arguments.

Should there be conflicts in which the political will is determined to prevail then it will prevail. One such case in point occurred in the aftermath of RAE 2001. Taggart writes, ‘There is only one example since 1992 of what could be described as a “letter of direction” from the DfES to the HEFCE. Such a letter was requested

by the HEFCE and sent by the Secretary of State for Education and Skills to the HEFCE Chairman, David Young, on 25 February 2003. The purpose of the letter was to confirm the Government's intention to provide additional funding from 2003–04 onwards to the very best 5* research rated departments' (Taggart, 2004: p. 81). This version of events was confirmed by Newby in his evidence to the Select Committee on Education and Skills: '... I asked the Secretary of State to write a letter to my Chairman, which he duly did, so I can say publicly that the initial advice of my board was varied by ministers' (Select Committee on Education and Skills, Minutes of Evidence, 5th March 2003: question 411).

Of much greater significance than the dramatic clashes, which appear to be so few and far between, is whether the annual grant letters have become increasingly restrictive over time? This is important because the policy implementation process has greater significance if the policy goals are broadly defined. Is the noose being tightened slowly but surely around HEFCE's neck? Taggart's research suggests that this is indeed the case and refers in particular to the first grant letter issued by Estelle Morris during her short sojourn as Secretary of State: 'The Council had never received a grant letter dealing with accountability at such a fine level of specificity. Here was a Secretary of State for Education intent on examining the detail of progress as well as the strategy' (Taggart, 2004: p. 101). Taggart suggests that the Secretary of State's concern for detailed accountability may have been a consequence of pressure from the Downing Street Delivery Unit which was seeking evidence that non-departmental government bodies, like HEFCE, were indeed delivering results (Taggart, 2004: p. 101).

Although an analysis of the grant letters as a whole supports the claim that there has been general guidance rather than detailed prescription, nonetheless it is likely that the 2003 White Paper, *The Future of Higher Education*, contained a few shocks for the Council (although its members would have known what was coming). The decision to impose a 6* research rating with supportive funding from 2003–04 clearly represents a gross intrusion by government into the policy implementation process, which is supposedly the Funding Council's domain. Furthermore, the creation of the Office For Fair Access (OFFA), even if it shares premises and administrative support with HEFCE, scarcely represents a vote of confidence in HEFCE's ability to deliver on 'the widening participation' agenda. In his evidence to the Select Committee on Education and Skills, HEFCE's Chief Executive stated that he welcomed the White Paper and broadly supported 'the Government's strategic vision for higher education between now and 2010' (Select Committee on Education and Skills, 5th March 2003: question 415). But whether he also appreciated the marginalisation of the Council in the implementation of that strategic vision is another matter.

In a letter (DfES, 1st December 2004) from the then Secretary of State (Charles Clarke) to HEFCE's Chairman (David Young), there is an admission that the Council's strategic role had been subverted by the White Paper, reducing it to a 'detailed implementer'. It was claimed that this phase of work was coming to an end and the hope expressed 'that the Council will welcome the chance of acting at a

strategic level'. It is evident that policy implementation does require a considerable amount of detailed work: seeking out qualitative and quantitative information, requesting advice from a range of sources, and evaluating the effectiveness and possible restructuring of existing models of implementation. But what is revealing about Clarke's letter is his failure to recognise that the strategic role was intrinsic to the funding council's purpose. It was not meant to be the Department's errand boy, not even for a short time period.

Those who believe that HEFCE has a measure of independence, that it can resist as well as comply, may well look for supporting evidence in the fact that the Council has not seriously sought out ways to link the assessment of teaching quality to funding as repeatedly requested in the Secretary of State's grant letters (unsatisfactory evaluations can result in further inspection with the threat that continued failure to meet minimum standards will result in the removal of funding). But this is rather thin evidence on which to base a general case. Perhaps there is a need to think about the funding council-government relationship in fundamentally different terms than those that were applicable in the UGC era (buffer, coupling and broker). Rather than the funding councils attempting to mediate the relationship between the state and the universities, they are part of a structure of governance that seeks to establish a policy consensus that will envelop the state and the universities. And to evaluate their role as if we were still in the days of the UGC is simply to miss the point.

As Taggart notes, 'When the White Paper was published in January 2003 there was a remarkable measure of symmetry between the Autumn 2002 draft HEFCE strategic plan and the chapter headings in the White Paper. All of the key themes from the HEFCE draft paper were included in the White Paper' (Taggart, 2004: p. 102). So who is calling the shots? And in this context what sense does it make to think in terms of 'the governments *predetermined* objectives'? Is the interaction between the Department and the Funding Council so intimate (the latter in effect absorbed into the former) that they have both instinctively started to sing from the same hymn sheet? Then the issue for the Funding Council is whether it can persuade the universities to join in harmoniously.

In view of the fact that they are in receipt of publicly funded grants the universities have little choice but to accept the terms on which these are offered. Consequently, central to these terms is compliance with the regulatory and audit culture that has come to embrace them. Much of this can be borne with resigned fortitude and paid for with the employment of additional administrative staff. There will be technical battles to be fought (for example, how particular performance indicators are to be measured), and occasionally political battles may be necessary to persuade both government and funding council that a regulatory regime is too financially costly, too pervasive and too time-consuming (undoubtedly the struggle to establish a 'light touch' quality assurance regime provides the best example). Formally, the funding council may be the mediator between government and the universities but the universities are not lacking in political resources that give them direct access to government and to the political system more generally. Indeed, the past decade

has seen considerable parliamentary activity in the field of higher education, and representatives of the major interests have made frequent appearances before various committees. There is a mutual interest therefore in making sure the regulatory regime operates smoothly. Whilst it may be seen as an unnecessary burden (which, ironically, the defenders of certain academic disciplines would like to see extended!) it can be regularised.

Of particular interest in the relationship between the universities and the funding councils are those functions that the latter need the former to undertake on their behalf. If the teaching quality control regimes and the Research Assessment Exercises were to be seen as credible then academics had to be central to the assessment process. The funding councils may create the relevant structures for the functions to be performed but the process itself requires that those who are being monitored to undertake the monitoring! It is this reliance upon the academic community that has led some to suspect that the evaluative procedures have an inbuilt tendency to encourage grade inflation. But until now peer review remains the bedrock of the evaluative process.

Besides this mutual interdependence, the funding councils have reacted to teaching and research assessments in a manner that seems designed to construct the widest amount of university support for them. It is political intervention that resulted in the creation of 6* research grades for selected departments and a steeper gradient in the distribution of research income. Moreover, the linking of funding to the quality assessment of teaching could scarcely be described as severe. Evidently the funding councils are in the business of constructing consensus in the context of being required to distinguish good from bad teaching practice, and to identify world-class research departments from those that lack even a national standing. The intention, or so it appears, is to operate key aspects of the regulatory framework in a way that accommodates the broadest range of university interests but, at the same time, conveys to government the message that its policy goals are being implemented. Evidently, if the reaction to RAE 2001 is a good guide, government is not always persuaded. The outcome in this case was the imposition of the Government's own implementation strategy but how many such interventions the funding model can take and still survive is an interesting question.

CONCLUSIONS

It is the sustaining of its role as an audit/regulatory body that has best enabled HEFCE to fulfil its function of managing the English system of higher education. In pursuing this role it has succeeded in introducing a measure of competition into the distribution of its resources and, more significantly, it has forced institutions to think seriously about the quality of their leadership and management. Indeed, it could be argued that this is its primary purpose – to replace central planning with competent institutional control.

As is consistent with the framework of governance in which it operates, the Funding Council manages the system of higher education within policy guidelines

that are determined politically. Moreover, its managerial control has been squeezed from both sides of the institutional matrix in which it is located: by government intrusion into the policy implementation process, and by its reliance upon academics in the pursuit of some of its key regulatory functions. For the most part it has attempted to fulfil those key functions – on access, the quality control of teaching, and research assessment – in a manner that mediates different university interests. The search has been for inclusion and consensus. In the light of increased political intervention, coupled with the sharper differentiation of interests within the academic community, how long it can sustain this strategy is problematic.

It is a central principle of the funding council model of governance that the control of policy goals (and thus of the long-term development of higher education) is the prerogative of government. But this chapter has made less of this than others. We are not in the halcyon days of the UGC, but it makes little sense to make comparisons with reference to criteria drawn from a very different era. There may be some coupling and brokering but the buffer role has to be undertaken delicately. Moreover, a perspective that sharply separates the formation of policy goals from policy implementation lacks subtlety and it is important not to undervalue the significance of the latter task.

Furthermore, to say that governments form policy goals is little more than a statement of the obvious. The question to ponder is how governments arrive at their policy goals; they do not descend upon us *ex deus machina*. This is not to say that the funding councils necessarily make critical inputs into policy formation but equally it is not to deny the *potential* significance of their input. Given their expertise, regular links to the relevant government departments, the right to offer advice to their political masters, the fact that parliamentary committees invariably summon their officials to appear before them, and their connections in the wider academic community it would be a brave person to deny them an input at least into the thinking that surrounds the production of policy.

HEFCE's *Strategic Plan 2003–08* (implying a pattern of ongoing system development!) overlaps in several important areas with the departmental White Paper *The Future of Higher Education*:

Strategic Plan	White Paper
Widening participation/fair access	Expanding higher education to meet our needs/Fair access
Enhancing excellence in learning/teaching	Teaching and learning – delivering excellence
Enhancing excellence in research	Research excellence – building on our strengths
Enhancing the contribution of HE to the economy and society	Higher education and business – exchanging and developing knowledge and skills

The symmetry of thinking is such that Department and Funding Council are clearly tied to the same harness. The departmental horse may be the stronger but it is the broad agreement about policy direction, rather than their respective strengths, which is most remarkable.

The funding council model of governance can best be categorised as proceeding on the basis of an instable pluralism. The consequence is the emergence of broad policy goals (orchestrated at the level of government) coupled with precise strategies of delivery (orchestrated at the level of the funding council). The evidence seems to suggest that over time a mutual interpenetration of responsibilities has occurred. And this has taken place within a context that has seen the flourishing of policy networks as different interests struggle to influence both the course of policy development (the long-term concerns) and policy implementation (the short-term realities).

Neave has argued that state-university relations in Britain evolved in a manner that led to the replacement of institutional autonomy with *conditional* autonomy. He writes: 'Autonomy can be exercised only *on condition* that the individual institute or department fulfils national or establishment norms which are continually to be renegotiated in the light of public policy (Neave, 1988: p. 46). But one wonders whether this autonomy is any less conditional than that which existed in the final years of the UGC as it flexed its planning muscles? Or when the boundaries within which universities operated were guarded by an elite segment of the academic community? In fact university autonomy has always been conditioned by the political and cultural context within which it operates.

Interestingly, as the 1988 Education Reform Act was winding its way through Parliament the most heated debates centred upon the extent to which its provisions would undermine *individual* academic rights. Thus there were concerted efforts, especially in the House of Lords, to ensure that academics (obviously within the laws of the land) had an absolute right to freedom of speech (that they could not be sanctioned for expressing unpopular ideas), and that the statutory commissioners who were to be appointed to revise university statutes (with the intention of removing the right to tenure) would be bound by stringent procedures. In view of the fact that the new public management model places considerable stress upon the need for effective decision-making procedures, the distinction between institutional and individual rights is critical. The more faculty rights are entrenched the more difficult it could be for universities to respond flexibly to new policy contexts. Perhaps what the funding council model gives us is more institutional autonomy and less donnish dominion (see Halsey, 1992).

NOTES

¹ For the most complete historical overview of these developments see: G.J.Taggart, *A critical review of the role of the English funding body for higher education in the relationship between the state and higher*

education in the period 1945–2003, unpublished doctoral dissertation, University of Bristol, February 2004. But, as the title informs us, the focus is exclusively upon England.

² The demise of NAB is covered in Pratt, 1997: pp. 250–273; Salter and Tapper, 1994: pp. 133–154

³ For the best political science overview of these changes see the two edited collections by Rhodes (2000 and 2000a), whilst Bleiklie, (1998) and Leisyte (2005) present interesting comparative higher education perspectives

STATE POWER: CONVERGENCE AND FRAGMENTATION

INSTITUTIONAL RELATIONSHIPS AND THE DEVELOPMENT
OF HIGHER EDUCATION

Central to understanding the trajectory of higher education policy is the examination of a number of different institutional relationships. The analysis of the shift from the UGC/NAB to the funding council model of governance argued for a theoretical approach based on the state's reconfiguration of the dominant higher education interests in the context of interrelated economic and political crises which provided fertile territory for new ideological themes to take root. Moreover, the operation of the funding councils can only be understood by dissecting how they interact, both in statutory and actual terms with, on the one hand, state institutions, and, on the other hand, the institutions and interests of higher education.

The purpose of this chapter is to explore another critically important relationship in the governance of higher education, that between the bureaucratic and the political dynamics within the state apparatus. No aspect of *The State and Higher Education* aroused more opposition than the contention that it is impossible to understand the process of change in higher education (more particularly to understand the demise of the UGC) without recognising the important role of the central educational apparatus, then known as the Department of Education and Science – DES (for the fullest critique see Kogan and Hanney, 2002: pp. 163–166). Chapter Two provided a deeper context in which to interpret the state's role in engineering the transition from the UGC to the funding councils. In parallel fashion, this chapter will re-interpret the interaction between the bureaucratic and political dimensions of state power in directing higher education policy.

There is a wide range of evidence to suggest that higher education policy now generates more intense political interest. Consequently, we have long passed the time when even the DES was prepared to leave policy development to the UGC. The widening understanding of the purposes of higher education, more especially the perception of it as a critical economic and social force, has sucked in other institutional actors – notably the Department of Trade and Industry (DTI), the Treasury (which has always had a part to play) and the Prime Minister's Office.¹ Other chapters (on the policy networks, Parliament and political parties) will examine the wider political context; this chapter will focus on these key state institutional actors. As the state has a somewhat different institutional character in Scotland and Wales, to provide the more complete British picture this chapter needs to be read in conjunction with our subsequent analysis of the devolution of higher education policy. There is something ironic about the fact that as the state has finally established itself as the dominant

force in shaping higher education policy, so the central educational apparatus finds itself increasingly squeezed by rival bureaucratic and political inputs.

BUREAUCRATIC AND POLITICAL POWER IN THE CONTEXT
OF THE BRITISH STATE APPARATUS

Clearing away the Undergrowth

The changing pattern of policy control in British higher education presents those who are opposed to the idea that the central bureaucratic apparatus was a critical explanatory force in the emergence of the funding council model of governance with an interesting conundrum. Almost every analyst accepts that control of policy development is more centralised, and that the department (now the Department for Education and Skills – DfES) – both its political and bureaucratic dimensions – is a key policy player. Moreover, and this is a point that those who would downplay the departmental input tend to ignore, this development took place in a political context that at the highest levels of government was hostile to bureaucratic power and had little affection for state educational bureaucracies – local or central. In 1987 (in the final days of the UGC) Kogan wrote: ‘We cannot know how far present policies and attitudes derive from officials, or from the new breed of heroic ministers² or from the interaction of both’ (Kogan, 1987: p. 235). What we are entitled to ask is, if the political input is so much more significant than the bureaucratic dynamic in understanding the shift in models of governance, then how did the government – from the perspective of its own widely professed values – manage to get it so wrong?

But to point out a conundrum is not the same as sustaining an argument. One of Kogan and Hanney’s interviewees, with possible reference to *The State and Higher Education*, made the remark ‘... I’m not a great one for these bureaucratic conspiracy theories but bureaucrats are as opportunist as anybody else and you borrow the political imperatives of the day and you rationalise them in the ways that you feel are appropriate’ (Kogan and Hanney, 2000: p. 166). The conclusion could be drawn that bureaucratic power expands because bureaucrats are good opportunists rather than skilful conspirators, but what is obviously called for (which is conspicuous by its absence in the higher education policy literature) is some consideration of the basis of political and bureaucratic power, and how the two forces supposedly interact within the framework of higher education policy change in Britain.

Several factors reinforce one another to create bureaucratic power. Bureaucracies are the repositories of expertise built up over time. It is an expertise constructed out of the professional qualities and ingrained experience of their employees, the case law that they have accumulated over time and their archival memories. It is inevitable therefore that defined institutional positions will emerge supported by collective memory and hierarchical organisation. These individual characteristics develop in response to the expansion of the central state as it struggles to regulate society and, more especially, to bring order to the policy-making process. This

obvious ideal type, operating within the context of the modern democratic state, runs up against a political authority that has very different claims to legitimacy. Political authority flows from the ballot box and governments are elected to fulfil manifesto commitments. Formally ministers control policy development and departments exist to turn political commitments into reality. Indeed, it can be expected even as the political parties engage in electoral combat so the civil servants are busy preparing how best to translate broad commitments into actual policy proposals.

But both the bureaucratic and political rationales for authority are constrained by realities that press upon all policy areas. The idea of bureaucratic expertise has to be balanced against the British tradition of training effective administrators rather than departmental specialists. And ministerial policy objectives are politically contextualised, as Sir Keith Joseph was to discover with respect to student fees and, to provide a more dramatic example, the well-publicised Blair Government's travails in securing the parliamentary passage of the 2004 Higher Education Act. One of the accusations was that Blair's legislation broke a manifesto pledge by allowing higher education institutions to charge variable fees. Thus a series of concessions were needed to secure parliamentary support – clearly the effective exercise of political authority depends upon more than electoral success.

Generalisations about the authoritative basis of both political and bureaucratic power have to take into consideration the particular historical and institutional circumstances in which they operate. Richard Bird, Deputy Secretary at the DES from 1980-1990 (which can be justly labelled 'the turbulent decade') has argued that there are four main reasons to be suspicious of the thesis '... that officialdom maintained some kind of pervasive intention which was and is progressively being realised' (Bird, 1994: p. 84). The views of officials 'on important issues will seldom be monolithic.'³ Ministers have access to alternative sources of information/advice (and, in any case, will invariably have a critical awareness of the policy issues); decisions on the really important issues cannot by-pass ministers who will require the support of their senior political colleagues, even of the Prime Minister; and secretaries of state change and often bring with them different agendas.

The essence of Bird's argument (and for broadly supportive viewpoints see Saville, 1983; Kogan, 1987: pp. 227–288) is heavily dependent upon assigning a critical weight to individual actors or groups of actors – divisions amongst officials, personal ministerial interests and competencies, and the dependence of politicians upon supportive colleagues. Moreover, these are very plausible arguments that no doubt can be readily supported by empirical evidence (not that this is always forthcoming). However, the commitment to a structuralist position (that posits the expansion of state power through the interaction of the bureaucratic and political dynamics for change) envelops the flows and eddies that inevitably emerge from any analysis of individual agency and, furthermore it demands that we focus upon the overall logic of the change process. In terms of the control of higher education policy the key issue is whether the central state apparatus has expanded its power base and not whether this is the prime responsibility of officials or politicians – acting heroically or otherwise.

Given the manner in which the British state functions, it is in fact something of an irrelevancy to explore the relative importance of its constituent elements (although it may titillate both constitutional lawyers and humorists – *pace* ‘*Yes Minister*’). The easy answer is to suggest an interactive model in which ministers and officials coalesce to produce policies out of general election manifestos (or even personal ministerial whims if Bird is to be believed) but this is such a statement of the obvious to invite derision. The political and bureaucratic dynamics are two dimensions of the same drive – how to formulate and implement public policy – and one has no meaning without the other. It is more meaningful to explore the extent of that authority and the manner in which it is exercised.

The Central Educational Apparatus: Reinforcing the Base for the Exercise of Both Political and Bureaucratic Authority

In part the decision in 1919 to make the Treasury responsible for the UGC was influenced by perceptions of institutional status: the Treasury as the most prestigious of departments, the Board of Education well down the Whitehall totem pole. Moreover, for much of its history the central educational apparatus has had to battle with powerful, and at times hostile, institutional opponents for control of its territory – the local education authorities (schooling, further education, and the PSHE) and the UGC (the universities). However, by the 1960s the administrative logic of establishing central government’s responsibility for education under one roof was sufficiently strong to counteract the opposition. But, whilst the Department of Education and Science may have had greater formal status than its more lowly predecessors – the Board followed by the Ministry – whether it actually exercised more authority over the universities in the immediate post-1964 years is another question. And, in comparison to the Treasury, its status was still not in the same league.

In his interesting insider’s view of relations between *Government and the Universities in Britain*, John Carswell (former secretary to the UGC) wrote of William Pile, the incumbent DES Permanent Secretary at the time of the transfer, ‘He naturally saw the universities as part of the educational system he understood so well and had spent most of his life trying to improve’ (Carswell, 1985: pp. 130–131). But what may have seemed natural to Sir William Pile⁴ would have appeared as anything but to many university dons who no doubt would have argued that, as autonomous institutions, the universities needed to be kept as far away as possible from institutional incorporation into the educational state.

But, still glowing in the aftermath of the Robbins Report (which had wanted the UGC to be made the responsibility of a new Ministry of Arts and Science), there was little chance of a fundamental short-term shift in the relationship between the state and the universities. As Shattock remarks: ‘After the transfer, the UGC might have expected the Secretary of State for Education, or the Minister responsible for higher education in the Department, or the Department itself through its higher education policy groups, its Planning Unit, its Universities Branch or even

the Deputy Secretary responsible for further and higher education, to play a significant role in assisting the UGC to interpret 'national needs'. There is no evidence, however, that the DES had any real capacity for this or that it saw its role as other than as simply quantifying student numbers as successive parliamentary enquiries revealed' (Shattock, 1994: p. 8). It seems therefore that the transfer of responsibility for the UGC from the Treasury to the DES was indeed essentially a manifestation of administrative logic, and the Department would need to acquire both the means and the will before it could have a significant impact upon shaping higher education policy. However, although the universities may have been reassured by subsequent departmental quiescence, it was nonetheless a change of at least symbolic importance. A bridge had been crossed and a potentially effective institutional channel was now in place to expose the universities to greater state pressure, both bureaucratic and political.

Pile's own account of the DES during these years records the essentially nonpolitical nature of its responsibilities – the department was a member of the panel that negotiated university salaries, made grants to university extra-mural departments, exercised an oversight of the supply and training of teachers, and determined student grants (Pile, 1979: p. 154). It is not that these are unimportant functions but they are essentially concerned with the maintenance of the system, and they do not suggest an engagement with the policy issues that would shape the future development of that system. This is in stark contrast with the Department's role in the PSHE – creating the polytechnics (with an interesting interaction of political and bureaucratic personalities – Anthony Crosland and Toby Weaver respectively), ensuring that the bulk of the teacher training colleges became part of the polytechnic rather than the university sector, and the creation of the National Advisory Body in 1982 (described by Pratt as 'a central funding and planning body for the non-university sector' – 1997: p. 22). All three issues had real policy substance with a significant impact upon the development of higher education in Britain.

Running alongside the limited *formal* responsibilities of the DES for managing the university sector during the period from 1964 to 1988 (that is, from the UGC being placed under its auspices to the passage of the Education Reform Act and the creation of the funding councils) was the emergence of a number of *informal* UGC/departmental ties. Booth (1987: pp. 62–63) has referred to three of them: departmental officials started to attend UGC meetings as observers, UGC officers were seconded from the DES and thus there were lots of personal contacts (it can be plausibly argued that UGC officers brought with them a departmental mindset), and the DES issued to both NAB and the UGC letters of guidance which indicated ministerial priorities. The relationship between NAB and the Department was formally stronger: the NAB Committee (the top tier in a three tier structure of governance) was chaired by the junior minister responsible for higher education and there were departmental representatives on the Board itself (the second tier).

Even though in 1980 the DES concentrated planning for both the university and PSHE sectors in a single branch (Booth, 1987: p. 69), it can scarcely be said that the Department – neither its bureaucratic nor its political wings – was in control

of the development of higher education. In spite of its greater hold on the public sector of higher education the Department could only move forward by building instable alliances with a plurality of interests (most importantly: the directors of the polytechnics, the trade unions and local authorities), whereas its authority vis-à-vis the UGC was weak and dependent on an informal process of consensus building rather than rights and duties defined by statute. In constitutional terms the UGC may have been the responsibility of the Department but to say that its influence over the UGC was such that it could direct the development of the universities was very far from the truth.

The assertion that the DES (both ministers and officials) had a long-term interest in the demise of the UGC and NAB is, therefore, highly plausible. There is nothing conspiratorial about this claim if you accept the premise that the *raison d'être* of the central state apparatus was to co-ordinate the development of the educational system. Given this premise it was inevitable that sooner or later it would resent those structures that impeded this goal and would look for more amenable modes of governance. Ironically, therefore, the Department had little stake in seeing either NAB or the UGC perform too effectively in response to the economic and political pressures of the 1980s. Effective performance raised the possibility of long-term survival, and certain academic interests (in particular the more politically sophisticated administrative cadre) began to praise the effectiveness of the UGC (pursuing a strategy of selective misery but no institutional closure) as it responded to the severe cuts in its annual grant. It was as if competent performance (and the UGC's strategy of rationalising the distribution of degree programmes was also used as further supportive evidence) justified a stay of execution; that the crime of forming an integral part of an inappropriate model of governance could be overlooked. But the politicians were not to prove so forgiving. They wanted something more than competence – the ability to control policy and with it the authority to direct system development to be placed in their hands.

The 1988 Education Reform Act squarely placed responsibility for policy development in the hands of the Secretary of State and it was a responsibility that could not be exercised without drawing upon the resources of the Department. At a stroke the Act augmented the authority of both ministers and officials, whilst the funding councils (replacing the UGC and NAB) retained control (within the context now of clearly established departmental guidelines, which had a statutory authority) of distributing the annual grant, designing the strategies for implementing government policies and exercising an apparently ever-increasing range of regulatory functions. As subsequent analysis will reveal the actual functioning of the model is subtler than its formal structure would suggest but there is no doubting that post-1988 the British system of higher education had entered a new era.

It could be argued that to have simply abolished the UGC along with NAB and placed their responsibilities within the Department itself would have been an even clearer manifestation of the centralisation of state power, and an especially strong commitment to its bureaucratic expression. But such a move would have signified an explicit recognition of the fact that higher education was under direct

departmental control. For the universities this would have been traumatic given that one of the roles claimed for the UGC was to act as a buffer between themselves and the state. Undoubtedly university interests would have reacted very negatively, and the Government would have paid a high political price without necessarily securing much gain. It was therefore politically necessary to maintain the myth that universities were autonomous institutions not under direct state control, a shibboleth that periodically all ministers have felt obliged to reiterate. Moreover, it would not have been particularly advantageous to the Department to be entrapped in formulating the details of policy implementation since it would have meant assuming responsibilities that would have brought its officials into more or less continuous conflict with the universities. Much better to follow the high road of engagement in policy formation, which – besides suiting its interests – was also consistent with the Government's view of the role of the state, and indeed the traditional function of the Department. As the OECD's 'Reappraisal of Educational Planning: England' remarks: '... and the Department has few executive functions. It is concerned almost wholly with policy; and the role of planning is to assist the Secretary of State in formulating, deciding and promulgating policy at national level' (as reproduced by the DES, March 1980: paragraph 3). Why slip into the mire when the same goals can be achieved by other means?

It is fascinating to note that the legislation, which so increased the authority of the state over the development of the higher education system, also had a similar impact upon schooling, as seen above all in the creation of the national curriculum. From the comfortable advantage point of political retirement both ministers and Prime Ministers have come to rue past follies. Not surprisingly, the 1988 Education Reform Act has generated more than its fair share of retrospective negative reactions, although the minister who steered it through Parliament, Kenneth Baker, has remained a loyal proponent. However, while there may have been deep political suspicion of the DES in the Thatcher governments neither the UGC nor NAB was viewed in an especially favourable light. The solution that emerged was to reformulate them in a manner that put them more directly under the control of the Department, which would then be subjected to a stronger political steer.

Once a political decision had been reached not to develop the educational system through the introduction of market mechanisms (for example, by implementing a voucher scheme) then there was no alternative but to rely on the exercise of state power to instigate change. However, it was not to be traditional bureaucratic control and the search was on to create competitive mechanisms for the distribution of public resources whilst expanding the regulatory state. So the model of governance that emerged was a clear recognition by certain ministers that it represented the best chance for achieving their policy goals without completing renegeing on their principles. But the strategy contained two major weaknesses: the belief that political control would be sufficiently strong to counter bureaucratic power, and a view of the policy-making process that failed to recognise the inevitable coalescence of its constituent parts. Both weaknesses, and their consequences, will be revealed as the book unfolds.

Since 1964 the manner in which the interests of higher education have been incorporated into the Department has oscillated. One obvious problem was how to integrate planning for the universities and the public sector of higher education. The creation of a departmental ‘universities branch’ was superseded by the ‘Higher and Further Education Branch’ with, in the words of Shattock the Department seeking ‘... to provide much closer integration in the forward and resource management of university and public sector higher education’ (Shattock, 1993: p. 16; see also Carswell, 1985: pp. 52–80). A second problem was the status of the ‘higher education’ branch within a department that had larger and well-established obligations for schooling – the reason why the Robbins Report wanted government oversight of the universities, along with civil science, to be located in a separate department. Political responsibility has oscillated between a minister of state and a parliamentary undersecretary of state, and although initially a second Permanent Secretary post was created to provide administrative oversight, this was soon abolished with a Deputy Secretary heading up the ‘higher education’ branch.

Currently we have a structure in which higher education is overseen by a minister of state and by the Higher Education Directorate.⁵ The current minister (Bill Rammell) has the title Minister of State for Lifelong Learning, Further and Higher Education, a sufficiently wide brief to suggest that keeping a close eye on developments in the higher education could prove difficult. Nonetheless, when higher education issues are at the forefront of the political agenda (as with the publication in January 2003 of the Government’s White Paper, *The Future of Higher Education* and the subsequent parliamentary passage of the 2004 Higher Education Act) the Secretary of State can be expected to take the lead. But there is only intermittent engagement from the very top, and in view of the fact that higher education is not the Department’s main interest, the Secretary of State cannot be expected to be continuously engaged. Indeed for some Secretaries of State higher education appears to be have been of marginal importance – an obligation that demanded occasional attention rather than a critical policy arena commanding intellectual and emotional attachment.

The Higher Education Directorate, headed by a Director-General, (evidently the language of business has superseded civil service nomenclature) consists of two substructures – one devoted to ‘Higher Education Strategy’ and the other to ‘Student Finance Strategy’, each headed by a Director and sub-divided into a number of component parts (for example, ‘Teaching Quality and Widening Participation’ and ‘Student Finances Policy’). But what is most interesting about the Higher Education Directorate is that it appears to represent another stage in the fusion of the political and bureaucratic arms of the state. Its current Director-General (Alan Wilson, former vice-chancellor of University of Leeds) was profiled in *The Times Higher Education Supplement* as ‘The top adviser with “some interesting joining up to do”’ (THES, 1st October 2004: p. 6). His major current concern at that time (‘Having seen plans for variable tuition fees reach the statute book’) was to examine the possibility of introducing a post-qualifications applications system (the claim being

that this would make access to higher education fairer and thus contribute to the Government's widening participation strategy).⁶

The Director-General is clearly a political appointment. And, in view of the fact that the role is to advise government on how it can most effectively achieve its policy goals, the post has to be held by someone who is sympathetic to the broad thrust of government policy. In the sense that it has always been the civil service's *raison d'être* to implement and sustain government policy, it can be claimed that nothing has changed. However, although officials would give substance to government policy, this is very different from being required to support that policy in a personal political sense. Moreover, a competent civil service would be expected to evaluate policy, even to point out its possible shortcomings. In the case of the Higher Education Directorate there appears to be an assumption that government policy is beyond reproach and the Directorate's task is to construct the best way forward. For example, the incumbent Director-General is reported to have commented with respect to the post-qualification applications proposal (which is very controversial): 'I think that one of the options has to be that it will be too painful – but that's not where we are starting Steven Schwartz made a strong recommendation about PQA ..., and the Secretary of State is an enthusiastic supporter of that' (THES, 1st October 2004: p. 6). And so, regardless, we will plough ahead!

As the higher education funding model of governance emerged out of wider pressures upon the state's delivery of social policy so this intermingling of political and bureaucratic authority has to be placed in a broader context. We are in the third term of a New Labour Government, which has followed four consecutive Tory administrations. Long-term control of political office appears to have encouraged governments of both persuasions to make bureaucratic authority more amenable to their influence. Within this context, whilst it may still be meaningful to make an analytical distinction between bureaucratic and political authority, in reality they are two reinforcing pressures that steer policy change. Although this may undermine traditional interpretations of the role of departmental officials, it may also be appealing to them in the sense that it gives them leverage with respect to both the funding councils and the universities. Thus the minister of state with responsibility for higher education can have full confidence in the advice s/he receives (for it is the advice s/he will want to receive) and should still have the time and energy to pursue a wide range of concerns that are part of the current policy brief.

However, it is inevitable that a change in the political persuasion of the government will destabilise the model. Certainly one would expect political appointees, like the Director-General, to be replaced; civil servants to be steered towards new posts (or even persuaded to take early retirement); and attempts made to change departmental culture (for example, by appointing strong political advisors and promoting 'sound' individuals to key posts). It would appear that reconstructing the model of higher education governance has been accompanied by a reformulation in the relationship between political and bureaucratic power. It has become more difficult to discern where one begins and the other ends, and to sustain the

argument that their respective sources of authority are substantially different. They are interdependent rather than interactive forces.

The Relative Decline of the Educational State?

Just as the central state educational apparatus, thanks to the 1988 Education Reform Act, has emerged as a more dominant force in shaping the development of higher education in England so other parts of the machinery of government are intruding into its territory. Although this has always been true, and indeed must be true for all government departments, it is the nature of the intrusions that are of particular interest.

In a formal sense the most visible blow to departmental prestige was the decision taken in 1992 to transfer, ‘... the staff of the science branch of the former DES, along with the ABRC (Advisory Board for the Research Councils) and the science staff of the Cabinet Office to the newly created Office of Science and Technology (OST) itself part of the Office of Public Service and Science’ (Salter and Tapper, 1994: p. 181). Then in 1995 the OST was transferred to the Department of Trade and Industry (DTI); a move that Kogan and Hanney put down to the machinations of Michael Heseltine (the DTI’s Minister), and which was ‘... widely regarded as symbolising its increasing subordination to economic concerns’ (Kogan and Hanney, 2000: p. 163). Besides this important augmentation of its institutional territory, the DTI has also been keen to identify higher education as a critical economic resource.

If the DTI has an impact upon higher education it is more likely to be upon institutional as opposed to system governance. Higher education institutions that are serious about augmenting their research income, including income from the OST’s research councils, will need to develop the appropriate strategies. Not surprisingly the OST is more circumspect as to why it was transferred to the DTI: ‘OST remained here (that is in the Cabinet Office) until 1995 when it was moved to the DTI in order to improve links between Government, industry and the science and engineering base. The move enabled OST to work more closely with those responsible in the DTI for encouraging business to make more effective use of the science base’ (OST, 2004). However, with its DTI location it could perhaps be expected that the research councils would become more aware of the need to finance those projects with greater prospects of stimulating economic returns. In other words business would be inclined ‘to make more effective use of the science base’ if that base was more in tune with its needs. But there are a lot of tenuous assumptions in this line of argument: that the placement of OST in the DTI was indeed driven by a particular policy agenda, that research council decisions can be influenced, however indirectly, by the DTI, and that academic behaviour is pliable in the sense that projects known to have a better chance of funding will receive more applications

However, it would have a substantial impact upon the governance of higher education if the current dual support system for research (through the funding and research councils respectively) were ended in favour of the competitive distribution

of resources through the research councils alone. At a stroke it would terminate one of the key funding council functions, the conduct of the Research Assessment Exercises. Although there would still be a role for the funding councils, their significance in the eyes of the universities would decline dramatically, perhaps triggering a spiral into oblivion.

Whereas it is difficult to discern a precise DTI influence upon the development of higher education, and certainly not one that impacts upon system governance, the role of the Treasury has been altogether more formidable. The sympathetic relationship between the UGC and the Treasury between 1919 and 1964 has been well documented. The Treasury gave the universities moderately generous financial support, allowed the UGC a relatively free hand in shaping the system according to its own values, and even protected the UGC from parliamentary scrutiny. Since 1964 the relationship has been very different. It is tempting to explain this by arguing that post-1964 the Treasury related to the demands of the UGC (or rather to the expenditure costs of higher education as formulated by the DES) in much the same way as it relates to parallel demands from all other spending departments – that is to say as parsimoniously as possible. In other words the UGC was no longer to be treated as an over-indulged pet poodle. Or, to put in more sharply, ‘Having lost the Treasury as honoured patron, the UGC fell victim to its scorn’ (Jenkins, 1995: p. 152).

Whilst there may be an element of truth that looks to changes in institutional relations to explain different patterns of behaviour, there is a more persuasive case to be made. Although the British system of higher education expanded in the 1960s with the creation of the PSHE and the founding of the new (‘plateglass’) universities, it was still an elitist system with broad political support. These were, to use Carswell’s phrase, halcyon days. But as the system grew and political sympathy waned, within the context of a ‘stop-go’ economy, it was not long before Treasury-led financial stringency became the order of the day. For the Treasury its key concerns were those matters that impacted upon public expenditure: student numbers and student fees – including the fees of overseas students. The problem was exacerbated by the fact that the costs of educating students (maintenance grants and fees) were paid for out of the public purse. But for the universities these were issues that impinged upon their autonomy – they should have the right to determine how many students they admitted, how they were distributed across disciplines, and what fees they should charge. On all fronts these were issues that the DES came to determine and (under Treasury pressure) to impose upon the UGC (Shattock, 1994: pp. 18–19). And as the first Thatcher Government moved to control public expenditure, it was the Treasury that assumed responsibility for formulating the general strategy within which the departments had to manoeuvre.

In view of the changing economic and political parameters within which the universities were operating from the late 1960s onwards, Treasury intervention was scarcely surprising. Furthermore, although it has been argued that particularly severe financial constraints were imposed on higher education, all spending departments found themselves facing parallel pressures. The problem for higher education, more

especially the universities, is that they had come to look upon the state as a relatively generous and comparatively undemanding benefactor. The situation was exacerbated by the fact that in a comparatively short space of time they had become almost completely dependent upon the public purse, in financial terms they were nationalised industries.

Without any clear policy direction increased parsimony impacts more upon *how much* is on offer rather than *what* is on offer. As the 1980s unfolded the impact of financial stringency became evident in the drive to ensure what was considered to be the more effective use of resources: the very unequal distribution of the cuts in the annual grant, greater selectivity of research income through the Research Assessment Exercises, and the rationalisation of departments (closures and amalgamations). There may have been wide-ranging reasons to support these moves, even some backing from segments of the academic community, but they were clearly driven by the UGC's desire to demonstrate its credentials to the Treasury. In the search for 'value for money' nothing was sacrosanct, and we were now but a short step from the regulatory state in which institutions in receipt of public monies are periodically required to prove their fitness for purpose.

Prior to the recent Treasury-inspired initiative to move towards a metrics-based RAE, its most explicit intervention was the Chancellor's instigation of a review, led by Richard Lambert, to examine 'business-university collaboration' (HM Treasury, December 2003). The Review reinforces the idea that higher education – especially academic research – is essentially an economic resource. The purpose of the Review was to see how this resource could be put most effectively at the disposal of British business (and thus there are balanced analyses of how intellectual property rights are to be determined, the dual support system for research and how selectively the RAE process should distribute research income). But there is also a very clear message on how universities should be managed: 'Business is critical of what it sees as the slow-moving, bureaucratic and risk-averse style of university management. Apparently, however, there have been significant changes for the better in recent years. Many universities have developed strong executive structures to replace management by committee, and have raised the quality of their decision-making and of their governance' (HM Treasury, December 2003: p. 6). And Oxford and Cambridge (highlighted because they '... play a crucial role in the economic as well as the intellectual life of the UK') are praised for past reforms but are warned that 'both have more to do'!

We have travelled a long way in a comparatively short period of time. It was not so very long ago that the then Chairman of the UGC, Sir Peter Swinnerton-Dyer, was informing the Public Accounts Committee that the UGC lacked both the resources and the authority to intervene in the affairs of an individual university. But now we have *not* the Funding Council, *not* the Department, but a Treasury Review telling two particular universities (Oxford and Cambridge) that how they govern themselves is unacceptable, although it was gracious enough to concede '... that the future success of the two universities will best be achieved by change that is initiated from within' (HM Treasury, December 2003: p. 6). But we are not told

what the consequences will be should the necessary changes not be forthcoming, but there is a recommendation (Recommendation 7.6) that, ‘In three years time, the vice-chancellors of Oxford and Cambridge should take stock of the progress of reform, and agree with the Government what further steps will be necessary for the two universities to sustain their global position (HM Treasury, December 2003: p. 127). In the light of such evidence it is unsustainable to continue to argue that institutional autonomy as we once knew it is still thriving.

There are two radically contrasting ways of interpreting the Treasury’s pressure upon higher education. Firstly, it can be seen as ad hoc pressure arising out of precise historical circumstances: the need to keep a watchful eye on higher education expenditure as the system expanded, an obligation to ensure that the state received ‘value for money’ as the political suspicion of public expenditure intensified, and the desire to maximise the contribution of higher education to Britain’s economic performance in the global age. Alternatively, its intervention can be seen as changing qualitatively over time as the issues became more focussed and specific. Thus there was movement from the general desire to save resources to ensuring that resources allocated for specific tasks were spent effectively and to demanding changes in particular institutional practices with a willingness to highlight individual universities deemed to be in greatest need of reform. The second interpretation is most persuasive, not because there is a conspiratorial Treasury plot, but because it illustrates perfectly how an ambitious bureaucratic apparatus could be expected to act in order to augment its own power base in propitious circumstances.

Given the priority that the Blair Governments have given to education as a policy issue it is unsurprising that the Prime Minister’s Office has been an important instigator of new ideas and policy initiatives. It is impossible to credit the Office with the same institutional weight as the Treasury but it does have the most important government figure (the Prime Minister!) at its very centre and the causes of powerful insiders can hardly be handicapped by having access to him. In this context structure is less significant than individual agency so the persistency of the policy initiatives is likely to be short-lived. Nonetheless, the incumbent Prime Minister has been in office the best part of ten years, sees education as a critical policy issue, and (more contentiously) is instinctively drawn to radical reform.

In terms of higher education policy, the Office – including the Prime Minister – repeatedly reiterates the established policy mantras: on expansion – it was the Prime Minister who first set the target of ‘50% participation’ by 2010 and not the Secretary of State; on widening participation; and the important role higher education has to play in assisting the competitiveness of the British economy. But undoubtedly the most significant contribution has been the support given to the income-contingent loans scheme and the proposals to allow universities to charge variable fees of up to £3,000 per annum. Although the precise lines of influence in the policy maze are difficult to disentangle, the Prime Minister’s Office clearly had a strong supportive part to play. Particular attention has been paid to Blair’s policy adviser, Andrew Adonis who has been described (undoubtedly in a somewhat exaggerated fashion) as ‘... the driving force behind the Government’s strategy on education

for most of Labour's two previous terms' (Baldwin and Halpin, 11th May 2005). If Adonis' influence was indeed critical it does suggest that the Office is unduly reliant upon personal agency in promoting change. Given the passage of the 2004 Higher Education Act the educational agenda has moved on and it is now time for the Prime Minister to return to school reform in order to create his radical legacy. Which may help to explain why Adonis is now a Parliamentary Under-Secretary of State in the Department for Education and Skills with responsibility for a range of schooling issues

The analysis of the intrusion of the DTI, the Treasury and the Prime Minister's Office illustrates different kinds of penetration into the educational domain. In the case of the DTI's acquisition of the OST the institutional jigsaw puzzle has been rearranged. For a department supposedly overseeing the development of higher education it is a significant loss because the OST controls one half of the dual research support system and, as such, underwrites an important part of university research expenditure, including support for graduate students. However, whether the shifting of institutional responsibility has a significant impact upon the character of the scientific research base is problematic, but if the research councils are not based in the DfES inevitably there has to be less departmental influence over the criteria that shape their decisions. It is, therefore, a potentially significant loss of authority.

As the Prime Minister's Office evolves (it expands and restructures more or less continuously) it may come to exert a more persistent policy input. But it cannot escape the fact that its influence is dependent essentially upon one person who is invariably in post for a comparatively short period of time. Once the Prime Minister is replaced so all the key personnel in the Office depart and its policy impetus collapses, which can only be regenerated when a new Prime Minister is in place.⁷ In contrast, departments of state, including the DfES, have an existence that is independent of their temporary political guardians, and they are expected to offer policy guidance to ministers on the basis of their long-established departmental experience. The Prime Minister's Office, therefore, is likely to have a very focussed input, which stems from the commitments of particular individuals. Moreover, it is likely to be especially concerned with the promotion of new policy ideas (to initiate the policy process) and to be very active when legislation is working its way through the parliamentary process (with the Prime Minister politically engaged and advisers providing back-up support by, for example, promoting favourable publicity). The engagement may be intermittent but it may also be crucial if certain policy changes are to succeed. For example, it is difficult to imagine that if left to its own devices the DfES would have pushed for the introduction of variable fees, especially – as some Labour MPs argued – it broke a manifesto commitment.⁸

The political pressure to achieve 'value for money' in return for public expenditure explains much of the Treasury's involvement in higher education, which has led to the rise of the regulatory state with the funding councils assuming the responsibility for ensuring that the universities are achieving prescribed policy goals. Having applied the initial pressure all that is left for the Treasury to do is to

assume its traditional oversight role, which will enable it to suggest refinements to the regulatory framework without dirtying its hands.

However, the specific focus on higher education that the Lambert Review exemplifies is more difficult to explain. The Treasury, as is often claimed, may be of the opinion that the quality of higher education management is poor, and the current Chancellor may be personally drawn to higher education issues, as his intervention in the debate stimulated by Oxford's refusal to offer Laura Spence a place to read medicine would suggest. Or it may simply be that the Treasury feels it has a responsibility to encourage developments that will ensure long-term economic growth, and its efforts to improve business/university relations fit naturally into this concern. It is impossible to tell whether the Lambert Review is a precedent or a unique intervention. And, in spite of the fact that the Review reported to the DTI and the DfES, both departments must have wondered about the Treasury's motives. And the Treasury's recent support for a metrics-based RAE process will have done nothing to allay their fears.

To interpret the passage of the 1988 Education Reform Act as placing unprecedented authority in the then DES, is to tell only part of the story. Undoubtedly power gravitated to the Department, both its political and bureaucratic wings, as the funding councils were prescribed a very different role from that pursued by the UGC. But like all public policy arenas, higher education is located within a political context. Thus the Department has failed to resist raids on its territory that have truncated its institutional framework. Furthermore, it has been exposed – like other policy departments – to Treasury pressure seeking to implement broader political objectives and in the process realise some of its own controlling goals. And given the Government's commitment to educational reform, it has experienced intervention from the Prime Minister as his Office sought to speed up the process of change. Therefore, enhanced departmental authority has been accompanied by greater fragmentation of the institutional matrix that shapes policy.

WHAT ARE THE POLICY GOALS AND WHO OWNS THEM?

The clearest statement of the Department's policy position is to be found in the annual memorandum of guidance (grant letter) that it sends each year to HEFCE. Although this is drafted by departmental officials, obviously it reflects the policy positions of the incumbent government. The following section presents a brief analysis of the twelve memoranda sent out from the 30th November 1993 to the 13th December 2004 (which covers most of the time HEFCE has been in existence). The purpose is not to tease out the relative importance of the political and bureaucratic inputs (prior analysis has already asserted that this is a somewhat fruitless task) but rather to establish a broader understanding of the major themes in current higher education policy positions.

The first five memoranda (1992 to 1996) were sent to the Funding Council's Chief Executive by Roger Dawe (a departmental Deputy Secretary and, from 1995, Director-General for Further and Higher Education and Youth Training) on behalf

of two Conservative ministers, John Patten and then Gillian Shepherd. They were relatively brief documents, four to five pages in length with an Annex presenting trend data for the higher education budget. Excepting 1997 and 1998, Labour ministers (Blunkett, Morris and Clarke) have dispatched the memoranda under their own name. The Labour documents are invariably twice as long with greater discursive content, for example an introduction that places higher education in context (that is the Secretary of State's context!) and incorporates short statements on contemporary relevant developments such as the Dearing Report and the 2003 White Paper.

In spite of these evident, but probably not very significant 'political' differences,⁹ there is considerable consistency across all twelve memoranda in terms of their overall presentational style. Each memorandum covers a wide range of topics and each topic receives sparse treatment (very often no more than one paragraph). But of greater significance are the persistence of the topics, and the continuity of departmental guidance. All the memoranda make reference to student numbers, funding, quality assurance, research, and the need for higher education institutions to encourage part-time students as well as construct programmes that do not fit into the traditional three year degree model (in recent years the reference has been to foundation degrees). And again the guidance shows little variation: expansion is approved (with an invariable note of caution), funding levels are announced (usually accompanied by references to expected efficiency gains), quality assurance is strongly supported (with the occasional request to link funding to evaluation), the development of research is seen as critical (with fairly persistent calls to encourage research in technology and – certainly post-1997 – to distribute resources more selectively), and there is a continuous call to supplement the three-year undergraduate degree programme with shorter courses.

If the election of a Labour Government in 1997 has brought about a change of emphasis, it has been to pick up on themes that were already part of the higher education policy agenda – for example the importance of expanding undergraduate numbers and widening the social basis of access – and to promote them with renewed vigour. Only the focus on higher education as an economic resource has commanded commensurate attention in recent memoranda, but again it is question of returning to an old theme. However, it is important to remember that, although the tunes may be old, to play them again is indicative of the current priorities in the higher education policy agenda. But we are looking at degrees of difference emerging over time, in some cases the use of more evocative language, rather than a policy sea-change.

Although the memoranda of guidance indicate that governments have their own priorities, both the Department and the Funding Council have operated in political contexts that point to continuity of purpose rather than radical change. The most significant development, the rise of mass higher education, was overseen by both Conservative and Labour governments with each offering rhetorical support underpinned by pragmatic equivocation. The second most radical innovation has been the steady relative decline in public financial support for students – the replacement of grants with loans and the charging of fees (with variable fees introduced in 2006).

But the transition process (which is undoubtedly still incomplete) has been drawn out over a long period of time. Moreover, regardless of the parliamentary posturing, this was not an issue that sharply divided the political parties. Indeed, a critical stage in this process was the supportive recommendations of the National Committee of Inquiry into Higher Education (the Dearing Report), which was set up with the approval of the main political parties.

It is difficult therefore to determine unequivocally who owns British higher education policy. Continuity, underwritten by a broad political consensus and carried forward bureaucratically, is more prevalent than change. The two most important developments in British higher education since 1945, the rise of mass higher education and the funding of student support, were long drawn out changes with oscillating support that cut across party lines. When the Labour Party was returned to office in 1997 its Secretary of State for Education immediately stressed the importance of expansion and widening participation. But these were traditional themes that commanded cross-party support and, moreover, the Department itself had long been an important advocate of both causes.

To some extent after 1997 policy was shaped by the recommendations of the Dearing Report and, although ministers could not be expected to endorse it as their own blueprint, they had to respond to the issues it raised. In this sense it helped to shape the parameters in which higher education policy was formed, and this is reflected in the references to the Report made in several of the memoranda of guidance. Finally, the impact of the funding council model of governance upon the direction of policy needs to be taken into account. A critical element of the model is its in-built regulatory function. One of its central purposes is to monitor how higher education institutions deliver their services, to ensure that they are giving value for money. It was inevitable, therefore, that Secretaries of State would repeatedly remind the Funding Council that it was obliged to take this responsibility seriously. Therefore, to pose a simple polarisation of political and bureaucratic dynamics in the control of the policy-making process is untenable. We have fragile departmental authority with few unequivocal certainties.

CONCLUSIONS

If there is a main conclusion to this chapter it is that the control of higher education policy can be understood only in relation to wider political developments. The increased authority of the Department for Education and Skills is a direct consequence of the introduction of the funding council model of governance, which – as shown – emerged out of a political and economic crisis that traumatised the British state. But augmented departmental power did not occur as an isolated development. Social policy has increasingly attracted the attention of the Treasury, an obvious source of power for any government that wishes to extend its authority over the range of public policy. The seemingly reasonable demand that publicly funded institutions demonstrate that they are providing ‘value for money’ has ushered in the age of the all-pervasive regulatory state.

For the *DfES* the gains have outweighed the losses. It has been able to remain firmly on the high-ground of policy formation whilst ceding regulatory responsibilities to HEFCE. Although it has lost institutional territory to the DTI, to date this has not unduly diluted its policy control. The threats from the Treasury and the Prime Minister's Office are more substantial, and to some extent reflect wider tensions between these two critical power centres – the Treasury pursuing its oversight function (with an impact upon all spending departments) and the Prime Minister's Office apparently intent on securing radical change. We are undoubtedly in a more instable era in terms of policy control, but given the emergence of a mass system of higher education (with its attendant costs) and the greatly enhanced political visibility of higher education as a policy issue, this was an inevitable development.

Although formal responsibility for the exercise of authority may rest with the politicians, it cannot be mobilised without the active engagement of departmental officials. Bureaucratic and political authority are interdependent forces. Undoubtedly the politicisation of the civil service has undermined its independence, but acting in conjunction with the political dynamic, departmental officials and advisers have become a more dominant force in their dealings with the major interests in the higher education policy arena. It is more meaningful therefore to think in terms of the authority of the Department in relation to its client interests rather than to persist in drawing an increasingly irrelevant distinction (although it remains of interest theoretically) between political and bureaucratic authority.

The short analysis of the policy goals to be found in the Secretary of State's memoranda of guidance suggests that there is considerable continuity in higher education policy. Certainly the length and style of the memoranda issued by Labour ministers have differed from those of their Conservative counterparts. Old issues (expansion, widening participation and the critical economic role of higher education) have returned to the political agenda but these are not politically divisive. Moreover, the one issue – the introduction of student fees – of real controversy was foreshadowed in the Dearing Report (although the Government singularly failed to follow the Report's recommendations on implementation), had a long gestation, and almost certainly generated more ideological conflict within the ranks of the governing party than between the parties. In this context it is difficult to conjure up an image of a policy-making process in which ministers and officials are instinctively opposed to each other and bent on pulling in different directions. The order of the day is policy fusion.

NOTES

¹ This includes the Department of Health, which has an important input into medical education. This is a specialist topic that is well worth exploring but it cannot be given the attention it deserves within this broad-ranging analysis of the governance of higher education. For an excellent overview of the plethora of departments that at one time had 'a finger in the university pie' see, Berdahl, 1959: p. 93.

² The reference to 'heroic ministers' is presumably ironic. Mrs Thatcher's first Secretary of State for Education (Mark Carlisle) was swiftly ousted for a lack of heroism only to be replaced by her guru, Sir Keith Joseph, who heroically refused to introduce undergraduate student fees in the face of opposition

from Conservative backbench MPs afraid of upsetting their middle class voters. Sir Keith is undoubtedly best remembered for the severe cutbacks in higher education's recurrent grant, a very clear manifestation of the wider government pressure upon public expenditure and little to do with personal courage!

³ Stuart Ranson has argued, with respect to secondary and further education, that there is indeed a departmental view of policy that officials are able to impose upon ministers: '... although there were underlying differences of strategy within the DES there was nevertheless an underlying consensus on policy: to prepare a more vocational curriculum, to rationalize resources, and differentiate opportunities' (Ranson, 1985: p. 56).

⁴ Pile had spent most of his working life as an educational official and could certainly claim greater expertise than most of his colleagues and undoubtedly all the ministers he served.

⁵ This information has been taken from the Department's website. See:<http://www.dfes.gov.uk/aboutus/whoswho/he.shtml>

⁶ It is worth noting that Wilson's appointment as Director-General of the Department's Higher Education Directorate was followed by the appointment of another former vice-chancellor, Sir Martin Harris, to head the Office for Fair Access (OFFA). Besides creating a career line for vice-chancellors, it could be argued that a broad higher education policy consensus is in the process of being constructed, which is underwritten by political and bureaucratic power and reinforced by key academic personnel – consensus-building through the interaction of structure and agency.

⁷ When Gordon Brown succeeds Tony Blair as Prime Minister it will be interesting to see whether he retains the present structure of the Office along with its existing personnel. In all probability he will make some structural change (after first seeing how effectively the Office functions) accompanied by a massive change of personnel.

⁸ The commitment was not to introduce variables fees for the duration of the Government's second term of office. Although the enabling legislation was passed during this term, variable fees were not actually charged until after the completion of the second term.

⁹ It could be argued that sending more detailed memoranda in the name of the Secretary of State suggests an attempt to exercise more control over the Funding Council. But it could also imply that Labour Secretaries of State are simply more verbose than their Conservative counterparts.

DEVOLUTION AND THE GOVERNANCE OF BRITISH
HIGHER EDUCATION

DEFUSING AN EMERGING POLITICAL CRISIS

One of the central themes of this book is that the process of policy change in British higher education can only be understood in the context of broader developments in British political life. The transfer of responsibility for higher education policy to the Scottish Executive and to the Welsh Assembly Government, although important, is reflective of the wider devolutionary process.¹ Thus the devolution of responsibility for higher education policy can be interpreted as part of another paradigmatic shift in the nature of the British state. Devolution changed both the political structures and procedures of the unitary state in a manner designed to ensure the perpetuation of the United Kingdom both as an idea and as a continuing potent political force.² Whereas it would be difficult to claim that the state responded to the traumas of the 1970s (with which this book commenced) speedily and skilfully, devolution can be interpreted as an adroit strategy that headed off another impending crisis. Its very emergence as a central political issue is indicative of the fact that we had moved on from the crisis of the 1970s; that those who would wish to preserve the status quo yet again needed to embrace change.

Within this context the chapter will examine less heady matters. Why was the decision taken to devolve control over higher education policy and how are the different forms of devolution (that is between Scotland and Wales) to be explained? What formal models of governance were created and how have these evolved since the passage of the relevant legislation (Scotland Act 1998, and the Government of Wales Act 1998). Are the formal models of governance in higher education substantially different between England, Scotland and Wales? In terms of the policy issues that make up the third part of this book – widening and diversifying access to higher education, the assessment of research excellence, the auditing of the teaching and learning process and the funding of higher education – have there been substantially different national outcomes? In other words, does the pattern of policy responses suggest that the three nations are creating systems of higher education underwritten by contrasting purposes and values? Having examined the models of governance and policy outcomes (including identifying issues that have particular resonance in Scotland and Wales) is it possible to argue that policy-making in Scotland and Wales has a special, even non-English, character? Finally, there will be a short reflection on the likely future direction of Scottish and Welsh higher education as the policy-makers attempt to balance the demands of their national imperatives, the recognition that they are comparatively small systems within the larger British context, and their desire for international recognition.

WHY DEVOLVE RESPONSIBILITY FOR HIGHER EDUCATION?

Inevitably there is room for negotiation in any inter-governmental system of power sharing, but there appears to be wide international acceptance of the fact that the control of public higher education does not have to be the responsibility of central government; that this control is best handled locally whether it be the state, the province, the *länder*, the department or even, in the case of Scotland and Wales, the parliament or national assembly.³ Presumably this reflects a combination of factors: that institutions of higher education were frequently the products of initiatives responding to particular economic and/or social pressures, that the local political authorities may well have brought those pressures to a successful conclusion (by performing a negotiating role or providing critical financial support), and that responsibility for higher education – like responsibility for most social goods – is considered to be a *safe* policy area to delegate, a move unlikely to jeopardise the unity of the state.

It is not therefore unreasonable to ask why the British unitary state failed to concede control over higher education policy long before the 1998 legislation. So perhaps the more sensible question is not why policy control was eventually conceded but rather why in the first place it resided in the unitary state. In fact it can be argued that given the existence of both a Scottish and a Welsh Office, each headed by a Secretary of State of cabinet rank, there has been a long-time recognition of separate Welsh and Scottish policy interests. Moreover, as far as Scottish education is concerned, it can be claimed that *administrative* control has always been conceded with the Scottish Education Department (SED), which fell under the political control of the Scottish Office, exercising responsibility not only for schooling in Scotland but also for those institutions (usually referred to as ‘the central institutions’) that broadly mirrored the English and Welsh polytechnics. The position of the Scottish universities was particularly interesting because – like their English and Welsh counterparts – between 1919 and 1989 they were the responsibility of the University Grants Committee (UGC) and could scarcely be considered as controlled by any department of state. Indeed, the whole *raison d’être* of the UGC was to prevent departmental control. Moreover, it is claimed that prior to the act of devolution dominant sentiment within the universities feared the creation of a Scottish funding council responsible to a department committed to the wider interests of Scottish education. Where would the dominant departmental interests be focused? Could such a move threaten the international standing of Scottish universities?

The creation of the funding councils in the 1992 Further and Higher Education Act recognised that higher education institutions could be most effectively governed if *policy implementation* was made the responsibility of funding councils with national remits.⁴ But the Conservative Government of the day resisted political devolution and, regardless of the extent of national administrative responsibility (and the London-based Scottish and Welsh Offices, along with the funding councils, were more than capable of establishing a presence in Cardiff and Edinburgh),

there was always the problem that ultimately *policy formation* would be under the formal control of institutions that were part of the central system of governance; headed by ministers appointed by the Prime Minister and sitting in a British cabinet. No matter how responsive those offices may have been to national sentiments they were an integral part of the British state. Thus to give weight to *administrative* devolution there needed to be *political* devolution, and its national embrace had to be strong enough to encompass those institutions, like the Scottish universities, that perhaps felt their best interests lay elsewhere. Although the constitutional legitimacy of the Scottish Parliament and the Welsh Assembly, along with their respective governments, may spring from the acts of devolution (rather than from the people), their authority stems from the fact that the new Scottish and Welsh governing bodies are elected with executive control dependent upon negotiations amongst the representatives of the political parties. These are not merely technical changes for the very basis of power has shifted.

The powerful political case for devolution, the acceptance of the comparative evidence that policy responsibility for higher education does not have to reside in the central state, and the strength of the claim that smaller systems are often administratively more effective would not have gained so much political momentum without the blazingly obvious fact that Scottish higher education, in comparison to its counterparts in England and Wales, is indeed different (for a concise discussion of those differences and of the internal differentiation see, Caldwell, 2001: pp. 67–71). Furthermore, in the words of Paterson: ‘Because the distinctiveness of Scottish education was entrenched at the moment of the 1707 union, and to some extent also because of the veneration for education which Calvinism bequeathed, it has become a badge of Scottish identity’ (Paterson, 1998: p. 463). Centred on the scholarship of Davie (*The Democratic Intellect*, 1961; *The Crisis of the Democratic Intellect*, 1986), the most keenly fought debate in Scottish higher education has been the extent to which the Scottish universities undermined that legacy by steadily absorbing British values (Paterson, 2003: pp. 67–93).

This is not the place to explore the meaning of the democratic intellect, whether it was as deeply entrenched in Scottish higher education as Davie would have us believe, or the apparent corrupting influence of the perfidious English (for a sharply critical review of Davie’s work on this very point see Slee, 1987: pp. 194–197).⁵ But, regardless of whether or not Scottish higher education continues to be driven by a unique set of values, it does continue to be relatively distinctive in character from both the English and Welsh systems of higher education: more accessible (although perhaps not to the extent of ‘open access’), accepting students at a younger age who have experienced a less specialised curriculum, and offering broader undergraduate degree programmes infused with, what Paterson refers to as a strong commitment to ‘philosophical passion’ (Paterson, 1998: p. 467). The issue was whether the creation of a separate Scottish funding council, especially when

subsequently political responsibility for its functioning was transferred to the Scottish Executive, would result in a rediscovery of that democratic intellect that Davie felt had been betrayed by the universities.

If Paterson is right and the immediate impetus for the creation of a Scottish funding council was driven by the abolition of the binary divide in England think how much more politically difficult it would have been to have created a Scottish funding council without following suit for Wales! There may have been somewhat less pressure in Wales (nationalist political sentiment being more muted, and the then Tory Government less – albeit marginally – unpopular) and greater difficulty in making a case in terms of the need to nurture a distinctive tradition of higher education but the political logic was impossible to resist. And to follow the same logic, once Blair's first New Labour Government had decided to implement its proposals for constitutional reform then it had to follow that policy-making responsibilities would be devolved to both Scotland and Wales.

Although the opportunity to create (or perhaps it should be, to reclaim) a distinctive national identity for Scottish higher education would be considerably enhanced by the devolution of policy-making control to the Scottish Executive, some are prepared to argue that the process had already been set in motion by the Scottish Higher Education Funding Council (SHEFC) long before devolution was little more than a glimmer in the eye of many Westminster politicians. Paterson is reported to have gone so far as crediting SHEFC with taking the lead in anticipating a Scottish Parliament, and in further fulsome praise claims: 'I think the political dignity of the Scottish universities has been saved by SHEFC. It is ironic that in a culture in which quangos have been brought into question, the Scottish higher education quango has served both universities and democratic debate better than any other agency' (as quoted by Wojtas, 12th January 2001: p. 6). The problem for the Higher Education Funding Council for Wales (HEFCW) was that until it received the backing of an energising political force that could provide a distinctive policy direction it lacked the tradition of a distinctively Welsh understanding of higher education upon which it could draw to shape a policy strategy.

Ironically, when devolution finally arrived it gave more power to the Scottish Parliament than to the Welsh Assembly. In those areas where it has policy responsibilities the former can enact primary legislation, whereas the latter is restricted to passing secondary legislation, which means working within the legislative framework established by the Westminster Parliament. It was not until the passage of the Higher Education Act, 2004 that the Secretary of State for Education and Skills was prepared to grant the Welsh Assembly the fundamentally important right to determine the fees of students studying at Welsh institutions of higher education. Again, although past devolution strategy may have made little sense from the perspective of formulating sensible higher education policy, it made every sense in terms of the politics of devolution. Scotland had to be granted greater policy responsibility than Wales.

THE CHARACTER OF DEVOLVED GOVERNANCE IN HIGHER EDUCATION

With respect to the procedures and structures of governance (as opposed to the differing powers of the institutions within those structures) the models of devolved governance are basically similar for England, Wales and Scotland. The central function of the funding councils is to distribute to the institutions within their jurisdiction an annual grant that is made available by the pertinent political authority (the Treasury is the ultimate departmental funding source although under the powers of the Scotland Act 1998, the Scottish Executive can increase income tax by up to 3p in the £). Much of the distribution of the annual grant is determined by formula funding (within which the RAE can be incorporated) with an element top-sliced to promote government-sponsored initiatives in a form that the funding councils determine. Each funding council receives an annual grant letter from its relevant minister. In Scotland this is a letter of guidance, in Wales a remit letter, although as the analysis of the English grant letters reveals, the issue is not so much what they are called but how much prescriptive detail they contain. And the annual letters are issued within the context of planning documents emerging from both government departments and the funding councils: *Reaching Higher, Higher Education and the Learning Country: A Strategy for the Higher Education Sector in Wales* (Welsh Assembly Government, 2002); *Scottish Higher Education Review: First Consultation Paper* (Scottish Executive, 2001 – the first of a three phase review process). The obvious parallel for England was the 2003 White Paper *The Future of Higher Education* (Department for Education and Skills, 2003). And in terms of outputs there are a range of performance indicators with a monitoring of progress in part overseen by regular meetings of departmental and funding council officials.

It is not at all surprising to discover a broad measure of overlap in the formal functioning of the three systems of higher education governance. England, Scotland and Wales have had funding councils since 1992, some time before political devolution was a reality.⁶ Thus all three nations have continued to work within the framework of a model that places a funding council between the higher education institutions and the government and, moreover, gives the funding council responsibility for distributing an annual grant, implementing politically sanctioned policy goals and monitoring the overall performance of their higher education system. Should the model be functioning differently in each of the three nations it is not because of its formal structure and procedures but rather because there are contrasting ways of putting these procedures and structures into operation. The model is certainly not a straitjacket but rather provides a framework, within which possible variations can emerge dependent upon the pattern of interaction between the key institutional actors (government, funding council and higher education institutions) and the way in which the wider interests of the respective higher education sectors are incorporated into the policy-making process.

A critical structural development that has occurred in Scotland since devolution has been the passage of the Further and Higher Education (Scotland) Act 2005, which merged the funding councils for further and higher education to create the

Scottish Further and Higher Education Funding Council, now often referred to as the Scottish Funding Council (SFC). In fact even prior to devolution there were strong pressures for both the abolition of the binary divide in higher education (Bone, 1987: pp. 43–56) and the merging of the governance of further and higher education. The Garrick Report (that part of the Dearing Inquiry devoted specifically to Scottish higher education) recommended that separate further and higher education councils be established ‘but under a single organisation and with a single chief executive’ (NCIHE, Scottish Committee, 1997: Recommendation 23).⁷ Moreover, in its evidence to the Scottish Committee the Scottish Higher Education Funding Council had indicated its willingness to take the further education colleges under its wing. The supportive arguments were that many higher education programmes were on offer in the colleges and amalgamation would ease student transition from one sector to the other (Wojtas, 10th January 1997: p. 1).

Although in a formal sense the merging of the further and higher education funding councils gives Scotland a different structure of governance, it should be emphasised that the funding council model still persists – in this case with a wider remit but with no formal differences in its mode of operation. It is too soon to say whether the merger will bring about new policy outcomes (in the sense they would not have occurred without the merger) but self-evidently it must raise questions about what criteria the funding council intends to employ in determining its relationship to the more diverse range of institutions that are now part of its empire. For example, on the thorny question of funding will it seek to sustain historic differences or will it attempt to create ‘a level playing-field’? Perhaps more significant than the potential policy outcomes is the symbolic message, that further and higher education are but different stages in a wider process of ‘lifelong learning’ in which the former should feed harmoniously into the latter. But how much weight symbolic messages have in determining behaviour – institutional and personal – is an entirely different matter.

WHAT ARE THE POLICY OUTCOMES?

In view of the fact that Part 3 of the book examines how several critical higher education policy issues have unfolded in the English context, it makes sense to consider how the same issues have been dealt with in Scotland and Wales. However, other significant issues have intruded into the Scottish and Welsh agendas that have less resonance in England. The most important of these is the Welsh preoccupation with the need for structural change. The Welsh Assembly Government has argued: ‘We said in “The Learning Country” that the status quo in terms of structure was not an option. This is a view that was endorsed by the ELL (Education and Lifelong Learning Committee). The sector cannot achieve what we expect of it without a radically new approach to the development of collaboration and co-operation across Wales’ (Welsh Assembly Government, 2002: p. 5). And the message is reinforced in subsequent remit letters:

Promoting reconfiguration and greater collaboration must remain at the heart of HEFCW's activities aimed at strengthening the sector in Wales in advance of the forthcoming RAE exercise (Minister for Education and Lifelong Learning, 9th February 2005: p. 3).

We have seen encouraging signs over recent months that the HE sector in Wales is now responding constructively to the challenge set out in *Reaching Higher*. I have been pleased to approve significant collaborative proposals and I would like the Council to continue to focus its energies on promoting further initiatives that will enable Wales to build on its strengths – both in relation to teaching and research (Minister for Education and Lifelong Learning, 9th February 2006: p. 2).

The assumption is that Welsh higher education will be increasingly defined by clusters of institutions, each built around one or more co-operative ventures. There appears to be two guiding principles underlining the strategy. Firstly, a critical mass is required if certain activities – especially research – are to be pursued successfully. Not only do Welsh institutions tend to be small in size in comparison to their English and Scottish counterparts but also, 'Wales is too small a country for any institution to work in isolation' (Welsh Assembly Government, 2002: p. 7). Secondly, enhanced institutional co-operation will result in reduced overhead costs when the savings can be redeployed to support core activities: 'As the sector successfully reconfigures and achieves the real benefits of collaboration, the associated funding will transfer into these other elements of the strategy' (Welsh Assembly Government, 2002: p. 7). Although the more cautious may suggest that the Welsh policy-makers are counting their chickens before they have hatched, there is no doubting the seriousness of the political commitment to restructuring. The message is clear: if the Welsh institutions of higher education want the Assembly Government to provide more generous funding then, under the guidance of the Funding Council, they have to demonstrate they are moving in the required policy direction – a so-called 'something for something' strategy (Tysome, 26th March 2004: p. 7).

It would be misguided to give the impression that neither England nor Scotland have been concerned with the issue of institutional collaboration. In Scotland the idea that research excellence in particular is dependent upon a supportive critical mass has given rise to very similar political and funding council statements. This is illustrated by the creation of the Scottish Universities Physics Alliance (Supa) and ScotChem. In effect two major research pooling plans have been created with the support of additional research resources from the Scottish Higher Education Funding Council (MacLeod, 30th November 2004). This represents a clear move towards a centrally planned model instigated by the Funding Council and the Scottish Executive. In England the focus has been more upon institutional co-operation (even institutional mergers) to protect the viability of particular academic programmes and to promote regional interests more effectively. There have also been interesting co-operative ventures to bring new initiatives to fruition: note the medical schools that emerged as a consequence of the combined efforts of the Universities of Brighton and of Sussex, and the Universities of Exeter and of Plymouth. However, the contrast with Wales is vivid for these are special initiatives rather

than an officially sanctioned strategic approach that is seen as integral to the future development of a system of higher education.

Since the publication of the Dearing Report the issue of 'lifelong learning' has become part of the British higher education policy agenda. If one examines the consultation papers of the Scottish Executive's *Higher Education Review* they are replete with strong supportive statements. The executive summary of the second review goes as far as to claim that: 'The overarching framework and priorities within which higher education and the higher education sector operate are those for lifelong learning. These seek to achieve personal fulfilment and enterprise; employability and adaptability; active citizenship and social inclusion' (Scottish Executive, 2003: p. 2).

The Welsh Assembly Government, whilst not quite as forceful, describes 'providing opportunities for all through lifelong learning' as one of its key goals (Welsh Assembly Government, 2002: p. 2). As if to symbolise these commitments responsibility for higher education policy comes under the auspices of the Department for Education, Lifelong Learning and Skills in Wales, and the Department of Enterprise and Lifelong Learning in Scotland. By way of contrast, it is difficult to find a single reference to lifelong learning in the 2003 White Paper, *The Future of Higher Education!* It is not that there is no official recognition of the importance of lifelong learning in England (for example, it intrudes into some of the annual grant letters to HEFCE), but the difference may reflect contrasting policy priorities (with the English still heavily pre-occupied with expanding and diversifying access) and alternative value commitments (lifelong learning suggests a broad, almost holistic, mission for higher education).

Just as the Welsh and Scottish higher education policy-makers have embraced, at least symbolically, the idea of lifelong learning, so they have perceived (as one would expect) higher education as a force that should protect and enhance their national cultural heritages (Warner, 2001: pp. 79–83). Obviously the cultural goals, especially the protection of the national language (and in this respect the Welsh language is particularly important), are very significant to Scotland and Wales given the pervasive influence of English culture, including its system of higher education. Devolution means enhancing a national cultural identity which higher education institutions are expected to play their part in promoting.

Although the issues of structural reform, lifelong learning and cultural identity are critical to the Scottish and Welsh higher education policy agendas, it is debatable whether they are more important than the issues that have dominated the English higher education policy agenda: access, research assessment, quality control and funding. How do the different systems respond to these broad cross-national concerns and how are the response patterns to be explained?

Widening Participation

Widening participation continues to be a critical policy issue for all three nations. It receives attention in every annual grant letter and is discussed in all the policy documentation. There is a common interest in diversifying social access to higher education, with the focus upon incorporating those from families that have been

excluded, or self-excluded, from participation. However, with respect to actual levels of participation (age-participation rates) there are some important differences. The Department for Education and Skills is pushing for a '50% rate participation rate for those up to the age of 30' (it is currently 43%) to be achieved by the expansion of two-year foundation degrees in the colleges of further education.

The stress in both Scotland and Wales is less upon overall participation rates and more upon widening the social basis of access. In its conclusion to Phase 2 of *A Framework for Higher Education in Scotland: Higher Education Review* the Scottish Executive states explicitly:

50% of young Scots now participate in higher education. The Executive does not plan any significant further expansion of government-funded places in higher education institutions. We need instead to work with institutions to make the best use of the existing capacity of the Scottish higher education sector.

And, moreover,

We need to see real improvement in the proportions of students from the most economically disadvantaged groups benefiting from provision in our HEIs and to improve retention rates across students from all backgrounds (Scottish Executive, 2003a: p. 1).

The higher participation rate in Scotland is in part explained by the expansion of higher education in the further education sector (in England growth was driven predominantly by the expansion of undergraduate numbers – see Parry, 2005: pp. 180–87). But the question then emerges as to whether access to the different forms of higher education is socially stratified (Wojtas, 26th March 2004: p. 4) and whether strategies can be devised to overcome this (the Scottish Credit and Qualifications Framework was developed precisely to create an educational ladder).⁸ The Welsh Assembly Government, whilst not explicitly addressing the question of the overall participation rate, gives the impression that its priorities are much the same as those of the Scottish Executive. In its *Reaching Higher: Higher Education and the Learning Country* the emphasis is upon increasing the proportion 'of young people accessing HE from low participation neighbourhoods' and 'of young people with a disability' (Welsh Assembly Government, 2002: p. 21).

Research Assessment Exercise

The Research Assessment Exercises are conducted on a UK-wide basis for which the funding councils are jointly responsible.⁹ For the universities, especially for those with strong research reputations, it was vital to sustain this cross-national evaluation. For universities, or university departments, that see themselves as global research players it makes little sense to be a big fish in a small pond. They need to establish reputations on a broad comparative basis rather than through a narrow spectrum that will confirm only the obvious. The degree of selectivity in resource distribution, that is the relationship between income and the research grading scale, is determined by the individual funding councils. However because the funding councils do not control the overall size of the income

pool there is a divide between research evaluation (a funding council responsibility) and resource distribution (with the funding councils determining the selectivity of the distributive model and government the overall amount of money to be distributed).

Although over time the distribution of research income has become more selective across all three nations, both the Scottish and Welsh funding councils have supported a broader spread of resources than HEFCE. Moreover, the Scottish Executive was prepared to commit extra resources to fund in full the enhanced ratings its higher education institutions received in RAE 2001 whereas the political pressure in England favoured a more selective distribution to protect the most highly rated departments. Although the political pressure upon HEFCE relented somewhat (mitigating the selectivity gradient of the distributive model), perhaps the most remarkable outcome of RAE 2001 in England was the government's decision to create an additional 6* grade for the English universities thus identifying a clear elite research stratum of departments (although possibly not as selective as some would have liked).

Quality Control

Under the terms of the legislation that created the funding councils (Further and Higher Education Act 1992, and Further and Higher Education (Scotland) Act 1992) a specific obligation was placed on the councils to establish 'quality assessment' committees and, moreover, the Scottish funding council was required to 'have regard to' the provision provided for this purpose in England and Wales. Like the Research Assessment Exercise it made sense to establish cross-national standards and procedures. And this cross-national approach has continued post-devolution. In the preface to *Strategic directions 2006–11* the chair of the QAA Scotland Committee notes:

The quality and standards of higher education in Scotland continue to be benchmarked in a UK context, and *Strategic directions 2006–11* highlights a number of key areas where the Quality Assurance Agency for Higher Education (QAA) provides benchmarks and services on a UK-wide basis (QAA Scotland Committee, 2006).

In view of the cross-national remit it is not surprising that the political struggles enveloping quality assurance in the 1990s (the protracted creation of the QAA, and the move towards a light-touch regime) reverberated throughout the British higher education system. Both Scotland and Wales, like England, have embraced the idea that quality assurance at subject level should be the responsibility of the higher education institutions. For example, *The Higher Education Quality Assurance and Standards Framework for Wales*, claims: 'There was broad support from respondents on the proposal for an institutional-review approach to quality assurance and academic standards. In particular, there was universal endorsement for the removal of QAA from subject-level reviews in Wales' (HEFCW, 21st February 2003: p. 1).

Consequently the central purpose of institutional audit is to ensure that the internal quality assurance procedures are robust. So the concept of a ‘light touch’ quality regime is common to all three nations.

Within this common framework two interesting nuances, which apply particularly to Scotland, should be noted. Firstly, there is the strong Scottish commitment to involving student bodies in the creation of its quality regime. In the period leading up to the creation of its framework for 2006–11 QAA Scotland has claimed that it ‘... has worked closely with the student bodies in Scotland through regular meetings with student associations, NUS Scotland and the student development service’ (QAA Scotland, 2006: p. 4). Secondly, there has been an increasing emphasis upon quality enhancement (as opposed to quality assurance), which is given concrete expression in the development of the Scottish Quality Enhancement Framework. And thus we read, ‘Enhancement and assurance are not two separate processes – they require interlinking. For QAA Scotland, our work in enhancement, development and assurance needs to be integrated more fully’ with the overall objective of ‘developing and enhancing the student learning experience’ (QAA Scotland, 2006, pp. 7–8). Again these emphases are not peculiar to Scotland but they have been given more visibility there than in either England or Wales, although HEFCW also believes that its own quality assurance framework contains a ‘Welsh dimension’ (HEFCW, 21st February 2003: Annex B 1)!

Student Financial Support

Undoubtedly the policy issue that has received most attention is student financial aid with England, Scotland and Wales now offering different packages. Until the arrival of devolution both Scotland and Wales were subject to the same regulations that prevailed in England, but as soon as they had the authority to do so they swiftly set in motion reviews of the prevailing funding model. The Cubie Report (Independent Committee of Inquiry into Student Finance, *Student Finance: Fairness for the Future*) was published on the 21st December 1999 and formed the basis of the Scottish Executive’s proposals. The upfront payment of tuition fees was abolished, a means-tested grants system was established, and a graduate endowment payment introduced (set at £2,000 repayable after graduation on an income-contingent basis imposed on earnings over £10,000) with the income generated ‘to be used for the purposes of student support’ (Education (Graduate Endowment and Student Support) (Scotland) Act 2001).

The Rees Review (*Fair and Flexible Funding: A Welsh Model to Promote Quality and Access in Higher Education*, (Welsh Assembly Government, 2005) was set in motion immediately after the Higher Education Act 2004 had ceded responsibility for setting student fees to the Welsh Assembly Government. The Review had issued an interim report in March 2005 in which six options were laid out and then subjected to a wide examination. The strongest support was shown for options 4 and 5 (‘both of which could be described as a Welsh model’!) – the former advocating variable fees to be implemented along with a National Bursary Scheme (as opposed to the English competitive institutional bursaries), and the latter imposing variable

fees in conjunction with a National Bursary Scheme but charging Welsh domiciled students lower fees than students domiciled in other UK countries, although it was recognised that this model would require the Welsh Assembly Government to compensate the Welsh HEIs for a loss of income (Welsh Assembly Government, 2005: p. 11). In fact Option 5 has been implemented with institutions allowed to charge flexible fees of up to £3,000 per annum. However, Welsh domiciled students who are studying at Welsh higher education institutions will be entitled to a tuition grant of £1,800 that does *not* have to be repaid and can be claimed *irrespective of family income* (studentfinancewales.co.uk,).

Thus as Scotland and Wales have been moving in one direction so England appears to have been shifting in the opposite with the Higher Education Act 2004 permitting variable fees of up to £3,000 per annum, although accompanied by income-contingent repayments, a new grant system (albeit parsimonious) and institutionally determined bursaries. However, although there are important differences between England, Scotland and Wales with respect to student financial support, it is important that they should not be over-emphasised. Whilst the form it takes may differ, there is cross-national acceptance of the principle that most students should make a contribution to the costs of their higher education with public support concentrated upon students from poorer social backgrounds or those in particularly difficult financial circumstances. Moreover, it is also recognised that student debt¹⁰ should be repaid through income-contingent loans; upfront payments and mortgage style repayments have been abolished.

Undoubtedly the more contentious issue is not whether students should make a contribution to the cost of their higher education, but whether higher education institutions should be allowed to charge *variable* fees. Even the Scottish members of the Russell Group (the Universities of Edinburgh and Glasgow) have opposed their imposition (Sanders et al., 1st November 2002, p. 1). And the Welsh Assembly has given a very significant subsidy to Welsh students by offering tuition grants that do not have to be repaid regardless of current family income or the student's future earnings. Whilst allowing institutions to charge flexible fees (as it prefers to call them), the Assembly has effectively negated their financial impact whilst offering Welsh domiciled students a huge incentive to study at Welsh universities. But the gains do not come without a price – an indiscriminate subsidy to the more financially secure, with fewer public resources available for social goods that are more accessible to the poor.

A Concluding Note

It is sometimes claimed that since devolution higher education policy within the United Kingdom is diverging as devolved powers are wielded to meet local needs (Wojtas, 12th January 2001: p. 6).¹¹ As the above analysis of policy outcomes suggests there is some truth to this evaluation, but whether the divergence is likely to extend to the point that we can expect different systems of higher education to emerge is another matter. Although there may be variations in the policy responses to the key issues, there are also similarities. Moreover, given that both the assessment

of research quality and the evaluation of the teaching and learning process are still conducted within a UK-wide framework this continues to provide the higher education institutions with many common reference points and the funding councils with plenty of reasons to maintain good working relations. What we are obviously witnessing is the emergence of national differences (for example, the relative stress on quality enhancement as opposed to quality assurance and/or different degrees of selectivity in the distribution of research income) within a wider cross-national acceptance of the need to monitor institutional performance.

What is important to monitor is whether the national differences become accumulative. The introduction of variable fees in England, especially if the present £3,000 cap is removed, may become the driving force for really substantive change. It is not hard to imagine a scenario in which institutional differences in Scotland and Wales are constrained by public policy so that both systems evolve along the lines of the Scandinavian model of higher education whereas at the same time in England a stratum of universities emerges that can generate high fee-income, recruits a significant proportion of its undergraduate students overseas, establishes an internationally recognised research reputation and in which the state has no more than a minority stake holding. Such a course of events would suggest the emergence of very different models of higher education as opposed to contrasting national systems reaching local agreements in the framework of cross-national parameters. Whilst, this may be the future for the moment divergence is constrained with counterpressures pushing in opposite directions. Indeed, there are both Scottish and Welsh universities that either have, or aspire to have, world-class research reputations and even with variable fees the elite English universities do not cover their teaching overheads.

THE EMERGENCE OF DIFFERENT NATIONAL POLICY CULTURES?

Although the formal structures of governance (with the critical exception of the merger of the Further and Higher Education Funding Councils in Scotland) may be similar, and policy outcomes – at least until now – may not be critically different, there is nonetheless evidence to suggest that the national policy cultures are diverging. Premfors referred to a UK policy style but at least with respect to higher education, it may now be more realistic to think in terms of an English policy culture that contrasts with that of Scotland and Wales (Premfors, 1981: pp. 256–61). What precisely does this mean and how is it to be explained?

In an interesting overview of the impact of devolution upon higher education policy Court has written: ‘There is a strong sense that the devolved administrations want and expect more from ‘their’ higher education institutions’ (Court, 2004: p. 151). But in spite of these desires and expectations, in Phase 2 of its *A Framework for Higher Education in Scotland: Higher Education Review* the Scottish Executive made the customary genuflection to institutional autonomy: ‘Higher education institutions are autonomous bodies whose independent status protects their ability to be

challenging and creative in delivering teaching and research' (Scottish Executive, 2003: p. 1). And this followed up an earlier reassurance in Phase 1 of the review:

Ministers have no general powers of direction or intervention in the management of individual institutions or their provision of courses or programmes of research. Section 42 of the Further and Higher Education (Scotland) Act 1992 prohibits Ministers from directing the SHEFC to fund particular courses or institutions, or programmes of research. Therefore, the Government's relationship to higher education is as an overall funder and influencer (Scottish Executive, 2001: pp. 6–7).

But how strong an 'influencer' we may ask?

However, notwithstanding these genuflections to institutional autonomy there is persistent insistence in the documentation of the Scottish Executive that the Scottish higher education institutions have a clear responsibility to deliver the agreed policy goals. There is no sense that they have room to manoeuvre – to interpret the meaning of policy objectives or to pick and chose amongst them. Certainly the idea of possible resistance never enters the debate – the higher education institutions are publicly funded bodies whose purpose is to deliver publicly determined goals. The language of the Welsh Assembly Government is just as assertive:

The comments of this strategy (that is, *Higher Education and The Learning Country*) will shape successive remit letters to the Council setting our guidance as to what will be required of it and by when. We will monitor the Council's performance against these requirements (Welsh Assembly Government, 2002: p. 20).

And the Assembly Government is prepared to see its funding council adopt 'a more proactive strategic planning role' in order to improve 'the coherence and productivity of the overall HE system in Wales'. The higher education sector is expected to fulfil a range of specific goals with the threat (as much a stick as a carrot) that 'funding will be tied to these outcomes' (Welsh Assembly Government, March 2002: pp. 20–21).

Although the new public management model of governance establishes a close relationship between government policy formation, the implementation strategies of the funding councils and institutional behaviour, it also embraces the idea of the devolution of responsibilities, that there will be room for manoeuvre for the funding councils and the institutions. Without this room for manoeuvre why not simply establish departmental control and integrate the higher education institutions into the state apparatus? If HEFCW is to have a planning role as the Welsh Assembly Government is proposing what flexibility will this provide for institutional decision-making? It may be possible to plan by offering incentives (for example, to provide funding advantages that make it very difficult for institutions to refuse the bait) but a 'proactive strategic planning role' suggests a more purposeful planning model. What appears to be happening in Scotland and Wales is a speeded-up version of what is already happening in England – the spaces between the main institutional actors (department, funding council and HEIs) are disappearing so that it is difficult to discern the boundaries between (to use the English example) the DfES and HEFCE – not to mention OFFA! But in England

the room for manoeuvre is seemingly greater, higher education institutions are not perceived as quite so integral to the nation's future welfare as they are in Scotland and Wales and thus face somewhat less pressure to deliver tightly prescribed policy goals.

The implication of the argument so far is that the higher education policy-making process in Scotland and Wales is driven forward by the sheer strength of the expectations and desires (to use Court's words) of their dominant political institutions. Whilst this may be true, it is also important to analyse the process by which this is achieved. Is it controlled politically from above and imposed upon all other interests? Or, is it orchestrated politically from above but, nonetheless, represents an attempt to incorporate all the parties with a significant stake in higher education? In other words, do we have imposed control or consensus building?

In its 2003/04 volume the Higher Education Statistics Agency lists returns for 14 institutions in Wales, 20 in Scotland and over 130 in England. The relatively compact size of the Scottish and Welsh systems has been used to explain a more broad-based approach to policy formation with policy goals emerging not from the state alone but from a concordat of interests acting in conjunction with the state. In 2002 the Chief Executive (Roger McClure) of SHEFC was reported to have said: 'Scotland's "embraceable" size offered the chance of working together in particular areas to give it a competitive edge. SHEFC could issue reports but strategies were likely to have much more impact if institutions were involved in their development' (Wojtas, 18th October 2002: p. 52). And in a supportive statement a spokesperson for Universities Scotland remarked: 'The higher education sector is very keen to work with its partners. It's better for those in the sector who have to deliver but it is also better for those policy-makers who have to set the goals and targets' (Wojtas, 18th October 2002: p. 52). The Chief Executive was keen to stress that such discussion did not impinge upon institutional autonomy but simply made 'conformity more likely'!

Whilst the question of numbers is not unimportant, it should be remembered that frequent and intense interaction amongst relatively small groups of institutional representatives could produce quite the opposite to harmony! Other variables need to be taken into account. Is there a measure of value consensus that already binds the parties together? What are the institutional gains from reaching agreement? Are there powerful interests that have a stake in consensus building and possess the resources to bring diverse interests to an agreement? All these factors are at work in both the Scottish and Welsh situations.

It is dangerous to generalise about national political identities but it is not too much of an exaggeration to say that during the long years of the Thatcher and Major Governments the bulk of political sentiment in Scotland and Wales increasingly began to resent what was perceived as 'rule by Tory England'. In both nations the Tories were decimated at elections with threatening gains (with respect to the stability of the union) for the nationalist parties. Indeed it is significant to note that the political parties seeking to win support across the United Kingdom have started to issue general election manifestos designed to have particular national

appeals. Moreover, throughout these years the dominant party in both Scotland and Wales was the Labour Party, and whereas the Party needed to re-invent itself as New Labour in England, there was not the same necessity to do so given its continuing political dominance in Scotland and Wales. What appears to have developed is a broad policy consensus around which all the political parties can gravitate and which the Conservative Party will need to join if it ever intends to be a major political force again in Scotland and Wales. For example, the variable fees policy finds little support in either country and it is fascinating to read Tory claims that they were responsible for preventing the Welsh Assembly from contemplating their imposition: ‘Welsh Conservatives have scored a significant victory by preventing the imposition of university top-up fees in Wales’ (Conservative Party, 21st June 2005). This can be interpreted as an early example of rejoining the national consensus, but it will be more interesting to see how the Conservative Party in Wales reacts when, as seems likely, the Party’s current policy review leads to its accepting that variable fees, repaid through income-contingent loans, are here to stay!

The maintenance of national policy cultures is also sustained by the fact that elections to both the Scottish Parliament and the Welsh Assembly are conducted on the basis of proportional representation. Even if the Labour Party continues to be the central force in government, proportional representation ensures that both the Scottish Executive and the Welsh Assembly Government are likely to face keen political opposition at the parliamentary level, which it is undoubtedly more adroit to mollify rather than persistently oppose. Indeed, Scotland has experienced coalition government with Labour and the Liberal Democrats joining forces to govern the nation after the 1999 election. Allegedly, Jim Wallace (leader of the Liberal Democrats in Scotland): ‘In negotiations over the formation of a coalition executive ... held out for the abolition of fees and would only sign an agreement with Labour after a committee of enquiry had been set up under Andrew Cubie’ (Pilkington, 2002: p. 114 as quoted in Court, 2004: p. 167). And as the popularity of the current Labour Government wanes it is likely that at least in the near future elections to both the Scottish Parliament and Welsh Assembly will reinforce the likelihood of coalition government and the need to construct consensual policy positions.

In the analysis of the funding council model of governance it was stressed that it could function effectively only if the higher education interests were incorporated into the process of policy implementation. Although there have been moves to lessen this reliance (for example, the current struggles over the use of metrics in place of academic judgement in RAE 2008), the model remains dependent upon such expertise for its efficient operation. However, with respect to policy formation, a critical reason for replacing the UGC with the funding councils was to clarify the lines of responsibility, to make it clear that policy control was a political responsibility residing ultimately in the hands of the incumbent government. And yet in Scotland and Wales there appears to have been a move towards a collectivist control of policy formation with a constant emphasis upon the need to involve

all the interested parties in order to determine the way forward. This is perhaps most vividly illustrated by the move towards 'quality enhancement' with a constant reiteration of the absolute importance of involving student organisations, which barely merits a mention in the English context.¹²

However, although the policy-making process in Scotland and Wales may be more inclusive, it would be premature to claim that it is genuinely distinctive. Just as Robertson, with reference to the Dearing Report, argued that committees of enquiry are not an effective instrument for bringing an independent perspective to bear upon the policy-making process, so one wonders whether the policy outcomes in Scotland and Wales are indeed the product of a collectivist input. Although all the relevant groups may be invited to the party it does not follow that they are all equally welcome or command the same respect. Firstly, it has to be remembered that it is the Scottish Executive's or the Welsh Assembly Government's party. The legislative basis of devolution gives them the authority to shape policy, buttressed by the fact that they also owe their legitimacy to an electoral process. Above all other institutions they can claim the right to represent the national interest. Secondly, not only is it their party but also they control most of the available resources. This places them in a very powerful position if not to determine, at least to exercise a disproportionate amount of influence, over the policy-making process. What one would want to know is the pattern of interaction in negotiations, how much genuine give and take there is. However, in view of the fact that there is a desire to reach a consensual position it is important that powerful interests are not consistently alienated. The state may possess most resources (financial muscle, legitimacy, control of access and perhaps even status) but it is not in a position to quash public dissent. But it is the only player in a position to orchestrate a consensus.

However, it should be noted that generally judgements of devolution have been favourable, and there have been few voices dissenting the course of higher education policy. The corporatist strategy appears to have worked. The one conundrum is to discern what has happened to the initial scepticism of the Scottish universities. Writing close to the instigation of devolution, Paterson perceptively remarked: 'The problem for the universities is that in the short term, the character of this new system will be largely decided for them. No doubt most of them will accede to *force majeure* and to funds, but they will not be in a position to articulate a clear cultural purpose' (Paterson, 1998: p. 470). What is now needed is research to discern how the universities currently perceive their role close to ten years on from the Scotland Act 1998. Although there has been no strong negative public reaction to post-devolutionary developments, David Caldwell (then Director of Universities Scotland) did express concern that the abolition of student fees had the effect of increasing 'the dependence of Scottish universities on public funding' (Caldwell, 25th April 2003: p. 14). It may well be that as long as the public purse continues to deliver reasonably generous funding then the universities will be prepared to go along with the policy consensus. Perhaps they will find sufficient solace in the fact that more generously funded than in the recent past and they are better placed to

pursue their research and teaching – but how much control they will continue to retain in the definition of these purposes is another matter.

It is ironic that a key, perhaps *the* key, constraining force upon Scottish, and even more so, Welsh higher education policy-making is the presence of England. Thus devolution creates national governments with political authority but constrained power. Indeed it is plausible to claim that the emergence of a collectivist approach to policy-making is driven by the need to sustain a united front against the potential intrusion of English influence. Thus compactness aids consensus building, may even allow you to pull above your weight, but when it is coupled with the fact that you have a dominant neighbour you always need to look over your shoulder. Student numbers give the most graphic illustration of the problem:

Total student numbers (full and part-time) in higher education institutions, 2004/05

	Undergraduate N	%	Postgraduate N	%
England	1, 448, 380	82.5	447, 440	84.0
Scotland	160, 700	9.2	49, 900	9.4
Wales	102, 990	5.9	23, 630	4.4
N Ireland	42, 840	2.4	11, 660	2.2
UK	1, 754, 910	100.0	532, 630	100.0

Source: Higher Education Statistics Agency, *Students in Higher Education Institutions 2004/05: Table 0a*

The key point is that a relatively small change in the flow of students from England to either Wales or Scotland would have a big impact upon both the latter systems but scarcely any impact upon England. But the reverse does not apply for were Wales and Scotland to lose home-domiciled students to England it would impact negatively upon their own institutions but overall have little impact upon English higher education!¹³

On the central issue of student fees, which has taken up so much of the policy energy of both the Scottish Executive and the Welsh Assembly Government, close attention had to be paid to what was going to happen in England. How would this impact upon higher education in Scotland and Wales, and what was the best strategy to counter the potential negative effects? Moreover, it was not simply a question of responding to the immediate impacts (the flows of student demand and the ramifications for institutional income) but also the possible long-term effects of English policy. Would the imposition of variable fees and the accruing income give English higher education institutions a real competitive edge in, for example, providing better campus facilities, recruiting faculty, and undertaking innovative research? To date it appears that there have been successful policy responses (at least in the short-term) in both Scotland and Wales to the threats posed by the English implementation of variable fees. But on this front the process of change has barely commenced and it will be interesting to see what policy fissures open up if

the current cap on fees in England is lifted after the 2009 review, and the Scottish and Welsh institutions (and more especially their elite universities) start to feel they are competing on unequal terms. Will there be sufficient consolation in the fact that by then they are likely to be safely ensconced in a European model of higher education that increasingly appears to be seeking harmonisation, a level financial playing field and central regulation – security for all but few (if any) world-class universities?¹⁴

REVISITING THE DEMOCRATIC INTELLECT AND THE LEARNING COUNTRY

In an interesting survey of academic values in England and Scotland, Paterson's first conclusion:

... is the widespread prevalence, throughout England and Scotland, of the core elements of the democratic intellect: that universities should serve society, both in their teaching and in their research; that knowledge is potentially socially useful, including of use to the economy; that governments have the right to hold universities to account; and that it is proper for academics to feel loyalty to a society as well as to their discipline or institution (Paterson, 2003: p. 90).

These values exist alongside a 'persistently high level of attachment to the core elements of traditional academic values' – such as 'advancing basic research and maintaining liberal culture'. What Paterson fails to do is to pose the question of whether there is a conflict (potential or actual) between the democratic intellect (as defined by himself) and traditional academic values. What would be interesting to know is whether the relative potency of the two value systems is changing over time and, if so, in what direction. And whether academics feel threatened by the shift – assuming there is a shift.

Whilst there may continue to be a pluralist array of values on campus, it is clear that overwhelmingly the documentation produced by both the political and bureaucratic arms of the state (notwithstanding the very occasional genuflection to the contrary) is heavily disposed towards an advocacy of the values embedded in the democratic intellect as interpreted by Paterson. Moreover, this is equally true of England, Scotland and Wales, and invariably assumes a more utilitarian tone than is suggested by the elegant phrase 'the democratic intellect'!

If, therefore, the policy-making process has become more inclusive in Wales, and even more so, in Scotland we need to know what values are guiding the negotiating process. The conundrum is to decide whether inclusion in policy formation (which the higher education interests invariably welcome) is about creating a consensus amongst the key interests on the basis of equally respected (even if not equally potent) inputs or legitimising the policy goals of the state along with their implicit (and sometimes explicit) values. It is difficult to resist the appeal of fine-sounding, if somewhat vacuous, ideological slogans (The Learning Country! The Democratic Intellect!). To his credit Paterson adds flesh to the skeleton, but whether the policy outcomes, in terms of their impact upon the character of higher education and its

relationship to state and society, are desirable is another question. The persistent insistence on the need for higher education institutions to serve the interests of the economy, to fulfil their social obligations and regenerate the cultural heritage can be numbing.

NOTES

¹ At the time of writing the Northern Ireland Assembly is suspended and therefore the chapter will not consider the trend of higher education policy in the Province. However, the Scottish and Welsh developments provide more than sufficient information to make the key analytical points.

² Interpretations of the political aims of devolution are beyond the scope of this book, and there is no assumption that as a strategy it will succeed in sustaining the unitary state.

³ It could be said that this is regional rather than local control, although both Scotland and Wales have national identities.

⁴ Although Paterson has made the point that ‘the immediate reason for this reform was the decision to end the binary divide between universities and polytechnics in England’ for even ‘the unionist Conservative government of that time could not propose to transfer the Scottish technological colleges away from the Scottish Office to any new funding council for the whole of higher education across the whole of Britain’, which ‘left unification within Scotland as the only politically viable option’ (Paterson, 1998: p. 468). Whilst accepting Paterson’s judgement that it would have been politically dangerous for the Conservative Government to bring the Scottish technological colleges under the control of a funding council with a remit that covered the whole of Britain, there is no reason why the status quo could not have remained the same with the new funding council granted somewhat more limited responsibilities in Scotland. Moreover, there were political attractions in creating national funding councils for the Conservative government – it could demonstrate its commitment to enhancing administrative devolution while reinforcing its belief in political union.

⁵ Although it is interesting to note that the Minister for Enterprise and Lifelong Learning (within whose remit higher education falls) was prepared to claim: ‘Scotland is the home of the democratic intellect. Its Higher Education Institutions have sustained a culture of challenge and innovation for generations’ (Scottish Executive, 2001: p. 2). And Wales is being promoted by its Minister for Education and Lifelong Learning, Jane Davidson, as a ‘Learning Country’: ‘Higher education is central to this Assembly Government’s vision for Wales and to my vision of Wales as a Learning Country’ (Welsh Assembly Government, 2002: Foreword).

⁶ The 1992 legislation (Further and Higher Education Act 1992 and Further and Higher Education (Scotland) Act 1992) essentially modified the higher education clauses of the Education Reform Act 1988 by factoring in the national dimension.

⁷ The so-called ‘partnership model’ a variant of which operates in Wales.

⁸ This only becomes an issue if those pursuing higher education courses in further education colleges come from different social backgrounds and obtain a higher education qualification (as opposed to a degree) that confers significantly less ‘value-added’ advantage. Wojtas was reporting on the work of John Field of the University of Stirling (Field, 2004).

⁹ And significantly the Research Councils make their funding decisions on a UK-wide basis.

¹⁰ It could be argued that income-contingent loans do not constitute a debt. Although technically this may be true, of greater significance is how they are perceived by students (or, more significantly, potential students) and how those perceptions affect their behaviour.

¹¹ A claim that is predicated on the very dangerous assumption that we know what local needs are!

¹² It should be stressed that it is the alleged differences in Scotland that have received particular attention, reflecting the stronger powers of the Scottish Executive, the distinctiveness of its system of higher education and, possibly, a more developed sense of national identity – the determination to be different from England.

¹³ But it could have a big impact if the increased demand from Scottish and Welsh students was directed at particular institutions. But this would then constitute a problem (perhaps a problem to be welcomed) for those institutions rather than for the total system.

¹⁴ For the elite universities research funding is critically important. The move towards more selectivity in the distribution of RAE income to the English universities (including the creation of the 6* departments) exerts pressures in both Scotland and Wales.

PART TWO
SHAPING POLICY

THE ROLE OF THE POLITICAL PARTIES

DEFINING THE ISSUES

Existing analysis of the role of the political parties in the higher education policy-making process has tended to downplay their importance. The essence of the argument in *The State and Higher Education* was that both the Conservative and Labour Parties had grown steadily more sceptical of the traditional liberal idea of the university and were starting to see higher education as first and foremost an economic resource (Salter and Tapper, 1994: pp. 20–36). The argument was that the parties, although important in influencing our understanding of higher education, had little direct impact upon the policy-making process itself. Bobcock and Taylor are scarcely less dismissive:

One particular issue to be addressed is the conundrum of why the Labour Party has shown relatively little interest in higher education policy or reform.

And perhaps even more damning,

Indeed, it should be emphasised at the outset that the Labour Party has had neither a consistent nor a coherent policy on higher education (2003: pp. 220–221).

Kogan and Hanney go further still, stressing little party involvement in policy change and arguing that even the emergence of new ideas in the Conservative Party (in particular ‘New Right thinking on higher education’) owed much more to think-tanks than imaginative reflection within the Party itself (2000: pp. 207–209).

The purpose of this chapter is to present a perspective on the role of political parties in the higher education policy-making process that is designed not so much to rebut these specific criticisms, but rather to suggest they are not quite as potent as they seem. The chapter will claim that there is a need to think more broadly about policy-making in order to appreciate the role of the political parties, to examine how political parties fit into the wider policy-making process rather than to focus only on their influence in shaping particular policy proposals. The argument will unfold by pursuing a number of interrelated issues: examining the different institutional forms that parties adopt, analysing the consequences of the fact that the major political parties¹ are composed of contrasting and sometimes conflicting interests, identifying the origins of new policy ideas, dissecting – from 1987 onwards – the general election manifestos of the three main English political parties, and a concluding section that draws upon the prior evidence to provide an interpretation of the policy-making role of the parties.

INSTITUTIONAL DEFINITIONS AND RECONCILING COMPETING VALUES

Defining the Political Parties

Political parties assume different forms. Thus references are made to the governing party (or party of opposition), the parliamentary party or the party as a political organisation. The limited work on the input of political parties into the making of higher education policy tends to meander unreflectively between these different definitions. This is understandable given that it can be argued there is but one party that assumes different institutional forms. Or, if this is too strong an assertion, there are few who would dispute the claim that the varying manifestations of the party will interact with one another. Nonetheless, the extent of the interaction, the direction it takes (that is the internal chain of command) and its development over time are important matters for analysis.

Moreover, there is a critical reason for being aware of what definition of the party is the focus of attention because to slip unconsciously between definitions will simply lead to misinterpretations of the policy-making process. The most obvious example is to equate government policy with party policy. Almost inevitably should it form a government a political party will be held responsible for that government's policies, but how much responsibility it should actually bear is a matter for debate.² Governments have to respond to pressures other than those that emerge from its party base, and to deal with issues that have not necessarily been the object of party scrutiny. The point is that government policy is *not* party policy. There are two key variables that distinguish the different interpretations of a party: the lines of accountability and the fact they function within contrasting (if overlapping) institutional frameworks. Governments are responsible to the nation/electorate as a whole, parties to their members, and parliamentarians to their constituents. Governments are enmeshed in the institutions of the state, parliamentarians operate within the structures and procedures of Parliament, while parties are guided by their rulebooks and interact with other institutions to enhance their effectiveness (with the links between the Labour Party and the trade union movement providing the best example).

The almost inevitable outcome is going to be policy tension (at the very least) between the contrasting levels of the parties. For example, Secretaries of State, Sir Keith Joseph and Charles Clarke experienced grievous conflict with their parliamentary parties over the question of student fees. Sir Keith was forced to abandon his proposals, and Charles Clarke engaged in lengthy negotiations with backbench Labour MPs, that allegedly resulted in his making important concessions to them, in order to secure the passage of the 2004 Higher Education Act.³ If the intention is to discover policy consistency and coherence then it is scarcely surprising to find that both are in short supply for at the very least the different forms assumed by the parties will induce policy tension.

Managing Value Tension

If the primary purpose of the three political parties whose policies constitute the core of this chapter is to win elections that enable them to form governments, then in the contemporary political context it is inevitable that they have to be 'broad

churches' rather than 'narrow sects', that they have to position themselves across the middle of the political spectrum. However, although they may occupy relatively similar ideological positions (stretching from left of centre to right of centre) they also need to claim their distinctiveness in policy terms, even if that distinctiveness can only be one of degree. But without this, their grounds for appealing to the electorate are decidedly narrow – perhaps based on alleged previous competence in office or the appeal of their ministerial team, including the personality of the party leader (Webb, 2000: pp. 140–165).

The powerful pull of the electoral middle ground results in, if not policy convergence, then a lack of policy distinctiveness, and certainly the absence of policy radicalism. There is rarely 'clear blue water' between the policies of the major political parties. However, it can also be argued that within political parties there are in fact contrasting values that run in parallel with one another so what we have is not so much convergence but rather contrasting commitments within parties that need to be reconciled by the judicious selection of policy options. Thus, with reference to higher education, parties appear relaxed about defending institutional autonomy while at the same time demanding that the universities have an obligation to broaden the social base of higher education.

Bocock and Taylor have argued that the Labour Party's higher education policies are underwritten by 'three continuing sub-themes': 'First, there is a persistent imperative to develop more vocational, technological and professional programmes' (reflecting an acceptance of human capital theory); secondly, higher education is viewed as a convenient utilitarian tool for achieving desired social goals – notably as a means of enhancing equality of opportunity within the context of a class structure determined by meritocratic criteria, and thirdly (allegedly 'from the Left of the Movement' with reference to Tawney as an example) higher education has an obligation to spread positive values (2003, pp. 221–222).

The State and Higher Education emphasised the importance that the post-1945 Labour Party attached to the marriage of 'science and socialism', which was coupled with a strong exhortation to the universities to expand their commitment to science and technology (Salter and Tapper, 1994: pp. 20–22). It was relatively easy for the Party to marry this theme with the steady intrusion of the idea of higher education as an economic resource that also enhanced individual social opportunities. There was a relatively harmonious fusion of the themes of expansion, widening social opportunities, stimulating economic growth and reinforcing the commitment to science and technology. Thus traditional Labour Party themes, historically more often expressed in relation to secondary schooling, started to intrude into the higher education debate. But what was much more difficult for the Party to reconcile were the conflicts generated by the structural divide within British higher education; between those who wanted a comprehensive model that embraced further and higher education and those who still saw a distinctive role for the universities. And, not surprisingly, there were different perspectives on what should be the relationship between the state and higher education, and how much importance should be attached to the preservation of university autonomy. Contemporarily the contention that a mass system of higher education requires internal diversity has re-introduced

the same debate in a different disguise, and parallel splits are now emerging over policy issues such as variable fees and the degree of selectivity in the distribution of research income.

With respect to Blair's New Labour Governments, Roger Brown has referred to the presence of a number of policy tensions within the Party's agenda (2003: pp. 241–246):

1. The desire for expansion coupled with a failure to commit sufficient public resources to underwrite that expansion
2. The desire for a diverse system of higher education but the promotion of policies that will encourage institutional hierarchy (for example, the selective distribution of research income)
3. The desire for widening participation in higher education without an understanding of the barriers to participation or the commitment of resources (to institutions and prospective students) to overcome those barriers.

To give greater depth to this analysis, these alleged policy tensions have to be placed in a context that is sensitive to the fact that all governments have to make divisive decisions about the distribution of public resources and they need policies designed to reconcile their internal value tensions. Thus it is possible to argue indefinitely about what the overall level of public commitment to the provision of social goods should be, and how that commitment should be distributed. Brown can legitimately argue that in the process of expanding higher education New Labour governments have reinforced traditional institutional differences rather than encouraged diversity. However, New Labour has embraced the idea that the knowledge-based economy (to use one of its favourite phrases) needs to be supported by a dynamic research base. Inevitably judgements as to what distribution of research resources will best ensure this will differ with the ensuing compromises determined by political negotiation. Moreover, whilst the distribution of research resources may be relatively narrow, the competition for them has remained unrestricted.

Similarly, whilst it can be argued that more resources should be devoted to the widening participation agenda, the introduction of variable fees has been accompanied by income-contingent loans, a restoration of grants (even if not sufficiently generous), and the introduction of bursaries to be overseen by the Office for Fair Access. And these developments are located within the context of support for institutions pursuing widening participation programmes, including additional teaching resources to aid retention.

So far the chapter has drawn all its examples of internal party policy conflict from the Labour Party. In part this reflects the fact that in recent years we have had Labour Governments, and much of the policy interest in higher education has concentrated upon the extent to which they have followed the Conservative Party's legacy. Indeed, there has been considerable interest in the continuity or lack of it, between 'Thatcherism' and 'Blairism', or the New Right and the Third Way, in terms of ideology, leadership styles and policies (Heffernan, 2001; Hills, 1998; Watson and Bowden, 2001). *The State and Higher Education* claimed that, 'For

the Conservative Party the universities were effectively a non-issue until the late 1950's...'. And when attention turned to higher education the dominant faction within the Party defended the status quo (Salter and Tapper, 1994: pp. 29–30). However, all this was to change with the emergence of the New Right and the struggle between their respective think-tanks (the Institute of Economic Affairs, the Centre for Policy Studies, and the Adam Smith Institute) for policy influence. Thereafter, there was a cleavage within the Party between the New Right factions and the One Nation Tories with their differences centred around – in broad terms – faith in the efficacy of the market to deliver higher education, their acceptance of a role for the state, the value placed on institutional autonomy, and contrasting interpretations of the purposes of higher education.

Whilst the academic literature gives parsimonious treatment to Conservative and Labour higher education policies, Liberal Democratic policy evokes little more than indifference. Whilst party policy needs to respond to major socio-economic and political shifts, it is undoubtedly the experience of losing office whilst retaining a genuine possibility of regaining state power, which gives policy thinking an especially sharp edge. Although circumstances – particularly with respect to Scotland and Wales – are changing, for decades the policies of the Liberal Democrats have not had to face this pressure, and consequently it has been easier for the Party to adhere to a consistent policy position based upon a coherent set of values. It has been in favour of expansion, widening participation, grants for students from less-well-off families but no imposition of fees. Such largesse has to be paid for and the Liberal Democrats have pushed for an enhanced taxation rate on high-income earners to cover the costs. However, it should also be noted that, given the failure to make a substantial electoral breakthrough in the 2005 General Election, the Liberal Democrats are now starting to rethink their policies, which will presumably include some reconsideration of the relative balance of financial inputs from the state, students and employers. In view of the abandonment of a 50% income tax on high earners this is particular pressing as the projected increase in revenue was meant to ease the financial difficulties of the universities. The point being that an enhanced flow of public resources meant that the imposition of student fees could be avoided.

The implication of this line of analysis is that the lack of policy consistency can make sense as parties struggle to adjust to new situations without entirely jettisoning their pasts and incurring all the costs this would entail. A juggling act has to be performed with all the inevitable compromises this necessitates. Viewed in this way it makes more sense to evaluate the policy sophistication of parties not so much in terms of their ability to produce an elaborate policy agenda which is both coherent and consistent but rather in terms of their ability to sustain value tensions, whilst enabling them to pursue their other goals such as winning elections. Defusing those value tensions will then be dependent upon the development of policy options that can command the broad support of the party membership.

The idea of developing policies to mitigate value tensions finds its most interesting expression in the work of Doyle. For example, Doyle sees the introduction

of the Foundation Degree as a ‘Third Way’ strategy designed to create a synthesis ‘... of these traditionally competing agendas, facilitating a neat discursive synchronisation of utilitarian and progressive objectives – democratising access to higher education and empowering the individual, while tooling up ‘UK PLC’ ... to compete in a global economy’ (Doyle, 2003: p. 275). Whether the Foundation Degree successfully creates such a synthesis or not is a matter for careful evaluation for this may be more product of Doyle’s analysis than purposeful political negotiation. But the idea of selecting policies to bridge value positions suggests that parties may be better at creating coherence and consistency than is often argued. However, it is reasonable to ask how conscious a process this may be or whether it is more the product of Doyle’s analysis!

THE SOURCE OF POLICY IDEAS

The political and economic crisis that afflicted the British state in the 1970s (and which provides the historical framework for this book) was also a crisis for the political parties. The parties had provided the political leadership and the failed policies were their policies. How were the parties going to react? New policies had to be developed but how much of the past could be safely jettisoned?

Kogan and Hanney correctly claim that the Conservative Party, under the leadership of Mrs. Thatcher, turned to the New Right think-tanks rather than to her Party to develop its ideological themes and to devise its new policies. To some extent this was a consequence of the fact that the Party’s organisation was not completely under her control, and thus not wholly sympathetic to her values. It was important, therefore, to look for intellectual support and policy ideas in more friendly circles, including the creation in 1974, along with Sir Keith Joseph, of what was virtually her personal think-tank – the Centre for Policy Studies. But this is to overstate the case given that British political parties have always looked both inwards and outwards for policy ideas. But it is more significant that the policy shift took place amongst a leadership cadre and then filtered down to (or, to put it more negatively, was imposed upon) the party organisation and the rank-and-file membership (however, even a cursory reading of the conference debates of the time will illustrate the extent to which the grassroots party was already primed for change). What is critical is that, regardless of where the new thinking and policy ideas emerged, they had to be embraced by the Conservative Party at large, which at the very minimum meant their reaffirmation at the annual conferences. In the sense of generating change the Party may not have been the prime mover but without its blessing the new policy direction could not take root and grow.

To express the changes in Hood’s terminology (see chapter two), it was the ideological meteorites of Thatcherism that destroyed the policy dinosaurs of consensus politics. Viewed in this light the political parties, and more particularly in this case the Conservative Party, had a key role to play in instigating policy change. The next stage in the process would be to see how the Party in government translated the ideological themes and broad policy ideas into concrete legislation

to be implemented by the state and quasi-state apparatuses. Indeed, with respect to higher education, this included delivering the 1987 manifesto commitment to construct a new mode of governance, that is the funding council model.

It took four successive election defeats and a significant split (that is the desertion of the so-called ‘Gang of Four’ and the creation of the Social Democratic Party – later to merge with the Liberals) before the Labour Party steadily transformed itself into New Labour and started to embrace innovative ideas and policies. The Party thus took longer, and went through a more painful transition, before it came to terms with the 1970s crisis of the British state.⁴ However, to what extent the ideas and policies are genuinely new in the sense of differentiating the party from either ‘old’ Labour or from the Conservative Party under Thatcher and Major is a matter of some debate. With respect to higher education, this chapter has referred to the different themes that guide party thinking and the search for policies that will defuse the potential tensions inherent in those themes. And to push the point further, Bevir has gone so far as to argue that:

Much energy has been spent debating whether or not New Labour remains part of the socialist tradition. The debate provides a canvas on which to commend or oppose New Labour but is otherwise of little value. ... However, all their [that is the contributors to the debate] doing so tells us is whether or not their view of New Labour fits within their definition of socialism. Moreover, because ideologies are contingent and changing entities, their static definitions must be arbitrary (Bevir, 2000: p. 297).

Whether you accept or reject Bevir’s interpretation of ideology is beside the point but, nonetheless, there was a critical need for the New Labour leadership to ensure that their values, and the policies they suggested, were formally integrated into the Party’s way of thinking as reflected, for example, in conference decisions and general election manifesto pledges. As with the Tories, the initiative for change may have come from elements within the party leadership but again these elements needed to build broad party support to have a significant political impact.

It has been suggested that the Dearing Inquiry was set up to forestall the possibility that some universities would impose student fees for it would have been difficult for the universities to act given that the central purpose of the inquiry was to examine the funding of higher education. The implication is that the recommendations of the Dearing Inquiry would provide a more than sufficient basis on which the elected party could construct its higher education policy agenda – with the parties – presumably – making very parsimonious higher education manifesto commitments!

But this scenario overlooks the critically important fact that the Labour Party, following its defeat in the 1992 General Election, had set up *The Commission on Social Justice* at the instigation of its then leader, John Smith. Interestingly the Commission was based at the Institute for Public Policy Research thus reflecting the links between party and think-tank that made such an important contribution to Tory Party policy thinking in the Thatcher years. The creation of the Commission, although a reaction to electoral defeat, was also a serious attempt on the part of the leadership to think about what values the Party should embrace, and how these

could best be achieved given the socio-economic context in which Britain found itself as the new millennium approached.

The Commission's Report, including its recommendations on higher education, is replete with New Labour sentiments (Commission on Social Justice, 1994, pp. 136–150). It called for:

1. Expansion and widening participation
2. Increased funding, including increased maintenance support for students
3. A funding system that incorporated a contribution from students who had graduated and entered the labour market
4. The creation of a 'A Learning Bank for Lifelong Learning'

Whilst one may find fault with the New Labour education agenda, or claim that there is more promise than substantive delivery, it would be difficult to dispute that it has given education, including higher education, an elevated policy status. Furthermore, whilst there may be value conflicts and policy tension, it can also be argued that New Labour itself is guided by a reasonably coherent and consistent set of principles. Moreover, it is a set of principles emerging from within a segment of the Party (with the aid of ideologically sympathetic think-tanks) that has been incorporated in a successful policy and electoral coalition (at least until now!) embracing the mainstream of the Party. The Party had no need to wait upon the Dearing Inquiry before embracing new policy positions. It was already moving in the direction of New Labour long before the Inquiry appeared, which made it more of a convenient political fix than a source of new policy ideas.

Therefore by looking at higher education through the narrow prism of a self-contained policy field it is not too difficult to level the charges of inconsistency, incoherence, tension and irrelevance. However, to place higher education within the broader political and policy context suggests a different interpretation. Parties, therefore, manage values tensions by prioritising different policy options, construct policies that will enable them to build consensus, and have to incorporate new values and policy shifts as they respond to changing socio-economic and political circumstances. These are pressures that have to be managed successfully otherwise the party simply disintegrates. Moreover, unless parties recognise the continuous need for such regeneration then they risk falling into the political abyss – the fate that befell the Conservative Party after the fall of Mrs Thatcher and which perhaps now awaits New Labour.

GENERAL ELECTION MANIFESTOS: 1987–2005

Although political parties reveal themselves in different forms, it is usual to think of a party as embracing a core meaning that gives it a specific identity. Consequently, one refers to *the* Liberal Democratic, *the* Conservative or *the* Labour Parties. In policy terms we need to think of what best represents that core meaning; what can claim to be the strongest link between its three levels. With reference to the party as a national political organisation, it is correct to point to the decisions reached at the annual conferences and to say that these constitute party policy.

Similarly the commitments outlined in the Queen's Speech represent the clearest statement of the policy proposals of the party in government. But, whilst one would expect a measure of policy continuity between a party's conference decisions and its legislative proposals in government, there is no binding constitutional link and in certain historical contexts every reason to expect that the two would diverge considerably!

The general election manifestos have the best claim to be seen as expressing the identity of the party in policy terms and as providing the strongest linkage between its constituent elements. In formal terms the electorate is voting for parties that will fulfil their manifesto commitments, and when they appear to renege then the other parties undoubtedly will remind the electorate of the fact. The broken promises are seen as particularly damaging should the governing party appear to breach an explicit manifesto commitment, as was the case with the second Blair Government's embracing of variable fees. Moreover, parliamentary candidates run for election on the basis of their party's election manifesto; it represents policy commitments they are pledged to support. However, besides the fact that governments will be swayed (must be swayed) by pressures other than manifesto commitments, their policy potency is also undermined by the very nature of the manifestos themselves. They tend to be short documents (the higher education section is invariably very parsimonious, a few paragraphs at most); they are prone to making sweeping promises with a universal appeal (it is virtually impossible to object to a commitment to increase funding); they are inclined to fall into a set pattern in which the manifestos of the governing party stress past achievements and the need to extend them whilst the opposition parties invariably point to continuing problems that must be tackled, and they are all inclined to be economical with the truth! In fairness, it has to be remembered that party manifestos need to generate a 'feel good' factor because their primary purpose is to enhance their party's election prospects. Nonetheless, in spite of their limitations as policy documents, they continue to represent the best overview of party policy.

*1987*⁵

All three manifestos, with varying degrees of specificity, argued for expansion and all three drew a link between higher education and the nation's economic needs – the Labour Party stressing the need 'to encourage the industrial and commercial application of research output' and the Conservative Party of the need to meet '... the nation's demand for highly qualified manpower to compete in international markets'. Both the Conservative Party and the Liberal-SDP Alliance promised to reform the governance of higher education. The Alliance would 'create a Higher Education Council to co-ordinate the planning of both sectors of higher education', which was apparently consistent with granting the polytechnics corporate status but not bringing them 'under national control' as the Tory Government allegedly planned. The Tories proposed the complete overhaul of the governance of higher education: the replacement of the UGC by the UFC, the creation of the Polytechnics and Colleges Funding Council (PCFC), and the granting of corporate status under

boards of governors to the polytechnics and higher education colleges in England. It was not meant to be a mere change of nomenclature but a new style of governance, and with respect to the governance of higher education, this is undoubtedly the most radical proposal to have found its way into any party manifesto.

The Conservative Party's 1987 manifesto also broached the increasingly divisive issue of student financial support by announcing that a review was under way, and suggesting that although 'no final conclusions have been reached' a possible way forward was to introduce 'top-up loans to supplement grants'.⁶ At the same time the Liberal-SDP Alliance was promising to restore 'benefits taken away by the Tories, plus a 15% phased real improvement in student support'. The lines of future confrontations were taking shape.

1992

The focus of all the manifestos was very similar, each with three main themes. The first stress was upon the expansion of access (almost as if they are trying to outbid one another) coupled with a common commitment to widening participation. The Liberal Democrats identified most targets: 'the participation of women, people from minority ethnic and poorer backgrounds, and people with disabilities'. The second key issue (not surprising given the introduction of student loans in 1990) was student support: the Tories promised 'to expand our student loans commitment', the Labour Party to 'replace it with a fairer system of student grants and targeted help for housing and vacation hardship', and the Liberal Democrats to 'abolish student loans and restore student entitlement to housing benefit and income support' with more largesse to follow in due course – the creation of a Student Income Entitlement and a Student Allowance. And, most interestingly, quality assurance intruded as an issue with all three parties showing their concern by expressing the appropriate platitudes: the Tories wanting to ensure that 'academic standards are maintained in higher education', the Liberal Democrats would establish a 'Higher Education Standards Council' 'to ensure that as numbers rise, quality does not suffer', while the Labour Party 'will take effective steps to safeguard standards throughout higher education'.

1997

Given the context in which the parties are 'waiting for Dearing', it is not at all surprising to find that their higher education manifesto commitments in this election were indeed parsimonious. 'Lifelong learning' (the Labour Party), 'Extending lifelong learning' (the Liberal Democrats), and 'Lifetime Learning' (the Conservative Party) found its way onto the agenda. But of much greater political significance was the continuing undercurrent of inter-party tension on student financial support. The Labour Party promised to establish a loans scheme to cover maintenance costs with repayment 'by graduates on an income-related basis', while the Liberal Democratic Party would replace 'the Student Loans Scheme with a fair repayment scheme linked to salaries in later life' but explicitly opposed 'top-up fees for tuition'. It is evident that both the Labour and Liberal Democratic Parties have accepted the

principle (as the Tories did by passing the Student Loans Bill in 1990) that students should make a significant contribution to the costs of their higher education. The issue, as illustrated by their manifesto statements, was what form this contribution should take and what expenditure it should cover.

2001

In this general election we have the somewhat novel experience of the Labour Party defending its record in government and, true to form, the manifesto trumpets its achievements: increased numbers (note the 50% ‘participation’ target), schemes to widen participation, the new two-year foundation degrees and increased funding.⁷ But the dominant issue again for all three parties was student financial support, which was beginning to take over the higher education policy agenda. The Liberal Democrats pledged themselves to abolishing student fees and to reform student maintenance (including the restoration of ‘grants for poor students’ and raising the income threshold at which loans had to be repaid – the Tories also supported the latter proposal but with a higher threshold!). And there were explicit commitments from both the Liberal Democrats (‘We are also opposed to the levying of top-up fees’) and the Labour Party (‘We will not introduce ‘top-up’ fees and have legislated to prevent them’) to bar universities from charging variable fees.⁸

Whilst the old issues had not disappeared (the Liberal-Democrats continued to stress the importance of providing resources to support the access of under-represented groups) new issues were starting to emerge. The Labour Party returned obliquely to quality assurance by claiming that ‘reforms to the inspection system for teaching will slash red tape for higher performing departments’. The Liberal Democrats wanted to improve faculty salaries and the Conservatives started to worry about university autonomy – to enable universities ‘to achieve their independence they need to have their own resources. We will create permanent endowment funds for British universities’. The sentiment is echoed in the 2003 White Paper (*The Future of Higher Education*) as reflected in the slogan ‘independence through endowment’, which would be secured by promoting ‘the giving culture’ (as opposed to public funding). Clearly, a surreal element is never far from the surface of higher education policy.

2005

Undoubtedly the manifestos were strongly influenced by the passage of the 2004 Higher Education Act and, in particular, by the move towards variable fees. Both the Liberal Democrats and the Tories promised to scrap fees while once again the Labour Party was keen to trumpet the achievements of the previous government but, almost as a defensive stratagem, stressed that, ‘The maximum annual fee paid by students will not rise above £3,000 (updated annually for inflation) during the next Parliament’, and that a quarter of this additional income would underwrite bursaries for students from poorer families. The Liberal Democrats pledged that the funding of fees would be met out of their proposed 50% tax rate on incomes over £100,000. Showing more imaginative thinking, the Conservative Research Department (CRD)

had produced a paper in September 2004 (*Funding the Future*) claiming that by imposing a commercial interest rate on student loans sufficient resources would be generated to enable a Conservative government to abolish fees. Even if the figures do not stand up to scrutiny (Higher Education Policy Institute, September 9th 2004) at least there is a recognition of the importance of higher education funding as a policy and an attempt to address it by not simply turning to the Exchequer.

An interesting development was the reference in the Liberal Democrat's manifesto (in fact repeating a claim made in its 2001 manifesto) that it was able to draw upon its achievements in government in Scotland to support its proposals. The devolution of higher education policy has made such comparisons possible, and presumably the parties will employ them when they want to add creditability to their policy positions and avoid them when it might work against their interests!

Watson and Bowden, with an interpretation of policy change that is implicitly linked to the departure and arrival of new ministers (especially the transition from Sir Keith Joseph to Kenneth Baker), have argued that between 1979 and 1997 the higher education policies of the Conservative governments were characterised by a radical change of direction (Watson and Bowden, 1999: pp. 243–245).⁹ With respect to party (as opposed to government) policy, and with a different timeframe (1987 to 2005), the analysis in this chapter points to a considerable measure of policy continuity and cross-party policy convergence. In particular the governance of higher education post-1987 has remained a non-issue except for the occasional reference to university autonomy or the need to lessen the weight of externally driven bureaucratic burdens. And up until 2005 there was a continuous and broad-based commitment both to expansion and widening participation with universal genuflection to the mantra that higher education expansion is critical for sustaining a knowledge-based economy.¹⁰ The one really divisive issue has been how the system should be funded and, more particularly, what financial contribution students should make. However, even on this issue the parties are closer than first impressions perhaps suggest.

The 1990 Student Loans Act, shifting the balance of maintenance costs from grants to loans, was the first step that imposed on students a serious obligation to make a significant contribution to the costs of their higher education.¹¹ The fees of most home-based students continued to be underwritten by the state and loans were designed to cover maintenance costs (although grants were still awarded on a means-tested basis). Following the Dearing Report, the first Blair Government (in which David Blunkett was then the Secretary of State) introduced a means-tested flat-rate fee of up to £1,000 per annum (to be increased by the rate of inflation) and grants were replaced by income-contingent loans (with a more generous cap), although there were non-repayable bursaries (£1,000 in the first year and then £500 for the succeeding two years) for students from poorer families. The 2004 Higher Education Act has restored means-tested grants and sustained loans to cover maintenance costs but has also introduced variable fees (up to £3,000 per annum) to be repaid through income-contingent loans.

Although both the Conservative and Liberal Democratic Parties promised in their 2005 manifestos to abolish fees if elected, in fact they had both accepted that students should take out loans to meet the costs of their maintenance. And, although all three parties were committed to the restoration of grants, these were clearly directed at a limited number of students. In other words, the old grants system that had existed pre-1990 (and which had been in a state of decline for several years – Farrell and Tapper, 1992: pp. 270–74) was now dead. The issue, therefore, was how much financial support should be given to students, and whether they should make a contribution to the cost of their fees as well as their maintenance. Although this may be a principled distinction, it can also be interpreted as essentially a pragmatic issue – what should be the relative balance of the obligations of the state and the student in the funding of higher education? Of course this was critically important for the higher education institutions because if the students were not required to pay fees then would the state be prepared to meet the real costs of delivering higher education? Expansion ‘on the cheap’ had already provided the answer to that question!

Moreover, it has been claimed that the Conservative parliamentary opposition to the Government’s 2004 Higher Education Bill was essentially opportunistic in the sense it was known that a significant faction in the Parliamentary Labour Party was hostile to the legislation and would either abstain or vote against it (not to mention the possible electoral appeal to students and their parents). Thus it represented an opportunity to cause the Government serious political embarrassment. Be that as it may (and note the somewhat hasty attempt of the Conservative Party to construct a viable alternative approach that would underwrite the cost of fees and enhance higher education funding), it is also possible to interpret the party manoeuvring as reflecting a learning curve rather than mere opportunism. An examination of the election manifestos will illustrate that consistently opposition parties have been opposed to government attempts to shift the relative balance of responsibility for the funding of higher education. This was true in 1990 (student loans), in 1998 (the upfront payment of a flat rate fee) as well as in 2004 (variable fees). Even if the principle of change is accepted (although rarely publicly embraced), objections are invariably levelled at the form policy takes and the negative consequences that will allegedly ensue. But the problem with this strategy is that it also implies an obligation to construct a better scheme – entrapment in the critical web.

In the wake of a third successive defeat in a general election and the emergence of a new leader, the Conservative Party is currently undergoing a review of its higher education policy (Sanders, 5th May 2006: p. 4). Given that the new leader, David Cameron, in the contest for the leadership of the Party had accepted, ‘...some form of co-payment, with the taxpayer and the student sharing the cost of higher education’ (Hill, 11th November 2005: p. 2 and p. 14), we can expect the policy review to embrace the principle of variable fees. Thus on the issue of student financial aid the differences between the two main political parties would be essentially technical in nature: whether the current cap of £3,000 per annum should be raised (and, if so, to what level) or simply abolished; whether the Office for

Fair Access should continue to review the access policies of those universities charging variable fees (their targets, their widening participation programmes and their bursary schemes); what level of support in the form of grants should be given to students from poorer families; and, critically, what criteria will guide the repayment of loans to cover fees and maintenance costs. So, although the policy gap between the two parties will narrow (and it is difficult to imagine that the Liberal Democrats will not join the consensus – Hill, 23rd September 2005: p. 9; Sanders and Wojtas, 4th August 2006: p. 9), there are plenty of important policy details by which they can differentiate themselves.¹²

THE POLICY POWER OF THE POLITICAL PARTIES

The emphasis of this chapter has been to recognise party policy differences whilst arguing those differences are distributed over the centre ground of British politics. With respect to policy shifts it is the Liberal Democrats who have adopted the most consistent policy positions over time because they have clung to the principle that, although the system may become mass in its scope, it should remain essentially publicly funded. Moreover, the Party has been bold enough (foolish enough?) to argue that the costs should be met by increasing taxes on high earners. On the key issue of funding (but far less so in terms of other issues) the Labour and Conservative Parties appear to have moved in diametrically opposite directions. The Labour Party edged tentatively towards accepting that students should make a contribution to the costs of their higher education, including a contribution to the payment of fees. The Conservative Party (which gave us a student loans bill) opposed the variable fee clauses in the 2004 Higher Education Act, and in its 2005 General Election Manifesto maintained that if elected it would abolish *all* fees, that is not just variable fees. And not surprisingly, Robert Jackson who had steered the 1990 Student Loans Bill through Parliament, resigned the Party whip and crossed the floor of the House to join New Labour.

The pending question is whether after its policy review the Tories will once again change tack by accepting that variable fees are here to stay and turn to addressing the various technical issues raised above. It is undoubtedly the case that the movement towards a measure of consensus on student funding has been driven by the emergence of the idea of income-contingent loans, which owes so much to the work of Barr of the LSE. In Doyle's terms this is the classic case of a policy idea that is capable of bridging different value positions. There is still free higher education in the sense that the student (consumer) is not paying for it whilst s/he is an undergraduate (it is free at the point of consumption). Moreover, it diversifies the resources of higher education institutions, which is critical given the expansion of the system (the emergence of mass higher education) and the reality of more politically powerful claims upon the public purse (notably health care expenditure). And, furthermore, it withdraws from the better-off members of society a significant state subsidy, whilst – if coupled with targeted grants – it could help to broaden the social base of higher education. But the fact that there remains

considerable opposition to the imposition of fees, variable or otherwise, within and across political parties demonstrates the potency of the idea of higher education as a public good and all the alleged benefits that are assumed to flow from that.

The central purpose of this chapter has been to re-evaluate the impact of the political parties upon the development of higher education policy. In effect the chapter has attempted to perform 'a rescue act' to argue that the parties have a more significant part to play than previous analysis would lead one to suspect. But it is 'a rescue act' heavily dependent upon a particular interpretation of the role played by the political parties in the wider policy-making process.

Firstly, the parties act as a critically important force in the generation of new policy ideas. Although Kogan and Hanney are correct in asserting the role played by right-wing think-tanks in the reformulation of Tory party policy during the Thatcher era, this ignores the longer historical picture and fails to appreciate the particular problems in the relationship between Mrs Thatcher and elements within her own party – at least in the early years of her leadership. Currently the new Tory leader, David Cameron, is conducting a broad-ranging review of party policy including higher education and, although it will draw upon external expertise (obviously those who are broadly sympathetic to the Conservative cause!), it can only be seen as an internally driven party review.¹³ And it should be noted that the attempt to sustain the credibility of the Party's commitment to abolish fees in the 2005 Election was led by the Conservative Research Department (CRD, 2004). And while most observers have given considerable credence to the Dearing Report in the post-1997 development of government policy, this chapter has stressed the significance of the Labour Party's own *Commission on Social Justice*, which appeared in 1994. Clearly Dearing's support for student fees opened the way for the first Blair Government to pass the necessary legislation but the *Commission on Social Justice* had re-enforced the idea that students, as major beneficiaries of higher education, should make a contribution to its costs.

As significant as the obvious point that political parties are integral to the generation of new policy ideas, is the more subtle point that they provide an indispensable context for the management of policy tension while forming an integral part of the organisational framework within which new policy ideas are constructed. Even if you can demonstrate the greater significance of think-tanks in the creation of higher education policy ideas those ideas have to become party policy before they can have a chance of becoming government policy, and then finding their way onto the statute book. This is not to say that there is no room for government manoeuvre for party policy is invariably pitched in broad terms (and often expressed in terms of guiding values or principles) but the crisis of governance is rarely so great that the wider party input can simply be by-passed. In a penetrating article Rune Premfors put forward the idea of different national policy styles that were shaped by contrasting political cultures (Premfors, 1981: pp. 253–262). In parallel fashion, this chapter has suggested that for new policy ideas to find their way onto the political agenda there is a particular transmission process to which the political parties are critical. Just as Thatcherism and the equally elusive Third Way became mainstream party

themes so we now have Cameron (with no doubt Brown to follow) seeking to revitalise Tory party policy in the long build-up to the next general election.

Although political parties have an important policy-making role, their input is galvanised by the party leadership and rarely percolates from the bottom upwards. However, the party leadership needs broad-based internal party support because without it electoral prospects are fragile, if not non-existent. For the leadership, it is essentially a marriage of convenience. This centralisation of control (about which the Liberal Democrats appear most sensitive) has clearly occurred with respect to both the management of their annual party conferences and the construction of their general election manifestos – those manifestations of the party that make-up the strongest symbols of their grassroots identities. Moreover, as the analysis of the parliamentary committees has shown they also are not free from the tentacles of the governing party, which – if it is prepared to pay the political price (and very often it is) – can simply ignore, or do little more than barely acknowledge, their reports. Thus, as it is important to place higher education within the wider public policy context, so it is equally important to understand party control of policy-making within the context of how power within parties is distributed.

NOTES

¹ In the context of the English polity that means the Conservative Party, the Labour Party, and the Liberal Democrats (in 1987 the Liberal/Social Democratic Party Alliance).

² This is difficult to measure, but regardless of the extent of party culpability, government policies that are perceived negatively will inevitably tar the party.

³ It is difficult to substantiate this claim for it can be argued that the Labour Government always intended to give ground, and these were not concessions forced upon it by elements within the parliamentary party but rather a tactic to ease the passage of the legislation.

⁴ Although in view of the travails that befell the Conservative Party with the ousting of Mrs. Thatcher, it may prove to be a more satisfactory and long-lasting readjustment.

⁵ In the subsequent section quotes, unless specifically referenced, are from the general election manifestos and in nearly all cases from those sections covering higher education policy.

⁶ The imminent demise of the grants system is clearly foreshadowed in the manifesto's claim that student support in Britain 'is the most generous in the western world'!

⁷ The first Blair Government was committed to work within the public expenditure guidelines laid down by the preceding Conservative Government and, if there was increased funding (certainly for teaching), it was more a result of the imposition of upfront fees and increases in overseas student numbers rather than more generous public expenditure.

⁸ It is important to note that this applies only to undergraduate courses and then only to British and EU students.

⁹ The alleged change of direction is not as dramatic as Watson and Bowden would lead us to believe. At least since Mrs Thatcher became party leader suspicion that all was not well with the governance of higher education became more deeply entrenched within the Party. And, as we have seen, there were clear commitments in the 1987 manifesto to change the mode of governance. Admittedly the expansion of the late 1980s/early 1990s was dramatic but less so if seen in the context of the long-term expansion of higher education, which had occurred under both Conservative and Labour administrations. Moreover, it was accomplished 'on the cheap' with a sharp decline in the per capita funding (the unit of resource) of each student. Given the current government pressure to diversify the system of higher education, the abolition of the binary line raises more interesting questions. But it is important not to forget the growing disenchantment with the traditional universities on the part of many Tories (note Oxford's

failure to award Mrs. Thatcher an honorary degree) and that the recognition that the former polytechnics had lower unit costs and (allegedly) more relevant degree programmes.

¹⁰ The Conservative Party has consistently attacked the Labour Government's commitment to a 50% participation rate in higher education, arguing not so much against expansion but that much of the expansion would be better directed at the colleges of further education and focused on vocational courses. And in the 2005 General Election the Party pledged itself to 'allow colleges to apply for "Super College" status with greater freedom to manage budgets, specialise and innovate'. But again this is not a sharp deviation from government policy given its strong support for Foundation degrees and the expansion of higher education courses in the further education sector. Moreover, it is relatively easy to find support for the claim that the Government has been, at best, ambivalent about its 50% target.

¹¹ As maintenance grants were means-tested many students and/or their families were already contributing to the costs of their higher education.

¹² If, excepting the research intensive universities, institutions are increasingly dependent upon student fees (especially overseas student fees) for their financial solvency, then the question arises as to what fate awaits those institutions that lack marketplace appeal – a problem that has already impacted upon some departments. If departmental closures are emotive, then imagine the furore surrounding the collapse of whole institutions. There will be increasing demands upon parties to decide whether they need to regulate marketplace pressures, which could result in quite different policy positions emerging on very important issues.

¹³ It will be interesting to see how the higher education review handles internal Party dissent. On the one hand the shadow secretary of state (Boris Johnson) is suggesting that the Party is likely to drop its current equivocal attitude to expansion, while there are those in the Party (the so-called Cornerstone Group) who are claiming that higher education institutions already admit too many weak students who are incapable of benefiting from their degree programmes (Fazackerley, 17th March 2006: p. 4).

PARLIAMENT AS A MARGINAL PLAYER?

IS THERE A ROLE FOR PARLIAMENT?

Although the literature that analyses the evolution of British higher education policy makes reference to the part played by Parliament, it is rarely accorded a central role. In 1975 Kogan wrote:

Parliamentary questions and debates do not closely relate to the development of the policies ... They do not anticipate policies and provide no systematic critique of them. Select committees reflect policy preoccupations more accurately and are more systematic in exposing the administration of policies. But none of these instruments give Parliament substantive authority (Kogan, 1975: p. 181 as quoted in Kogan and Hanney, 2000: pp. 204–205).

Although in general terms concurring with this judgement, *The State and Higher Education* argued that Parliament's 'all-party select committees have shown themselves well able to take an independent line in monitoring the way in which the public's money is spent and to express a distinctive parliamentary view on many areas of policy, with at times embarrassing consequences for the government' (Salter and Tapper, 1994: p. 37).

Moreover, whilst it is possible to maintain that, 'The amendments to the 1988 Education Reform Act, forced on the government by the House of Lords' are no more than 'exceptions to the general position and illustrate that higher education has a specially privileged position in the House of Lords ...' (Kogan and Hanney, 2000: p. 204), the substantial concessions conceded by the Government in the passage of the 2004 Higher Education Act would suggest the need for further analysis. Especially given that strong opposition to the legislation was expressed in the Commons as well as the Lords,

In later chapters (notably with reference to the Research Assessment Exercises and the widening of access to higher education) the select committee input into specific policy issues will be examined. In this chapter the objectives are broader. Firstly, the basis of parliamentary authority – of both Parliament and its committees – will be examined. Secondly, the chapter will consider what concerns have attracted the parliamentary committees and how these have changed over time. The third objective is to analyse how the select committees have conducted their affairs. They have constructed a particular *modus operandi* that draws in key institutions and actors from the field of higher education policy. Consequently, even if government resists their policy recommendations, they cannot be ignored given the strength of that network. Finally, the question of the nature and impact of parliamentary power needs to be re-addressed. Is that power as marginal and erratic as has been suggested?

PARLIAMENT AND PARLIAMENTARY COMMITTEES: THE BASIS
OF AUTHORITY

In 1994 we wrote, ‘Constitutionally, ultimate control of the formation and implementation of the state’s policy towards higher education rests with Parliament (Salter and Tapper, 1994: p. 37). The various bodies responsible for the day-to-day management of the system of higher education exercise their authority within a legislative framework that has been established by Parliament. But the decline of parliamentary sovereignty in the face of the expansion of executive authority is probably the most analysed trend in British political history. Consequently, the circumstances in which Parliament can make an effective input into the policy-making process, in the sense of actually modifying the government’s legislative agenda, are widely considered to be limited.

The so-called ‘privileged position’ of higher education in the House of Lords to which Kogan refers, is undoubtedly a result of the fact that many of its members still retain close university links, with a wider number having received a university education. It can be safely claimed that the ties to the pre-1992 universities, and even more so to Oxbridge, are especially close. Thus there are many members of the Lords who will have a keen – even personal – interest in higher education issues, and who are willing to act as a conduit for the dominant university interests. However, it is more difficult to make safe generalisations about the relationship between the House of Commons and higher education policy issues. Commonsense would suggest that the more precarious the government’s majority the greater the possibility of Parliament making a decisive input. However, governments with small majorities, perhaps recognising the need to take backbench opinion on board, may be better at commanding loyalty than those that have become accustomed to take backbench opinion for granted. Thus the compromises are reached behind the scenes (with the party whips playing a decisive part) rather than on the floor of the Chamber.

The massive revolt of the Parliamentary Labour Party over the 2004 Higher Education Bill (the Government, commanding an overall majority in the Commons of some 160, saw it evaporate to 5 on the crucial Second Reading) suggests there are certain issues capable of arousing the sensibilities of MPs to the point that they feel they have no option but to defy the government. In terms of the 2004 Higher Education Bill, the contentious clauses were those that would grant English and Welsh universities the right to charge annual variable fees of up to £3,000. Rightly or wrongly this suggested to a significant wedge of Labour MPs that the Government was deserting the Party’s longstanding commitment to enhancing social and economic opportunities by widening access to higher education. The implication is that political parties have embedded within them key policy positions, invariably embalmed with considerable ideological significance, which have the potential to stimulate major parliamentary revolts if governments are perceived to be tampering with those sacrosanct values. But, nonetheless, these are exceptional circumstances and the weight of evidence points overwhelmingly to the dominance of executive authority, but it is an executive authority that is generally in tune with

the broad sentiments of backbench opinion. And, moreover, an executive authority that invariably seeks to construct policies that bridge value differences within the party.

As Kogan has claimed the input of the parliamentary select committees into the higher education policy-making process has been more important than that of Parliament itself. With their persistent focus on a policy arena the committees are capable of undertaking in-depth analyses, a luxury which is denied to most MPs. Parliament's attention has to embrace the full range of public policy and the issues are very diverse with each commanding limited amounts of time. The House of Commons' departmental select committees are small in size (composed of individuals who have an initial interest in the policy area) and can build up expertise over time. As Barry Sheerman, Chair of the House of Commons Education and Skills Select Committee remarked in relation to the Government's 2003 White Paper, *The Future of Higher Education*: 'We were convinced as a committee that our experience – garnered from three previous enquiries into access, retention and student finance – would be valuable in informing and developing policy' (Sheerman, 1st August 2003: p. 16).

The committees have the right to summon and cross-examine witnesses and their status is such that most witnesses are undoubtedly pleased to give evidence, although the pleasures of repeatedly appearing before the committees – the lot of those who occupy formal positions within the state apparatus – must wear thin. Invariably the end result is the publication of both the oral and written evidence alongside the issuing of reports that command the attention of all the significant players in the higher education policy field. Furthermore, although the committees will be broadly representative of the relative distribution of the parliamentary political parties, the expectation is that in their deliberations they will arise above party politics, that their reports will represent a committee perspective reflective of the evidence received rather than a majority party view driven by partisan values.

But it is important to remember that for all their apparent independence Parliament's committees, like Parliament itself, can scarcely be viewed as acting independently of executive influence. Whilst the departmental committees may command both the political and bureaucratic leaders of the state apparatus to appear before them, and governments will respond formally to their reports, they lack the means of imposing their views upon the executive. Thus, regardless of their expertise, the range of evidence they embrace and the judicious nature of their reports, although they may have influence they lack the power to formulate policy. Moreover, and more basically, Parliament does not control the membership of its own committees. In its guide to the parliamentary committee system the parliamentary website states: 'The Committee of Selection chooses members to serve on select and standing committees. In preparing its lists it consults, among others, the Whips of the various parties. Each Committee elects its own chairman'.¹ Following the 2005 General Election the composition of the committees was renegotiated and Ian Gibson, the Labour MP for Norwich North and Chair of the House of Commons Science and Technology Select Committee, 'was told by Hilary Armstrong, the

Government's Chief Whip on Monday that he would lose his position to Phil Willis, the Liberal Democrat MP ...'. And then Brian Iddon, a committee member, reportedly made the extraordinary statement: 'According to the rules we could overturn the decision, but the whips would probably throw us all off or even disband the committee' (Fazackerley, 8th July 2005: p. 3). Undoubtedly such cavalier government action would generate a negative backlash, but the incident demonstrates that committee independence is heavily circumscribed by executive authority.

The basis of parliamentary authority is, therefore, very different from that of its committees. Parliamentary authority is constitutionally sanctioned and will continue to be exercised no matter how inept its performance. The committees have a more precarious existence. They have to earn their respect but if they gain that respect by consistently opposing government policy then they risk jeopardising a possible input into reshaping legislative proposals. Although they may have a long-term influence upon the policy-making process, their impact upon current legislation and existing policy issues depends essentially upon persuading the government of the appropriateness of their recommendations. Without that support they remain little more than voices crying in the wilderness.

CHANGING COMMITTEES AND THE CHANGING FOCUS OF COMMITTEE CONCERNS

In his early seminal work, *British Universities and the State*, Berdahl gave an excellent narrative of the Public Accounts Committee's (PAC) endeavours to gain access to the accounts of the universities and the UGC (Berdahl, 1959). Subsequent analysis has taken the story further as a stonewalling Treasury (the protector of university autonomy) was steadily forced to give ground to a persistent PAC until there was complete capitulation (Owen, 1980: pp. 225–278; Shattock, 1994: pp. 16–17). But the second key development in committee power was the transition from the understandable concerns about financial probity to the embracing of policy issues. And, in the context of the economic and political crisis faced by the state in the 1970s, this new bridge was crossed relatively swiftly.

Interestingly, in 1975–76 the House of Commons' Expenditure Committee had published a report, drawn up by its Education, Arts and Home Office Sub-Committee, which had explored whether the Department of Education and Science had the administrative structures in place to steer the development of the educational system in the context of changing socio-economic conditions (Select Committee on Expenditure, 1975–76). Furthermore, in 1989–90 the Public Accounts Committee had issued two reports (*Financial Problems at Universities/The Restructuring and Finances of Universities*), which asked very much the same question of the UGC in relation to the universities. But for the UGC and the universities the crisis was upon them rather than impending. Was the Committee capable of steering the university system through the troubled waters of financial retrenchment and greater political intervention? And, in the light of its failure both to plot a rational path as universities shed staff in response to the cuts in their annual grants, and to provide effective

intervention in the steadily mounting financial crisis at University College Cardiff, the UGC received a resounding vote of 'no confidence'. The PAC looked forward to a new era in which the universities would be guided by a more pro-active funding council model of governance.

With the re-organisation of the parliamentary committee system in 1979 and the passage of the 1988 Education Reform Act, which did much to clarify the financial relationship between the state and the universities (placing that relationship on a statutory basis with clear lines of accountability and unequivocal procedures and responsibilities), the interaction between higher education and the parliamentary committee system changed direction. Although the Public Accounts Committee still has a part to play (for example, in the parliamentary session 2000–01 it issued a report on *Improving Student Achievement and Widening Participation in Higher Education in England* – House of Commons, 17th July 2002), scrutiny is now firmly placed in the hands of two House of Commons' departmental select committees. Firstly, there is the Select Committee on Education and Skills, which monitors its namesake the Department for Education and Skills (note matching changes of nomenclature follow variations in the departmental title). Secondly, there is the Select Committee on Science and Technology, which shadows the Office of Science and Technology (OST) located in the Department of Trade and Industry (DTI).²

The party composition of the two Commons' committees consists of a total of 11 MPs each with a majority of Labour MPs (that is 6) assisted by 3 Conservatives and 2 Liberal Democrats. The remits of both committees contain an unashamedly policy brief. The Education and Skills Committee has terms of reference permitting it to examine 'the expenditure, administration and policy of the Department for Education and Skills and its associated public bodies'. And in remarkably, but unsurprisingly, similar terms the Science and Technology Committee claims it has the function 'to examine the expenditure, administration and policy of the Office of Science and Technology and its associated public bodies'.

It should be remembered that both committees have remits that are wider than higher education (indeed, for both committees it could be argued that higher education is a minority interest). Nonetheless if you examine their work since the election of the first Blair Government (1997) it would be hard to deny that between them all the main recent higher education policy issues have been on their combined agendas. The Select Committee on Science and Technology has made weighty contributions to the following topics:

- The implications of the Dearing Report for the structure and funding of research (Session 1997/98)
- The Research Assessment Exercise (Session 2001/02)
- The implications for science of the Government's Higher Education White Paper (Session 2002/03)
- The Research Assessment Exercise: a re-assessment (Session 2003/04 – in effect this is the Committee's response to the Roberts' Review of research assessment which followed RAE 2001)

- Strategic science provision in English universities (Session 2004/05 – the Committee reviewed both the general decline in student demand for science courses as well as those decisions by some universities to terminate certain science programmes)
- Strategic science provision in English universities (Session 2005/06 – a follow-up to the previous session’s report)
Not surprisingly the concerns of the Select Committee on Education and Skills, reflecting its brief, are much wider:
- A review of the Dearing Report, with the focus on funding issues (Session 1997/98)
- A cross-examination of witnesses who gave evidence on ‘access for all’ and on ‘the funding of student loans’ (Session 1997/98)
- Officials of the Universities and Colleges Admissions Service (UCAS) are questioned about the possible impact of student loans upon admissions to higher education (Session 1998/99)
- ‘Higher Education: Access’ – the Committee’s 4th Report of the 2000/01 Session with the 6th Report of the Session devoted to ‘Higher Education: Retention’
- The Higher Education Minister (Margaret Hodge) is questioned about the Government’s overall strategy for the development of higher education, and there is some discussion of the precise meaning of a 50% participation rate (Session 2001/02)
- The Committee’s Report on the Government’s White Paper, *The Future of Higher Education* (Session 2002/03)
- Cross-examination of Steven Schwartz with respect to his report’s proposals for widening access to higher education; and the questioning of a range of witnesses (including the new Secretary of State, Ruth Kelly) on part-time students, tuition fees and bursaries (Session 2004/05)
- Cross-examination of Howard Newby reviewing his five-year tenure as Chief Executive of HEFCE which covered a wide range of topical issues (variable fees, bursaries and the closure of science departments). The Committee also promised a report on the implications of the Bologna Process for British higher education (Session 2005/06)

If one thinks of the previous parsimony of parliamentary involvement in higher education policy issues, the range and detail of its present concern is striking. Between them the two Commons’ committees have constructed a significant discourse on higher education that embraces most of the important issues. In effect a higher education policy archive has been created by Parliament that complements the archives emanating from government – in particular from HEFCE and the DfES (with parallel archives existing for Scotland and Wales). Inevitably, given that the archives are constructed from the same issues, they overlap both in terms of content and interpretation. However, besides overlaps there are also important differences. Although the select committee reports cannot be read as presenting a perspective on the development of higher education that is diametrically opposed to government policy, they certainly embody a persistently different emphasis. Moreover, it is a

perspective that is very much in the public domain; it may be resisted by government but it cannot be ignored. Although opposition to government policy is not entirely dependent upon the work of the select committees, it provides that opposition with an authoritative voice at the very heart of the political system.

PARLIAMENTARY COMMITTEES AND THE CONSULTATION NETWORK

In *The Committee System of the House of Commons* the standard functioning of the parliamentary committees is described as follows:

The work of the individual departmental committees varies greatly but their general operation can be described. A committee selects a topics or series of topics for inquiry. It may begin by having private briefings and taking specialist advice. It then embarks on a process of information gathering, taking oral and written evidence ... The oral and written evidence is published ... In addition, most inquiries lead to the committee making a report to the House which usually includes recommendations, most of which will be addressed to the Government. The Government is expected to reply to a report within two months of publication (Committee Office, May 2003: p. 20).

The committees possess a number of powers to enable them to perform their tasks the most important of which are: the right to 'send for persons, papers and records' (although neither MPs, members of the Lords nor Ministers can be compelled to attend); to appoint specialist advisers, and to set up sub-committees.

At all its levels the governance of British higher education is oiled by consultation. Thus the funding councils consult on many issues with the universities before a Research Assessment Exercise is formally launched (as well as receiving feedback on its conclusion). The committees of inquiry created to explore particular issues (for example, the Schwartz' report on access to higher education, and the Robert's review of the research assessment process) could scarcely have conceived of proceeding without an elaborate process of consultation. However, the consultative process established by the select committees is probably the most extensive and continuous within the higher education policy-making process. Moreover, given that select committees often return at comparatively short intervals to the same or related issues, it has helped to establish what can best be described as a consultation network.

The structure of the consultation process for the 'higher education' select committees conforms to the following model. At its core will be the select committee with inputs almost taken for granted from the DfES/OST, the funding council, and other higher education quangos as the issues dictate. Given that the purpose of the committee system is to enable the legislature to exercise a measure of control over the executive unless the political and bureaucratic structures of the state are drawn into the consultative process then its purpose becomes meaningless. Furthermore, while inviting the submission of written memoranda from all and sundry, the committees will invariably call upon the key higher education organisations (for example, Universities UK or the Standing Conference of Principals) and the major

sectional interests (for example, the NUS and the AUT/NATFHE – now amalgamated into the University and College Union – UCU) to appear before it. These will be supplemented by a number of individual academics assumed to have a particular expertise pertaining to the issue under scrutiny. For example, the Education and Skills Select Committee, in its examination of student financial support, cross-examined the LSE's Nicholas Barr who had established a considerable reputation in this field.

Whilst it would be an exaggeration to see the two Select Committees as entrapped in a comparatively enclosed consultation network of their own making, nonetheless their work does suggest that the higher education policy-making process remains relatively confined. To a certain extent this is a consequence of the persistent prevalence of the state's input into their deliberations, which is hard to escape given that their purpose is to hold the executive to account. However, they rarely draw in organisations and interests from outside the field of higher education. And even when other parties are drawn in (for example, the secondary school associations, professional bodies, pressure groups/think-tanks, and – very rarely – representatives from industry, banking and commerce) it is usually for a very specific purpose. These are not viewed as significant players in the general development of higher education. It can be argued that there is nothing conspiratorial about this; that the umbrella higher education organisations, such as Universities UK, can be expected to form policy positions on all the major higher education issues – that is their purpose. Moreover, running parallel to this is a process of institutional self-exclusion, many organisations lack the expertise to be involved and have little incentive to acquire it.

Two different processes therefore are at work, each pulling in a somewhat different direction. The 1979 reform of the parliamentary committee system represented a move not only towards making the executive more accountable but also towards more open government. The two pressures for change were linked: greater openness was one of the ways of securing enhanced executive accountability. Although some of the deliberations of the committees may take place behind closed doors (for example, discussions leading to the writing of reports), the broad range of evidence upon which their reports are based is in the public domain. We are in a position, therefore, to reach our own conclusions as to whether their recommendations are justified by the evidence. Moreover, the public nature of the committees' proceedings and reports places pressure upon the government. Governments have to be sensitive to the fact that the reports emanate from an authoritative source based on the interpretation of evidence submitted by the dominant interests in higher education. While a government may be unsympathetic to the recommendations of a report, it has to tread carefully in rejecting them. It may not – at least in the short-term – be unduly worried about the feelings of the select committee but it will be keen not to alienate too many powerful higher education interests.

However, the select committees besides creating a somewhat different discourse of higher education, as well as opening up parts of the policy-making process, have also confirmed the traditional inward looking character of British higher

education. The input of evidence into their deliberations, both oral and written, can be voluminous. In the Session 2004/05 the Select Committee on Science and Technology received 95 written memoranda as part of the evidence for its eighth report, *Strategic Science Provision in English Universities*. But it is evidence that comes essentially from the traditional sources. Ironically, therefore, although higher education policy has become a more visible issue attracting greater political and public (especially media) attention, its formation is still entrapped within a relatively enclosed policy network. This is not to suggest that the select committees should have been more pro-active in bringing in a wider range of interested parties (perhaps even attempting to stimulate involvement) into the consultation network, but rather to make the point that we are still not very far removed from that cloistered world of an elite university system with the UGC as the dominant force steering its development.

The procedures adopted by the select committees serve two inter-related goals. There is the political goal, to make the exercise of executive authority more accountable whilst incorporating all those interests that believe they have a positive input to make into the policy-making process. Incorporation in the parliamentary consultation network accords both individuals and institutions status – the recognition they have a right to be consulted because they have something important to say. Ideally, the two assumptions overlap: those whom it is politically desirable to include really do have a positive contribution to make! However, and more significantly, the procedures convey an understanding of how the policy-making process should be structured for it is this that supposedly results in the creation of good policy. The modus operandi of the select committees assumes that policy-making is a rationale process, that its quality will be enhanced by the input of quantitative and qualitative information from the range of interested parties. Consequently, from their perspective, the committees construct evidence-based policy recommendations that they expect to be given serious consideration. And when governments fail to act with the necessary alacrity there is the expression of surprise and hurt as was evidenced in the Chairman's reaction to the Government's failure to take on board its criticisms of the 2003 White Paper (Sheerman, August 1st 2003: p. 16). The title of Sheerman's short piece, *Your input unwanted*, says it all.

Obviously the parliamentary committees cannot be expected to conduct their affairs in a manner that is anything but consistent with parliamentary traditions and, indeed, democratic political culture. Moreover, it would be difficult to deny that their reports are constructed on the basis of evidence presented by a wide range of interests embedded in the higher education system.³ But the Committees face three critical problems in terms of their making an effective input into government legislation. Firstly, once governments have formulated their policy options and presented them publicly (as was the case with the 2003 White Paper, *The Future of Higher Education*) they will have already expended considerable time and energy as well as used up reserves of political capital. Consequently, they will be reluctant to give ground unless they are compelled. Therefore, in terms of changing prospective legislation it can be argued that select committee intervention comes too late to

make an effective contribution. At this stage a decisive input from Parliament depends upon the concessions it can squeeze out of government as bills wind their way through the Commons and the Lords.

As this book will testify, since the political and economic crisis faced by the state in the mid-1970s, there have been persistent attempts by successive governments to change the British system of higher education. Ironically, therefore, the fact that the parliamentary select committees construct their reports on the basis of the evidence provided by the dominant interests in higher education may work against their chances of influencing government policy – thus presenting them with their second problem. The drive to reform British higher education has not been built upon the assumption that government policy should follow a broadly based consensus acceptable to the most powerful interests. Of course the recommendations of the select committees do not have to construct a consensus out of their evidence, but there are pressures to suggest this is precisely what is likely to occur. If the *raison d'être* of the committees is to hold the executive to account then it stands to reason that they have to interpret government policy critically (without necessarily showing belligerent hostility). Indeed, the committees would lack any credibility if they simply endorsed government policy. And for the committees to give substance to their critical positions, inevitably they will turn to their expert witnesses. But in many policy fields, and this particularly pertains to the institutional interests, the purpose of government action is to undermine how these interests have traditionally pursued their roles. Unsurprisingly, therefore, these are not the kinds of inputs that reforming governments want to shape their policy agenda.

Although the select committee members can obtain impeccable quantitative data and cross-examine the most knowledgeable of witnesses, in the end they have to make judgements on what they have read and heard. The policy-making process may be evidence-based, but the meaning of that evidence is rarely beyond dispute. Thus opinion-based judgements interpret the evidence to make partial policy proposals. Moreover, even if there are shared goals (and there is a surprisingly broad measure of policy consensus in higher education), policy implementation is always likely to give rise to conflict. What we are looking at, therefore, is a political process in which values conflict and compromises are made. It is, therefore, a far cry from the rational decision-making model implicit to the *modus operandi* of the select committees. But, curiously for politicians, they seem to be unaware that they are caught up in a political process or at least unable to admit to it publicly.

WHAT IS THE NATURE OF PARLIAMENTARY POWER?

Political science approaches to the study of power differentiate between forms of power (economic, social, cultural, judicial and political), and how the distribution and exercise of power can be studied. In view of the fact that this chapter is examining the role of Parliament and its committees in the policy-making process, self-evidently the focus is upon political power.⁴ The disciplinary approach to the distribution and exercise of political power has been conveniently synthesised by

Lukes: the power to determine the outcome of the formal decision-making process, the power to determine the political agenda (with the much-quoted reference to ‘non-decisions’ or those issues that simply fail to penetrate the agenda), and the power to mould the ideological context which shapes both what issues will be placed on the political agenda and, perhaps more significantly, what are the acceptable range of responses to those issues – the search for ‘safe solutions’ (Lukes, 1974).

Parliament

With respect to the parliamentary legislative process (the way in which bills become acts) the focus is on Parliament’s power to determine the outcome of the decision-making process. The thrust of the argument by the political historians is that parliamentary power has declined steadily as increased party discipline has led to the control of the legislature by the executive. What does an analysis of the 1988 Education Reform Act and the 2004 Higher Education Act (the major higher education landmarks of the Thatcher and Blair Governments respectively) reveal about higher education policy-making?

In her *The Passing of the Education Reform Act* Crequer has argued that the 1988 Act stimulated ‘... a sustained parliamentary and political debate about the role of higher education, its public benefits and its relationship with government’ (Crequer, 1989: p. 3). And in the course of that debate the Minister (Kenneth Baker) who steered the legislation through Parliament was forced to make concessions or, as he preferred to see it, offer clarification. There were three major points:

1. The funding councils were given the statutory right to offer ‘information and advice’ to the Secretary of State, although s/he would determine the manner in which it was to be presented (ERA 1988: clauses 131.8b; 132.10.b).
2. Whilst it was agreed that commissioners should be appointed to review those university statutes that protected tenure: ‘In exercising those functions, the Commissioners shall have regard to the need to ensure that academic staff have freedom within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs, or privileges they may have at their institutions’ (ERA 1988: clause 202.2.a).
3. Although there was no mention in the 1988 Bill of establishing a contractual financial relationship between the funding councils and the higher education institutions, the wider political debate raised this as a future possible development. The legislation simply refers to the Councils making grants ‘subject to such terms and conditions as they see fit’ (ERA 1988: clauses 131.6; 132.7). It is Crequer’s judgement that the parliamentary debate (particularly in the Lords) was so hostile to the idea of a contractual relationship that the funding councils could not subsequently contemplate such a move (Crequer, 1989: p. 17).

Parliament is credited therefore with clarifying the lines of communication between the funding councils and the Department, inserting a clause protecting academic freedom, and warning the funding councils against entering into contractual financial relations with higher education institutions.

The passage of the 1988 Education Reform Act conveys the impression of a government making tactical concessions on what it considered to be essentially minor points in order to assuage a body of opinion (which cut across political parties) in the House of Lords. However, with respect to the 2004 Higher Education Act the situation was very different. The most critical opposition to the Government came from within its own party and both in its construction, as well as in the amendments conceded, the strategy was to preserve the Bill's central elements whilst trying to keep on board as many of the Government's backbenchers as possible. The Government accepted the need for somewhat more generous grants for students from poorer families; agreed that students seeking a 'gap' year would be excluded from the new funding regime, raised the earnings threshold at which repayment of loans had to commence, and clarified the powers of OFFA. There was, therefore, a parliamentary juggling act that, from its own perspective, the Government just about judged correctly but its majority of 5 on the Second Reading of the Bill demonstrates how close it was.

But what does the passage of these two critical measures – possibly the two most important higher education acts since 1945 – tell us about the strength of parliamentary power? Formally the passage of the two acts, including the amendments, were the product of Parliament's control of this stage of the decision-making process. But how significantly did the amendments alter the overall character of the legislation? Again this is ultimately a matter of judgement. For the 2004 Higher Education Act most of the hostile parliamentary focus was directed at permitting the universities to charge variable fees, and the creation of the Office for Fair Access. OFFA was meant to ensure that in return for acquiring this right the universities instigated schemes to broaden the social base of their undergraduate recruitment (including establishing bursary schemes). The Government accepted amendments on both fronts but, nonetheless, from 2006 almost all universities will impose fees up to the permitted maximum of £3,000 per annum and they will have reached 'access agreements' with OFFA.

At first glance the amendments to the 1988 Education Reform Act seem more substantial. However, in spite of Crequer's claim that opposition in the Lords was a vital bulwark against the funding council-university relationship moving towards a contract system, this claim is impossible to substantiate conclusively. Although it was obviously preferable from the perspective of those who wanted the funding councils to be something more than mere agents for the implementation of government policy, that they should have a statutory right to offer advice to the Secretary of State, it is impossible to judge whether this has had a significant impact upon the relationship in practice. Inevitably, post-1988 the governance of higher education was going to have as one of its central components an interactive relationship between departmental and funding council officials. The issue is whether giving the funding councils the statutory right to offer advice to the Department has actually impacted upon the balance of power, and again this is difficult to substantiate one way or the other.

Finally, although the clauses in the 1988 Act protecting academic freedom were an important symbolic victory for the Lords, it is dubious whether they were much more than that. It may be important to enshrine the protection of academic freedom in statutes but for it to flourish it needs to be integral to the nation's values, and as such part of the societal context that governs the relationship between the state and higher education. If there are genuine concerns about the state's commitment to academic freedom then this needs to be addressed in a broadly based political debate rather than through parliamentary manoeuvring generated by a particular bill.

The Select Committees

The Chairman of the Select Committee of Education and Skills (Barry Sheerman) evidently believed that his Committee's Report on the 2003 White Paper had been published in time in good time to influence the Government's drafting of the 2004 Higher Education Bill (Sheerman, 1st August 2003: p. 16). However, if the Committee was serious about making a significant input into the legislation it should have had a greater influence upon the thinking that went into the White Paper itself. Thus its Report was a reaction to events rather than a force for shaping policy. Although not completely at odds with the thinking behind the White Paper, part of the problem is that the Select Committee has established a distinctive discourse on the development of higher education. The Committee accepted the case for variable fees (which provided the Government with ammunition in the parliamentary debates) and, moreover, was prepared to see the cap set at £5,000 per annum (arguing that if the Government wanted to create the preconditions for the development of a higher education market this was a more realistic figure). It wanted stronger financial support for poorer students (the full costs of their tuition fees to be paid for by the state) to be funded in part by imposing a market interest rate (rather than one set at the level of inflation) upon student loans.

But, although accepting the principle that the costs of higher education should be both publicly and privately funded through the imposition of variable tuition fees, the Committee clearly holds a view of higher education that stresses the importance of the links that bind higher education institutions together. Consequently, the Committee believes that their common purposes need to be promoted by expansion through honours rather than foundation degrees, by the linking of teaching and research, and by sustaining the research income of departments awarded a 4 rating in RAE 2001 (Select Committee on Education and Skills, 2002–03, Chapter 8). There is an attempt to balance system diversity along with the idea of shared institutional identities, and the role of the state is to create the preconditions that will sustain this model of higher education.

In its response to the Select Committee's Report (DfES, July 2003) the Department is keen: to emphasise the overlaps between the Report and the White Paper; to deny that there are stark differences on key issues (for example, it strongly supports the links between teaching and research); to argue that it had taken or would be taking measures that were consistent with certain of the Report's recommendations (or at least it was giving the matter further consideration); and where

there were differences either to downplay them or essentially ignore them by simply repeating the Government's policy line. For example, the Select Committee and the Government have diametrically opposite positions regarding OFFA but it would be difficult to grasp this from the Government's 'Response to the Report':

We have continued to reflect carefully on the role of the Office for Fair Access (OFFA) Our April 2003 document, *Widening participation in higher education*, developed the proposals in the original HE White Paper, as the Committee recognises. Comments on that document, and the Committee's own comments, have helped (DfES, July 2003: p. 14).

Rather than an explicit statement of the differences, an analysis of why these exist, and what has persuaded the Government to stick to its proposals, it is evident that a political game is being played. The purpose of the Government's response to the Report is not to engage in a serious debate about the future of the British system of higher education but rather to produce a document that will assist the smooth passage of the legislation by giving as little ammunition as possible to its critics. There is nothing wrong with this but it is important to recognise the process for what it is rather than to pretend that there is an ongoing enlightening debate that can have a significant impact upon government policy proposals.

Perhaps because of the political stance of its members, and in particular its now ousted Chair, the policy gap between the Government and the Select Committee on Science and Technology (that is compared to the Select Committee on Education and Skills) has been of a different order. For example, while the two Select Committees agree that the distribution of research income should not be too selective (which the Government also accepts!), the Select Committee on Science and Technology has consistently supported closer government regulation of the assessment process itself. It has been suspicious of improvements in ratings (although accepted that they were merited), the role of peer review, the importance that the panels ascribe to pure research, and the very selective distribution of the highest ratings. Overall the Select Committee would give less freedom of manoeuvre to the funding councils and impose upon the universities a tighter regulatory framework.

Furthermore, in its Report on the closure of departments in science, technology, engineering and mathematics (Select Committee on Science and Technology, 2004–05) the Select Committee moved even closer towards supporting a state regulated system of higher education, although it has been careful to avoid using the phrase 'state planning'! In response to the apparent declining fortunes of these subjects, the Report proposes what it calls a radical solution. 'Instead of allowing 130 universities to compete on the same basis for research and teaching funding, to the benefit of a small proportion but the detriment of many, the Government should seek to encourage a system in which each institution can play to its strengths'. The Report then follows with a very broad outline of its proposal (an internally differentiated regional model of higher education to be set up by a new Regional Affairs Committee located in HEFCE) and concludes, 'The Government is currently passively pursuing a policy of research concentration that will call the financial

viability of some universities into question. A far better policy would be a (*sic*) one of *actively* encouraging diversity within the university sector, and providing the means for this to happen' (Select Committee on Science and Technology, 2004–05: Summary).

The Government responses to the reports of the Select Committee on Science and Technology also continue to follow a consensual line, but given the somewhat wider ideological divide, not surprisingly they have been notably sharper than its responses to the reports of the Education and Skills Select Committee. Whereas the Committee has pushed for stronger departmental control the Government responses are keen to stress the independence of HEFCE, the importance of its consultative role (and, by implication, the need to pay close attention to its soundings), and the weight it gives to institutional autonomy – the universities should plan their own futures in the context of parameters that reflect in broad terms government policy (DfES, 2002; DfES, 2005). HEFCE also responded to the Committee's Report on the RAE (HEFCE, 2002)) and, interestingly, was far less circumspect in its responses than the Government. It accused the Committee of making assertions without evidence, of operating with inappropriate premises, of poor evaluation of the evidence, of a lack of clarity, and of misinterpreting the role of the Funding Council. Evidently some raw nerves had been touched!

But what kind of power do the reports and the Government's response to them suggest that the select committees possess? *The State and Higher Education* asserted, 'But, in general, the powers of the select committees are essentially ideological. Through the propagation of a particular view over time, they can help establish a climate of opinion in Parliament broadly in favour, or broadly against, a particular policy development' (Salter and Tapper, 1994: pp. 37–38). There was an emerging value consensus between the state and the parliamentary committees: both accepted that the universities were a vital economic resource and that tighter accountability mechanisms were needed to ensure that they were fulfilling this role effectively (Salter and Tapper, 1994: pp. 50–51). Although consensus on broad policy goals persists, what we also see is subtle differences between the two Select Committees and between the Committees and the Government on how these goals can best be achieved. In view of the continuing strength of the executive, coupled with the heavy dependence of the committees upon evidence drawn from an academic community essentially suspicious of (if not resistant to) change, then it is not too difficult to predict who will win the battle to create those ideas that will shape the future development of higher education in Britain.

PARLIAMENT AS A MARGINAL PLAYER?

The thrust of the argument in this chapter has been to accept the established view that the influence of Parliament in determining higher education policy is limited but, nonetheless, to insist it still has an interesting role to play in the policy-making process. Obviously the best opportunity Parliament has to impact upon the decision-making process is provided by the passage of legislation. Although it is true that

the concessions governments are prepared to make in the face of parliamentary pressure may be limited, this is not to deny their importance. Parliament may not remove, or even alter, a bill's most significant clauses but it may impose changes at the margins that offer assistance to individuals and support for institutions. It is too easy for a government to counter that it is merely providing clarification and/or offering minor tactical concessions, especially when invariably it makes such claims having fought a rearguard action to preserve the integrity of its legislation.

In spite of pretensions to imagine otherwise the parliamentary committees do not have a significant impact upon the legislative process. But they do have a clear brief to investigate policy issues, to dissect prospective legislation and to evaluate how departments function. In the course of pursuing such activities they are at liberty to offer their policy prescriptions. And over the past 25 years the Commons' select committees have actively pursued almost every nook and cranny of the higher education policy arena. Whilst there is a prevailing consensus within the select committees that a primary purpose of higher education is to serve the needs of the economy, and that it should demonstrate its accountability in these terms, there are subtle differences in perceptions of how this can best be achieved. The Government embraces a model that permits higher education institutions to exercise autonomy within parameters designed to achieve their own policy goals. The Select Committee on Science and Technology has shown its suspicion of this approach. Its preferred option is closer to a planning model in which the state, through the funding council, imposes on the higher education system tight guidelines designed to determine institutional behaviour. One obvious question is to wonder whether this model actually requires a funding council to function smoothly. Why not leave the departments of state to construct the straitjacket?

The position of the Select Committee on Education and Skills appears to be the most tension ridden, and thus the most interesting. While supporting the introduction of variable fees, albeit subject to certain safeguards for students from poorer families, it appears to want a model of higher education within which individual institutions have shared values and identities. The system may be diverse in character but it is not hierarchical with sharply differentiated internal boundaries. Over time, therefore, the Select Committees have constructed rich higher education discourses that constitute a very important part of the ideological context within which policy emerges. The question is whether future governments will draw upon these discourses and use the power of the state to develop policies that are consistent with their inherent values? However, as long as governments are intent upon reshaping the system of higher education in a fashion that they believe best serves the changing needs of society then this is unlikely. The dominant, and essentially conservative, higher education interests have ensnared the discourses of the select committees, which makes it difficult for would-be-reforming governments to take their policy lead from them.

Finally, the select committees – by drawing in all the major institutional interests in higher education, their cross-examination of expert witnesses, and their collation of evidence – have made a strong stand in support of evidence-based policy-making.

Whilst it is possible to query both the range of the expertise they have called upon, and to insist that ultimately policy choices are politically determined, the committees have continually reminded us of the importance of examining the nature of the policy-making process. From the perspective of the political scientist who is interested in understanding the concept of power, the analysis of how policy is made is as important as knowing what policy was made. So, powerful or not, Parliament and its committees have much to teach us.

NOTES

¹ Details on the composition and remits of the committees are to be found on the parliamentary website: http://www.parliament.uk/parliamentary_committees. The factual details are updated regularly. The information in the text on the composition and remits of the two select committees is accurate as of 1st January 2006.

² The House of Lords also has its own Science and Technology Committee, although to date it has chosen generally to focus its attention on issues that are not central to the development of the British higher education system.

³ Although it could be argued that the inputs of the radicals of the political left (the Marxists) and the political right (an uneasy combination of the proponents of the market and the defenders of an elite system of higher education committed to sustaining traditional academic values and standards) have been marginalized.

⁴ But this is not to deny that parliamentary power can be seen as defending particular economic and social interests.

THE POLICY COMMUNITY AND POLICY NETWORKS
IN BRITISH HIGHER EDUCATION

DEFINING THE ISSUES

Although one of the central themes of this book is that the governance of British higher education, and consequently the shaping of its development, has been increasingly under the control of the state, it is important to present the case with subtlety. Indeed, higher education institutions are not the helpless victims of an increasingly oppressive central government. Moreover, if the higher education policy community is defined broadly as incorporating all those – institutions and individuals – who have an interest in influencing the future development of our universities and colleges then it is an expanding community. In other words it is more hazardous for the state simply to impose its will. Therefore, from the perspective of the state, it is a question of steering the higher education system through an amenable model of governance, one that incorporates the most significant actors into the policy-making process. If it fails to pursue this strategy then at least there needs to be an awareness of the costs of explicitly excluding powerful interests.

The intention in this chapter is to use the political science concept of policy networks to examine the broader context that surrounds the policy-making process. The concept has been subjected to considerable analysis in the political science literature (Marsh 1998; Rhodes 1997) with particular focus upon both its meaning and whether it offers a theoretical basis for understanding policy change. Daugbjerg and Marsh have written: 'However, the key point here is that policy network analysis can, and must, be integrated with state theory if it is to offer an explanation of policy outcomes' (1998: p. 60). This book has located the pressure for higher education policy change in the context of the political and economic crisis that enveloped the British state in the mid-1970s, and how this released new (one could say pent-up) ideas about the delivery and funding of public policy. A critical part of this process was the implementation of a new model of governance. Put concisely, the state restructured its institutional input into the policy community whilst reformulating its relationship to the germane policy networks in civil society—the non-governmental segment of the policy community.

This chapter, therefore, will use the concept of policy networks to analyse important changes in the relationship between the governing institutions of higher education and the key organised interests. The concepts need to be defined and their changing character analysed. What forces have instigated those changes and how do the policy networks relate to the new structure of governance (that is post-1988) in higher education? Moreover, what makes for a coherent policy network, one able to operate effectively within the new political context? What kinds of influence can the

policy networks exert upon the policy-making process? And, to conclude, what are the most significant trends in the relationship between higher education institutions, policy networks and the state's governing structures? None of this analysis within itself will move us closer to measuring the relative significance of those forces that determine policy change, but it takes us a good deal further towards understanding the links in the policy chain than a straightforward listing of the major institutional actors (for example, see Kogan and Hanney, 2000: pp. 211–19).

THE CHANGING HISTORICAL CONTEXT

The intrusion of the concepts of policy networks and policy community into the analysis of the policy-making process reflects an attempt on the part of the political science discipline to construct more persuasive interpretations of how governance functions. In terms of British higher education there were several critical developments that gave empirical reinforcement to the search for greater analytical sophistication. The most obvious change was the creation of a new model of governance: in a comparatively short space of time the funding council model had replaced the old university and public sector structures and established the relationship between higher education and the state on a different basis. Within the structure of the traditional model, Sir Robert Aikten had argued that the Committee of Vice-Chancellors and Principals (CVCP – now known in more prosaic language as Universities UK) was both a consultant to the UGC and an adviser to the universities (Aikten, 1968–69: p. 171). In broadly parallel vein, Berdahl in his classic *The State and the Universities* gave the CVCP a consultative policy role but was keen to stress that policy-making itself belonged to the UGC (1959: p. 137). But, policy-maker or consultant, the CVCP evidently had an inside track to the UGC with the institutional ties strongly reinforced by personal links.

The interesting, but unanswered, question is what weight the consultative process had in shaping UGC decisions. In the context within which Aitken and Berdahl were writing this may not have been of much significance (driven essentially by increasing public resources the system was expanding), but as we come to the 1980s and the UGC spearheads departmental rationalisations, creates the Research Assessment Exercises and assumes responsibility for distributing cuts in the annual grant, it becomes a critical question and one that has not been systematically researched.

Although the post-1988 funding council model of governance was one of the forces that stimulated the proliferation of policy networks, it did so in a manner that created a very particular relationship between its own structures and the policy networks. Although Aitken and Berdahl confined the CVCP to a consultative role, both had implied that it was indeed consultation about policy formation. Whilst the earlier analysis of the funding councils has not precluded an input by them into policy formation, their formal role is confined primarily to policy implementation.¹ The funding councils devise the means by which government policy goals are implemented, and thus we have seen the expansion of a relationship between

the funding councils and the HEIs centred around regulation (variable fees), audit (quality assurance), and incentive funding (widening participation). The consequence is a range of continuous and detailed consultative exercises embracing the funding councils and the representative higher education interests. As one would expect the outcome has been both the creation of policy networks (to co-ordinate responses to the consultative exercises and to learn from one another how to deal with the demands of the regulatory state) and the fragmentation of existing broad networks (above all the CVCP) as more parties decide to abandon a common front in favour of their specific interests.

Therefore, one of the key outcomes of the changing model of governance is that those networks that want to impact upon policy formation (as opposed to policy implementation) need to exert their influence directly upon the state, both its political and bureaucratic structures. In the days when the UGC was undoubtedly the most influential body shaping the development of the universities, privileged access to it was a vital resource for those who shared such aspirations. Now those intent on shaping policy goals have to look elsewhere.

But because the political and bureaucratic arms of the state now exercise so much greater control over policy formation than the quasi-state (in this case the funding councils) it does not follow that the influence of policy networks is automatically diminished. Firstly in the UGC era the inside track to the quasi-state was undoubtedly very restricted: to the CVCP for the universities and to the Committee of the Directors of Polytechnics – CDP – for the public sector of higher education with, at best, a periphery role for the trade unions and the National Union of Students. As the chapter on the fragmentary state has demonstrated the political and bureaucratic inputs into policy formation are so much more diffused than they used to be: the impact of devolution, the role of the Treasury, the Office of Science and Technology, the Department for Education and Skills, and even the Prime Minister's Office.² There are simply more pressure points within the state apparatus than there used to be and whilst it is difficult to substantiate the claim that this acts a stimulant to the growth of policy networks, it would seem to follow logically given that policy networks are very unlikely to develop if there no access points through which pressure can be exerted.³

The implicit argument in the above analysis is that it has been necessary to revise a relatively narrow understanding of the concepts of policy community and policy network as the system of governance in higher education has changed. Prior to the emergence of the public sector of higher education, the higher education policy community consisted essentially of – on the one side – the universities, the CVCP, the AUT and the NUS, and – on the other side – the UGC, the Treasury and the central education department. And it is possible to discern cross-cutting policy networks both within and across this divide. The emergence of the public sector of higher education obviously complicated the picture somewhat by creating both a separate policy community (with its own internal networks) and a wider policy community with networks across the public and university spheres, although how well-developed the latter were is problematic.⁴ But the understanding

of policy networks is similar: they can be defined institutionally with a membership base drawn from a particular segment of higher education whether it be students, lecturers or institutions; they have a substantive (in some cases almost an exclusive) interest in the higher education policy agenda, and their range of policy interests is broad rather than specific. Moreover, in conjunction with those state and quasi-state institutions with substantive responsibilities for the delivery of the higher education service they constitute the overall policy community.

Although the expansion of higher education, the new model of governance and the fragmentation of state responsibility have drawn a wider range of institutions into the policy-making process, the interpretation of what is meant by either policy community or policy network has not changed. However, there have been important developments within both state and civil society to suggest that perhaps the time has now arrived for a redefinition of the key concepts. Whilst not occupying a central role in shaping the evolution of British higher education, and certainly not a continuous role, both the Public Accounts Committee and the Select Committee on Estimates made critical selective inputs into the policy-making process. But since 1980 the parliamentary committee system has been revitalised, and between them the two House of Commons' Select Committees (Education and Skills, and Science and Technology) have investigated the full spread of policy issues that make up the contemporary higher education agenda. These range in scope from an analysis of the Government's 2003 White Paper, *The Future of Higher Education*, to an examination of the closure (threatened or fait accompli) of departments considered to be offering core (if traditional) elements of the higher education curriculum (for example, chemistry at the Universities of Exeter and Sussex).

Not so long ago higher education issues rarely entered the public domain and, if they did, it was invariably in the form of media stories embracing the exotic and the trivial. Today it is not uncommon for the media to cover heavy-weight topics such as variable fees, widening access and academic standards, and, although one may still quibble at the reporting standards, higher education is now on the mainstream policy agenda. Equally, if not more, significant is the growing importance of the public policy institutes. Some of these embrace a wide range of public policy issues and, if not politically aligned, exhibit clear political sympathies (Nexus, the Institute of Economic Affairs and the Institute of Public Policy Research). Others (the Centre for Higher Education Research and Information, the Higher Education Policy Institute and the Oxford Centre for Higher Education Policy Studies) focus specifically upon higher education policy issues, promoting a serious research agenda as well as stimulating engagement in higher education policy issues. Then there is the Society for Research in Higher Education, with a much broader focus than policy issues but a strong commitment to the belief that change in higher education should be driven by evidence-based research. In the sense that all these bodies undertake a number of functions (run websites, hold conferences, publish papers) which draw in a range of people connected in different ways to the policy process they create their own networks.

Both the parliamentary select committees as well as the policy institutes provide channels for the exercise of influence and, as such, they attempt to impact upon the development of British higher education. Whilst the parliamentary committees may want to shape policy they have no responsibility for the delivery of higher education, and thus, although they may be political institutions, they are not part of the state. In parallel fashion the public policy institutes, although they may have close links to higher education with strong participation from the academic community in many of their activities, they do not have responsibility for the delivery of higher education programmes and thus are not part of the higher education sector.⁵ Nonetheless, commonsense suggests that, in spite of the dangers that inevitably flow from expanding the meaning of concepts,⁶ it would be absurd to exclude either the relevant parliamentary committees or policy institutes from our understanding of the higher education policy community. However, whether they are also significant members of the key policy networks, those that bring together state structures and higher education interests, is another matter.

WHAT DETERMINES THE EFFECTIVENESS OF A POLICY NETWORK?

Regardless of what aspect of the policy-making process is analysed (generating ideas, formulating policy proposals, determining implementation strategies, or pursuing policy evaluation) the ability of a policy network to make an effective contribution is dependent upon two inter-related variables: its internal resources and the quality of its links to other segments of the policy community, more particularly to the state's governing structures.

The most important resource a policy network possesses is its reputation – it perceives itself and, more importantly, is perceived by others as a critical actor in the policy arena. If your reputation is high then it is difficult for others to by-pass you and, should they do so, you are in a position to extract a high price for being ignored. For example, it is clear that the Universities Funding Council proceeded with the scheme to distribute undergraduate student numbers on the basis of its proposed bidding model without consulting the CVCP. The Council may have felt (or least its Chairman, Lord Chilver may have felt) that the time had long passed when it needed to genuflect to a vested interest but, as subsequent events illustrate, it badly misjudged the situation.

It is informative to contrast the failure to incorporate the CVCP in the construction of the UFC's proposed bidding model with the relative political sophistication shown by different governments in the protracted move towards the imposition of variable fees. The creation of the Dearing Inquiry, with the funding of higher education as a crucial part of its remit, is widely credited to the CVCP's threat to impose unilaterally a top-up fee. Obviously this would have been a matter for individual universities to determine but it was conceivable that, with firm CVCP backing, a number of institutions would have been prepared to take the plunge. Although there may have been several good reasons to establish a committee of enquiry at this time, in the context of the impending 1997 General Election it clearly

served as a convenient stalling tactic. It would have been perverse for the CVCP to encourage precipitate action (even assuming it could have reached a consensus) given that the Government was proposing to set up an inquiry that would deal with the central issue of funding.

To some extent reputation is a self-fulfilling asset – your reputation is high so your input is respected and others seek out your views, which in turn further enhances your reputation. Then the interesting question is what undermines an established reputation. An important resource for a policy network is its claim to speak for its members, that if it adopts a policy position then it has the support of the whole network. This is critically important when dealing with other policy networks and state institutions. Internal divisions in policy networks make it difficult to form alliances with like-minded interests, and part of the attraction to the state of negotiating with policy networks is that they can be relied upon to deliver their individual members. If there is any suggestion that the representatives of a policy network cannot carry their members then there is a huge disincentive to conduct serious negotiations – interaction is unlikely to go beyond the exchange of views in a consultative process.

Undoubtedly policy network reputations can be sustained well beyond the point when the supporting props are virtually eroded: it may take some time for policy actors to comprehend the new realities (a deference legacy), not all the props collapse at the same time, and emerging policy networks may be reluctant to strike out on their own. In the context of the mid-1990s it is doubtful whether many universities would have wanted to, or felt themselves able to, impose a top-up fee – they would have been constrained by a combination of their value positions (for example, the belief that such a step would harm prospective students from poorer families) and risk aversion (it was a step into the unknown). Clearly this must have been known both in government circles and in the ranks of the CVCP. Thus, if there were to be a move, it would be taken by a limited number of elite universities recruiting disproportionately (in comparison to the median British university) from middle-class families and with a comfortable surplus of high-quality applicants over available places. Therefore, it was not so much the threat from the CVCP that the Government feared but the realisation that this was a realistic option for at least a segment of the university system.

Undoubtedly the most durable institutional resource is expertise. Expertise takes time to accumulate and, consequently, all other things being equal, it gives established networks an in-built advantage over new networks. Whilst inter-network interaction, as well as network to state interaction, is strongly influenced by calculations of mutual political advantage, part of the equation will undoubtedly include judgements about the relative expertise of the respective parties. There is little point in working with a network to construct a policy position unless you feel it has the expertise to make sound judgements. But expertise can become dated and over time it is a resource that others can either purchase or accumulate.

Roger Brown has argued that higher education institutions can best ensure their political effectiveness by forming a united, if federated, front (11th June, 2003:

p. 16; 14th January 2005: p. 14).⁷ The argument is that this maximises their potential influence because it brings under the umbrella of one policy network all their resources. But the effective use of network resources requires a commitment to common goals. If the policy demand is pitched at a sufficiently general level (the percentage of GDP allocated to higher education should be increased, faculty salaries need to be raised, or campus facilities must be improved) then it is easy to construct a consensus. In the past policy networks were bound together because, to a greater or lesser extent, they embraced common values, and it is the increasing divergence of values that makes it ever more difficult to pursue the strategy of a common front. The cohesiveness of policy networks is reflected in a policy discourse reflecting shared values. Federation would merely paper over the cracks.

What this suggests, therefore, is that the internal resources of a policy network are of little value without network cohesion. What counts is how resources are employed to provide the network with influence within the wider world – the political parties, Parliament, the funding councils and the major institutions of the state. The point being that without network cohesion the ability to exert a wider policy impact is precarious. Resources, therefore, are not an end in themselves but rather the means to securing policy goals. Integral to the reputation of a policy network is its external links. This is what gave bodies like the CVCP and CDP such authority – they were assumed (and rightly so) to have an inside track to the key governing institutions.

Once the inside track was made considerably narrower, if not actually blocked, by the creation of the funding council model of governance then the question was whether such bodies could re-invent themselves as effective policy networks. In his penetrating (if self-serving) review of the Dearing Inquiry, Robertson has raised the question, ‘How far has higher education come to terms with both ‘think-tanks’ and the process of political lobbying?’ and concludes that ‘... it is to modern strategies for policy formation within democracies that universities need to turn in the future’ (Robertson 1999: pp. 138–139).⁸

If we are to believe Alison Wolf, the progress to-date has been far from encouraging for she has condemned the vice-chancellors and Universities UK in the most strident terms:

Higher education policies are diverging at enormous speed under devolution, which makes the future of Universities UK look increasingly uncertain. Personally I don’t see why we should care. The organisation is almost a caricature of fearful, timid state-dependent bureaucracy, preferring “reasonable compromise” to any clear principles (Wolf, 30th May 2003: p. 13).

And some two years later she is scarcely more flattering, although the targets she ridicules are wider: ‘But why isn’t the Association of University Administrators lobbying Parliament? Why doesn’t Universities UK simply refuse to cooperate with nonsensical demands? Surely they could afford a fighting fund? (Wolf, 21st January 2005: p. 13). The ‘nonsensical demand’ to which she alludes is the requirement to complete QAA forms. The issue is not so much whether she correctly interprets (non)-opposition to the QAA⁹ but rather the wider question of whether the higher

education interests have learnt how to engage in effective lobbying. And in her judgement they are found wanting.

But there is still the issue of what would make for effective political lobbying in the current context? Wolf has clearly given up on Universities UK and sees 'salvation' (her label) in its disintegration into the Russell Group, the '94 Group and the Campaign for Mainstream Universities: 'They are far more likely to campaign effectively for policies that matter to them ...' (Wolf, 21st January 2005: p. 13). Her position therefore is at odds with 'the grand alliance' strategy of Roger Brown, but supportive of the claim that cohesion underwritten by shared values is critical to effective action. But even within the present groupings it is difficult to think of many policy issues that will encourage complete consensus rather than some conflict with the possibility of generating further fragmentation. Thus they must have mechanisms for handling internal conflict otherwise they risk constant division and the political ineffectiveness that will inevitably follow (Fazackerley, 28th April 2006: pp. 2–3). The implication is that effectiveness results from a balance of size, a sense of common purpose and the ability to handle internal conflict constructively.

Wolf (admittedly in the role of columnist rather than the serious scholar we know she can be) apparently sees effective action as essentially confrontational – why else the reference to establishing 'a fighting fund'? However, all the evidence on group pressures suggests that the most effective strategy is one in which institutions engage in a mutual exchange of resources rather than mutual recrimination leading to conflict. With respect to the relationship between higher education and the state it can be argued that in recent years the balance in the exchange of resources has been heavily weighted in favour of the state. But what we may be witnessing (as seen in the 'light touch' QAA regime, the possible demise of the RAE, the imposition of strict boundaries upon OFFA's remit, and the introduction of variable fees) is a redressing of the balance. If these are indeed gains, the irony is that they divide rather than unite the higher education policy networks, and Universities UK can take only a comparatively small amount of the credit for them.

Whilst the state may indeed quake at the very thought of the Association of University Administrator's fighting fund, its ongoing relations to policy networks are undoubtedly more mundane, conforming to one of three broad models:

1. Consultation takes place when the occasion necessitates it but it is essentially symbolic interaction; the value positions of the respective parties are so far apart that there can be no meaningful exchange of resources. This is the situation in which the AUT, NATFHE (now united in the UCU – the University and College Union) and the NUS have frequently found themselves and with which they probably feel most comfortable. Being on the barricades is preferable to a seat in a smoke-filled room.
2. Consultation takes place because it has always taken place (the deference legacy) but there are no illusions on either side that anything meaningful will emerge. This is the position of Universities UK – it is a long time since it was thrown the Dearing bone, and there is every indication that the state perceives it as a declining force.

3. Consultation takes place because there is recognition on both sides that a deal has to be struck and, consequently, the parties are prepared to exchange resources. This relationship embraces the splinter groups within Universities UK (the CMU, the 94 Group and the Russell Group), along with the professional and academic associations.

It is the third relationship that is the most interesting because it is the one most likely to give rise to substantive policy shifts. Moreover, the policy networks have to accept that it is essentially a consultative process – in the end it is the state that will make the policy decisions. The key issue for them is whether they are being drawn into a process which uses them to legitimise policy outcomes without giving them very much of what they want. Do they possess the resources to strike what the majority of their members would consider to be equitable agreements? And, if not, what can they do about it?

WHAT KINDS OF INFLUENCE?

There are two facets of the policy-making process into which policy networks make a significant input. The first of these is the development of new policy ideas. Almost by definition this is the purpose of the think-tanks but the conventional policy networks have also been actively involved in the promotion of policy innovations. For example, as far back as 1991 both the CVCP and the CDP had considered an early version (prepared, by amongst others, Nicholas Barr) of an income-contingent student loans scheme (CVCP, 28th June 1991) and the Russell Group commissioned a study on *Funding Universities to Meet National and International Challenges* (Greenaway and Haynes, 2000), which highlighted the impoverishment of the British universities, and likewise argued for the introduction of income-contingent student loans to underwrite the payment of fees.

With such exposure it is not surprising that the idea of income-contingent loans slowly percolated through the higher education policy community with in due course its principal advocates, Barr and Crawford, appearing before the Select Committee on Education and Skills (akin to being invited to give a royal command performance). Indeed, so protracted and energetic was the campaign for income-contingent loans that it is no exaggeration to say that the two LSE scholars became the centre of a network – an issue, rather than a policy, network, although it was a network sustained by ‘personal appearances’ rather than organisational links.

The success of the Barr/Crawford campaign raises the interesting question of why some policy ideas take root, generating concrete policy proposals which find their way onto the statute book whilst others simply fade away. Obviously there has to be a substantive issue that needs to be addressed (in this case it was the under-funding of higher education), and the policy ideas have to suggest a solution that is politically viable. It was evident that there was little support in government circles for a really substantial increase in the commitment of public resources to higher education and so the search was on for acceptable alternatives,¹⁰ which in this case came down to the introduction of a graduate tax or income-contingent

loans. Thus the idea was propitious in the sense that it enabled the Government to address one of its policy issues in a manner that was politically acceptable to it – to shift some of the burden of paying for higher education without (allegedly) undermining its commitment to widening participation. This is not to deny the quality of the Barr/Crawford proposals, nor to detract from their political skill and perseverance, but rather to think more widely about the process of incorporation in the policy-making process (Robertson, 1999: pp. 129–130).

One of the central themes of this book is that intrinsic to the funding council model of governance is the idea of the regulatory state. The purpose of reformulating the governance of higher education was not only to give the state more direct control of the policy agenda but also to require the funding councils to impose a regulatory regime that would combine the functions of making the universities more accountable for their public expenditure and more amenable to fulfilling the Government's policy goals. The issue was how the funding councils would fulfil these functions – by incorporating or excluding the universities from the regulatory process? Given the British tradition of governance in higher education it was almost inconceivable for the funding councils to have adopted any other strategy than that of incorporation and, in spite of persistent and widespread hostility in certain academic circles to the funding councils (at least in England), it has to be said that they have found many willing academic collaborators (the realists or traitors of the British academic world!). The result has been the reinforcement of existing policy networks as well as the creation of new networks, especially in relation to the quality assurance agenda. Policy networks, as well as individual members of the academic community at large, have been caught up in the web spun by the quasi-state.

If policy networks have a critical part to play in both the generation of policy ideas as well as in the operation of the regulatory framework, do they also have an equally vital role to play in policy formation – the process by which ideas become policy? In terms of the overall picture the question has to be answered in the negative. The policy networks have to be seen in much the same light as Berdahl viewed the CVCP in the 1950s – as consultative rather than policy-making bodies. They may make a vital input into the policy-making process (by putting forward very persuasive arguments as with income-contingent loans or by offering effective resistance as with the UFC's bidding system) but policy formation has become the prerogative of the state. This is not to deny that at critical points in time governments will be forced to make concessions to the policy networks (as was the case with the UFC's funding model) or to their friends in high places (as was the case with the 1988 Education Reform Act given the strength of 'the university lobby' in the House of Lords) but these are clearly exceptions – if illuminating exceptions – to the rule.¹¹ And most would argue this is how it should be for it is better that policy be determined by elected politicians than unaccountable (at least to the electorate) policy networks. However, although the distinctions within the policy-making process are important, the differences should not be over-emphasised. Policy does not appear in a vacuum and mere statutes are meaningless without effective implementation. Nonetheless,

academics who think they have policy expertise to offer, like politicians who feel that their select committee has produced a definitive report, should be aware of the limitations as well as the strength of their role.

TRENDS WITHIN THE POLICY COMMUNITY

Unsurprisingly developments within the higher education policy community are reflective of broader changes in the world of higher education. Devolution and diversification have given rise to policy network fragmentation, as seen in the national divisions within Universities UK as well as the emergence of the Russell Group, the 94 Group and the CMU. And these are likely to solidify as the groups develop organisational coherence, which amongst other things should help to control the mavericks amongst the vice-chancellors and splits within the groups. The Russell Group is proposing to appoint a full-time director-general as part of the expansion of its operations and ‘would in future commission and conduct its own policy research rather than rely on Universities UK’ (Hill, 9th December 2005: p. 8). And, in a somewhat more threatening tone, the vice-chancellor of Exeter University is reported as saying:

Some members feel they pay a lot [for membership of UUK] and are not quite sure what they get for it. The three main groups have all beefed up their executive structures. The question is if UUK does this for us and it costs x , do we want them to continue doing it or could we do it ourselves? (Hill and Fazackerley, 9th December 2005: p. 2)

But it should not be imagined that UUK is alone in experiencing fragmentary pressures. The teaching unions, although having negotiated a successful – if seemingly acrimonious – amalgamation, have to accept that there are considerable pressures for local pay bargaining, and indeed vice-chancellors have on occasions imposed local settlements pending the resolution of national bargaining. Furthermore, the National Union of Students has always had to reconcile itself to the fact that the average student is invariably more interested in what the local student union has to offer than in national NUS campaigns.

What we appear to be moving towards is a situation in which the policy networks that represent broad sector interests are giving ground to interests that either have a particular market position to defend or are committed to grassroots institutional bargaining. This does not mean that the national policy networks no longer have a role to play but it is likely to be a different role – setting acceptable boundaries for the negotiation of institutional deals (which, possibly, require national ratification), the collation of data, the interpretation of trends in higher education, and representing the public face of their sectors. But it does mean that the policy input of the traditional networks in higher education is in decline. Essentially they become service providers for their members than rather participants in the policy-making process, although it may take them some time to reconcile themselves to the fact – or, indeed, even to realise what is taking place!

In terms, therefore, of exerting a policy influence the key networks may be those representing groups with well-defined interests to defend, so raising the spectre of competing higher education policy interests. To a limited extent this has already occurred with the splinters within UUK taking different stands on critical policy issues: how selectively RAE resources should be distributed, whether there should be variable fees, and what demands quality assurance procedures should impose. How long it will be before the values and interests that separate the internal groupings are more significant than those uniting them? And does UUK then disintegrate?

This chapter has made a distinction between policy networks and issue networks. Issue networks have specific policy targets and are likely to melt away as issues are resolved or simply disappear from the political agenda. Policy networks develop strong internal ties (even creating organisational links) and are sustained by a broad policy agenda. But it may make increasing sense to trace the development of higher education through the struggles generated by the resolution of particular issues in the expectation that each issue will draw in a somewhat different range of policy networks or cause existing networks to split along different lines. This is not to deny the distinction between policy and issue networks but rather to suggest a particular approach to understanding the development of British higher education based upon the instability of the traditional dominant interests. This is powerfully illustrated by the massive ruptures to the policy networks and the policy community at large caused by the closure of what are known as STEM (science, technology, engineering and maths) departments. This impacts upon the future academic shape of British higher education as well as raising critical questions as to how that shape is to be determined. Whereas the political science literature accepts the theoretical limitations of the idea of policy networks, within such a fractious context it is pertinent to ask whether it is even a helpful analytical tool.

Even though many of the pre-1992 British universities had local roots, they saw themselves (at least since 1945) as national, and in some cases international, institutions. Clearly this runs counter to the heritage of the post-1992 institutions: governed for so long by the local authorities, drawing most of their students from their immediate communities and serving the needs of the local economy. One of the more interesting contemporary developments is the general move towards embedding higher education institutions more firmly into their local communities and regions, in some cases to restore an aspect of their identity that had been lost. In part this is stimulated by government initiatives that offer financial incentives for developing links with Regional Development Agencies (RDAs) or for participating in the HEROBC (Higher Education Reach-out to Business and Community) programme. And in part by the institutions themselves conscious of the fact that an increasing proportion of their undergraduate students may be local residents,¹² and the potential financial rewards of creating a positive image as well as the direct returns from providing community services.

Undoubtedly this localisation of higher education has had an impact upon the structure of the policy networks within which higher education is embedded. It

becomes more realistic to think of networks that embrace elements within the higher education institutions (and not only at the senior management level), the local political structures and organised regional interests. These are likely to be policy networks designed to develop specific initiatives but which, nonetheless, could have a considerable institutional impact, especially if sustained over time. Moreover, they can emerge independently of the central state so enabling higher education institutions to exercise more effective control over their own development. Within this context particular individuals are in a position to exert considerable influence: university council members and more especially their chairs (to enhance local community and business links), the management teams in university development offices (to negotiate the agreements), and celebrity academics (to demonstrate that the faculty is also on board). And these individuals may well look to their own associations (the Association of University Administrators and the Committee of University Chairmen) embedded in their own policy networks for guidance. Thus new networks enter the policy-making arena, perhaps usurping the influence of the old.

The purpose of the funding council model of governance was to give the state a clearer role in the process of policy formation whilst restricting the funding councils to the functions of regulation and policy implementation. However, network fragmentation, the growing importance of issue networks and the emergence of local networks are all suggestive of important changes in our understanding of the higher education policy community. But have these developments, by reshaping the relationship between the higher education institutions, state structures and policy networks impacted upon the process of policy formation? Moreover, if the state's dominant influence in policy formation has to be interpreted differently, does network change also impact upon the regulatory and policy implementation roles of the funding councils?

CONCLUSIONS

Given that the state has purposefully denied the funding councils a planning role, British – or at least English – higher education institutions continue to retain considerable control over their own development. Indeed this may have been reinforced by their ability to augment their income from non-state resources, in part dependent upon the development of supportive local networks. Nonetheless, few would deny that it remains vital for higher education institutions to exert an impact upon the direction of state policy. The influence of the market may be increasing but the hold of the state is still strong. And there seems little doubt that the most effective way in which they can continue to exert their influence is through the formation of policy networks. This chapter has discussed how the changing character of higher education has forced institutions to think about how their interests can best be served, which has led to the creation of new policy networks and the development of different roles for established networks. These new networks are only too conscious of their need to develop close interaction with state structures if

their policy goals are to be realised. If it is increasingly meaningful to examine the development of higher education through the resolution of key policy issues, then the process of change in higher education may be best understood by seeing how the networks fragment and re-align in response to new issues. But, regardless of the re-alignments, interaction with state structures cannot be avoided if a network is serious about its intention to influence policy formation.

The relationship between the funding councils and the policy networks has been very different from the relationship of those same policy networks to the state. Whereas policy networks have had a consultative role in the policy formation process they have been integral to policy regulation and implementation. They have had a major role to play in determining how these tasks will be undertaken, and it is higher education institutions that have provided most of the personnel who perform the key functions. Consequently, policy networks are more critical to the quasi-state than to the state. However, there have been some recent developments to suggest that this difference is steadily narrowing. The quasi-state has always sought to use performance indicators to undertake its regulatory role and, in spite of protracted criticisms, these have been refined and extended rather than revoked. Furthermore, now there is finally agreement as to how quality assurance, one of the major regulatory regimes, should proceed the impetus for network activity has declined. Moreover, it is evident that in the future the use of metrics will have a much larger part to play in the research assessment process. These accumulative changes make the funding councils somewhat less beholden to the academic community and certainly less open to policy network pressure. The implication is that the funding councils are becoming more independent of the higher community than they used to be, with a part to play that is more akin to a planning role, thus reinforcing an earlier observation – the boundaries between state and quasi-state are disappearing.

Whilst there have been significant changes to policy networks since the introduction of the funding council model of governance, it is still possible to retain a coherent idea of a policy network (the organisational representation of higher educational interests that have a broad remit and seek, in conjunction with like-minded networks, to interact with state and quasi-state structures to influence all aspects of the policy-making process – the generation of ideas and the formation, implementation and evaluation of policy). But this persistence exists within the context of a policy community that has expanded out of all recognition. Although there are some who still question whether higher education issues penetrate the public consciousness to the extent that they should, a historical perspective would suggest otherwise. In a comparatively short period of time a small, almost enclosed, elite sector has become mass in scope, acquired some political (not to say, economic) significance, and been subjected to much greater public scrutiny.

Whereas at one time it was realistic to see the policy community as made up of the higher education policy networks and the relevant state/quasi-state governing structures, this is no longer a meaningful definition. The policy community has expanded to include important parliamentary select committees, a range of policy institutes devoted either exclusively to higher education or with higher education

as a significant interest, the media (note the regular appearance of supplements devoted exclusively to educational issues), and even individual academics as they pursue either their journalistic interests (note Alan Ryan, Warden of New College, Oxford and Alison Wolf, Professor of Management Studies, King's College, London are both regular columnists for *The Times Higher Education Supplement*) or seek to promote a particular policy issue (as Barr and Crawford did with respect to income-contingent loans).

The shaping of higher education policy now takes place in a much larger, more diverse and unstable environment – and this is true regardless of whether the focus is upon state structures, the policy and issue networks or the institutions of higher education. Although in recent years there has been a persistently critical strain in academic circles of developments in British higher education, it is undoubtedly a more interesting world. Perhaps the one consistent theme is the continuity of state power but, although it cannot be excluded from any analysis of the policy-making process, it does not act in a vacuum. Moreover, there is some evidence to suggest that policy networks are likely to become more effective defenders of their interests at the very point in time institutions are engaging in significant developments that are not dependent on state resources. Ironically, should this continue apace, then the outcome will be more inter-policy network conflict or perhaps even more higher education networks that have parallel existences as they go their own ways in an increasingly fragmented system.

NOTES

¹ This was one of the struggles surrounding the passage of the 1988 Education Reform Act. Nonetheless, although the wording of the original legislation was changed to give them the right to offer policy advice, they are primarily policy implementation bodies.

² To illustrate the point see the range of interests caught up in the passage of the 2004 Higher Education Act (Stevens, 2005: pp. 117–136).

³ As Kogan and Hanney note, structural reform interacts with agency but not necessarily in a manner that makes them mutually re-enforcing instruments of change (2000: pp. 227–228). Ironically, as Thatcher governments were introducing the structural changes to governance that stimulated policy networks, some ministers were keen to resist interest group pressure. The intention was to avoid giving undue access to what were perceived as vested interests.

⁴ Problematic because this is an undeveloped research field. Obviously this separation ended in 1992 with the merger of the Universities Funding Council and the Polytechnics and Colleges Funding Council.

⁵ Of course there are public policy institutes with a formal institutional base in higher education and thus they are part of the sector. Such institutes will invariably have responsibilities for the delivery of academic programmes (usually at the graduate level) and the conduct of research. Although these activities may impact upon the policy process, their primary purpose is to serve the academic goals of their institutional base rather than change public policy.

⁶ The key danger is that by expanding the definition of concepts you undermine their ability to act as rigorous analytical tools.

⁷ Brown is in effect calling for an amalgamation, within a federal structure, of UUK with SCOP (Standing Conference of Principals) of which he is a former vice-chair.

⁸ Robertson implies that the higher education lobby (and the CVCP in particular) was deluded in thinking that the Dearing Inquiry would be in a position 'to tell it like it is'. In effect, so Robertson claims, such enquiries are inevitably a manifestation of state power and rarely deliver a stimulating

agenda for change. His perspective on such enquiries is indeed correct, but from the very beginning there was considerable scepticism within the higher education community about the purposes of the Dearing Inquiry and that it was perhaps Robertson himself (as one of the Inquiry's expert advisers) who perhaps was deluded into thinking that the Inquiry could deliver more than it!

⁹ Her interpretation of the opposition to the quality assurance regime is broadly similar to the one that has been made in this book. Individual universities led the opposition to QAA procedures (she refers to the London School of Economics, this book to the University of Cambridge). So-called 'light touch' procedures have been established thanks to the effective intervention of the Russell Group with subsequent support from the 94 Group

¹⁰ This is not to say that there were advocates in all the main political parties for a sizeable increase in public expenditure, or that the Government was committed to cutting public expenditure on higher education (as opposed to shifting the relative balance of inputs from the state and the market). But it was the Government and not the political parties that controlled the policy agenda.

¹¹ Illuminating because they shed light on the boundaries which confine state power.

¹² Most likely these are students who continue to live with their parents or perhaps mature students who are married with children and thus find it more convenient to study at their local university.

PART THREE

THE POLITICS OF HIGHER EDUCATION IN ACTION

CONTINUITY AND CHANGE IN THE FUNDING
OF BRITISH HIGHER EDUCATION

THE CENTRAL ISSUES

The creation of the University Grants Committee in 1919 marks the beginning of a close relationship between the state and higher education in Britain. It should not be forgotten that the primary reason for state intervention was the financial needs of higher education and undoubtedly the universities would have remained in a parlous condition without such support. In different circumstances perhaps the state would have disappeared into the background as the dislocation engendered by the First World War receded, but the inter-war years were not noted for either economic expansion or stability. But it should not be imagined that the state's intervention was simply altruistic. There was a strong feeling in political circles that the universities could make a vital contribution to fulfilling national needs but to do so they required financial support. Thus from 1919 onwards there was an implicit concordat between the state and the universities.

It could be argued that the universities became too complacent about their relationship to the state, especially when after 1945 their dependence upon the public purse was overwhelming. But the problem may have been deeper than their entrapment in a cosy partnership that suited all parties for it is difficult to discern where else the universities could have looked for support. In recent years the disparaging of the state-higher education relationship is little short of virulent (Beloff, 1990 and Stevens, 2005) but it is important to remember that there have also been many positive benefits.

Perhaps higher education became a nationalised industry (a description the sharper critics are prone to use) by default because as a product it was not valued very highly by society. The Asquith Commission, which had been established in 1919 to see whether the Universities Oxford and Cambridge should be added to the UGC's grant list, came to the conclusion that the only realistic source of revenue was the public purse (Tapper and Salter, 1992: pp. 64–69). Why this should have been so is an interesting question (Tribe, 1990: pp. 21–34) and perhaps the higher education institutions may have only themselves to blame, but the state can scarcely be damned for coming to the rescue. Moreover, it should not be forgotten that the international prestige of British higher education remains high, thanks in part to sustained state funding.

If the universities can be accused of growing too complacent about their relationship to the state it is because they took too long to grasp some of the possible consequences of their financial dependence. They were lulled, perhaps allowed themselves to be lulled, into a false sense of security. What the state

gives it can take away and, moreover, the terms on which it distributes its largesse are not immutable. From the mid-1970s onwards higher education institutions in Britain have absorbed both painful lessons. However, it took a long time for the old assertion that ‘he who pays the piper calls the tune’ to be realised, and in retrospect it seems extraordinary that it took the universities *and* the state such a long time to wake up to this fact.

At the outset it should be stressed that the chapter will not present a great deal of quantitative data for its central purpose is to examine the principles that have underwritten the financial relationship between the state and the universities, how and why these have changed over time and what is the current state of play. Whilst from an early date the inherent danger of financial dependence upon the state was evident to some, the relationship was enveloped in a number of principles that most found acceptable. What were the key elements in the concordat that calmed the fears of the dominant university interests but at the same time proved acceptable to successive governments? And what was the cocktail of economic, political and cultural forces that destroyed the status quo?

Chronologically this will bring us to the formation of the funding council model of governance. In what ways is the financial relationship between the state and higher education different in the funding council era? The chapter will look beyond the guiding principles to the tightening financial squeeze and show how governments have used resource allocation to secure particular policy goals. In part the financial constraints led to the creation of the Dearing Inquiry and the recommendation that students as beneficiaries of higher education should bear some of its costs. Because it is so important politically, and because it has very significant ramifications for both university finances and governance, the issue of student fees is central to this part of the chapter. Finally, the chapter will return to its title and evaluate the extent to which the financing of British higher education has changed in the funding council era and how this is likely to shape its future development.

LULLED INTO A FALSE SENSE OF SECURITY

Not surprisingly, in view of its longevity, the financial relationship between the UGC and the institutions on its grant list changed over time. However, the core facets of the concordat for much of its history (for the most part until the financial crisis of the mid-1970s) were as follows:

1. The grant, although awarded annually, fitted into a five-year development cycle (the so-called quinquennial system).
2. It was a block grant with the institutions responsible for determining how they spent it.
3. Although the UGC could lay down general guidelines on how it wanted the system of higher education to develop, its ability to interfere in the affairs of individual institutions was severely circumscribed.

4. The UGC, although obviously guided by quantitative data (critically student numbers), exercised its judgement in distributing the grant with the consequence that historical 'anomalies' tended to be perpetuated.
5. Neither the UGC nor the institutions on its grant list were financially accountable to Parliament. Thus the Public Accounts Committee did not have access to the financial records of institutions that were spending public resources.

From the perspective of the 21st Century this may seem a somewhat bizarre state of affairs; however, the contemporary context provided a measure of rationality. There was the clear desire to placate the universities, to construct a model of governance that while providing an income stream of public resources would not attempt either to prescribe policy or intervene in the affairs of individual institutions. Furthermore, we are looking at an elite higher education system in which total income in 1939/40 was under £6.5 million of which the UGC's grant constituted 33.1% (Salter and Tapper, 1994: p. 221). Even in financially difficult times these were not sums to arouse undue alarm.

In the inter-war years the assumption was that the annual grant constituted approximately a third of university income with the other two-thirds made up mainly from student fees and endowments.¹ In effect the UGC grant underwrote that expenditure deemed essential to maintain a viable university system but which the universities lacked the resources to fund. In the post-war years, as the state was rapidly transformed into the dominant shareholder, so the understanding of the state-university relationship changed: 'As the trusted servant of university interests the Committee became a necessary part of the new academic orthodoxy and thus completed the remarkable journey between 1919 and 1945 from administrative device to ideological symbol' (Salter and Tapper, 1994: p. 115; Shinn, 1986).

THE CHICKENS COME HOME TO ROOST

The collapse of the financial relationship between the state and the universities was both protracted and multi-layered. There were a series of manoeuvres involving mainly the Treasury and the Public Accounts Committee (PAC) to allow parliamentary access to the accounts of the universities and the UGC (Berdahl, 1959: pp. 117–134). The Treasury fought a sophisticated rearguard action initially offering the compromise of procedural change but eventually the PAC secured complete compliance with its wishes. It may seem entirely reasonable that funding for higher education should be subject to the same scrutiny as funding for other public services. However, in a trenchant critique Beloff saw this as the thin edge of the wedge (Beloff, 1966–67), and his fears were not without foundation for as Shattock notes, 'The PAC grew increasingly interested in policy questions...' (Shattock, 1994: p. 17). Perhaps more significant than any immediate policy pressure was the symbolic importance of the change for it signified that the special financial relationship between the state and the universities was fast disappearing.

As pressures for change these machinations pale into insignificance in comparison to the economic crisis that swept over the nation in the 1970s. In a short space of time

we moved from quinquennial planning to short-term crisis management. It is scarcely surprising that there was government pressure upon public expenditure with the higher education institutions in a weak position to defend themselves politically. Whereas the Wilson and Callaghan Governments (1974/79) responded essentially pragmatically to the economic crisis, with the election of the first Thatcher Government a more ideological perspective emerged. The thrust was to control overall levels of public expenditure, to question the manner in which public goods were delivered, and to probe whether publicly funded institutions were in fact providing 'value for money'.²

Williams, in his *Changing Patterns of Finance in Higher Education*, has referred to the 1980s as a turbulent decade in the history of British higher education and describes the cuts in the UGC's grant as traumatic (Williams, 1992: pp. 3–8). Over time the UGC shifted towards formula funding with less discretion left to the Committee's judgement and more questioning of apparent historical anomalies. The instigation in 1986 of the Research Assessment Exercise (RAE) was part of this development. Although designed to distribute selectively core public funding for research, the exercise can also be seen as introducing a rational allocation model with funding distributed according to measured output rather than on the basis of the assumption that all academics were research active because it was integral to their role.

Although the chapter on the funding council model of governance argued that it emerged out of the development of a different system of higher education functioning within a new political context (and it was not simply the consequence of weaknesses in the UGC model), it should be noted that in its final days the Committee was tarred with the brush of failing to exercise sufficient financial oversight. The cause célèbre was the fracas at University College, Cardiff (Shattock, 1994: pp. 113–127) but it also allegedly failed to give sufficient attention to the redundancy schemes (underwritten by a designated tranche of public money) that followed in the wake of the cuts of the early 1980s. At the very end, therefore, the inability of the UGC to exercise close financial control of the institutions on its grant list came back to haunt it.

Of the five principles that shaped the financial concordat between the state and the universities in the early years of their relationship only one (the block grant) remained substantially intact as the final days of the UGC drew near. The four other principles had either been terminated (lack of accountability to parliament and the quinquennial development model), severely eroded (the exercise of judgement and/or the application of non-discriminatory formula funding), or were facing severe criticism (the failure to take a closer interest in how institutions actually spent their grants). It was evidently time to think anew.

A MANAGED MARKET

The Principles

Writing in the *Oxford Review of Economic Policy* the Chief Economist of the Department for Education and Skills described HEFCE's funding of higher education as a managed market in which undergraduate student numbers, the

fees they pay (or are paid for them) and research income are carefully regulated (Johnson, 2004: p. 192). For a managed market to function effectively there needs to be clear financial rights and obligations binding the respective parties. Not surprisingly, therefore, an integral part of the new 1988 model was the financial memoranda linking the Department to funding councils, and the funding councils to the HEIs (Taggart, 2004: p. 80). A critical component of the new model is clarity about financial responsibilities so eliminating the confused obligations for ensuring probity that so muddled institutional relations in the latter years of the UGC.

But what are the principles that guide the operation of this so-called managed market? As was the case in the UGC years there is no one defining document and the following list is constructed from an analysis of the historical record.

1. There is a financial memorandum that guides the relationship between institutions on the grant list and the funding councils with a parallel financial memorandum between the funding councils and the Department.
2. The funding councils continue to distribute most of their resources in the form of a block grant.
3. While the block grant principle remains dominant, increasingly the funding councils have used earmarked resources to promote a range of government policy initiatives.
4. There is a measure of institutional competition for resources, both those that form part of the block grant (the Research Assessment Exercises provide the best example) and those that are set aside to fund developments that governments considers to be desirable.
5. Market funding is looked upon favourably and institutions are encouraged to be entrepreneurial in order to augment their incomes (financial incentives are available to encourage such developments) as well as to design projects that can be funded by a mixture of public and private resources (the Private Finance Initiative/Public Private Partnerships).
6. Although there have been repeated government statements to the effect that the augmentation of private funding will *not* lead to the withdrawal of public funding, it is evident that the current government expects a shift in the relative balance of private and public financial inputs with a steady increase in the significance of the former.
7. Post-Dearing there is an acceptance that an integral part of the funding of British higher education will be composed of home-based undergraduate student fees. However, ever since 1980 overseas students (non-EU students) have been required to pay 'full-cost' fees, and postgraduate courses have been invariably priced at a level that it is assumed the market can bear.
8. After a long period in which governments were prepared to make only annual funding commitments there are now three-year projections, but the mid-cycle demise of the quinquennial model in the 1970s suggests that such promises should be viewed guardedly.

These are guiding principles (essentially applicable to Scotland and Wales as well as England) that reflect the contemporary state of play in the state-higher education concordat: the retention of the block grant serves as a reassurance that the state continues to respect university autonomy (a claim that government ministers repeatedly make); the emergence of earmarked resources enables the funding councils to promote policy initiatives that have government support; the increasing emphasis upon the importance of institutional initiatives to secure private funding encourages a wider influx of resources whilst also extending the links between higher education and the community at large; and the move to make students – led by overseas students – bear a higher percentage of the costs of their higher education reflects the intention to shift the balance of financial inputs from the state to the market.³

However, it should not be assumed that these parameters are set in stone for they have developed out of political struggle. Indeed, immediately after 1988 it appeared as if the financial relationship between the HEIs and the then funding councils (the Universities Funding Council – UFC, and the Polytechnics and Colleges Funding Council – PCFC) was to be contractual in nature. The funding councils would draw up contracts with the universities to secure the provision of services as opposed to awarding a block grant (Williams, 1992: p. 13). For the universities this would have been a dramatic shift challenging their perception of themselves as autonomous institutions.

The fear was generated, not so much by the 1988 Education Reform Act itself, but rather by the UFC's proposal that universities should determine their student numbers on the basis of guide prices set by the Council. It was as if the Council had chosen to interpret the legislation in a way that purposefully challenged the universities, and supported those elements in the Government that wanted to construct a quasi-market in higher education. Besides the ideological threat there was also the perception of a government securing expansion 'on the cheap', which would further undermine the quality of higher education. The funding council model of governance could scarcely have had a more inauspicious start.

For the sake of the Funding Council's reputation it was critically important, if not to avoid such conflicts in the future, to make sure they did not enter the public arena with such acrimony. The lesson is that although government may be able to impose its will, to do so may undermine its long-term creditability. There may be an imbalance of personal and institutional power in higher education but the weaker parties are rarely without influence. But perhaps it was the universities that should have learnt the most critical lesson. The proposed funding model failed because the universities refused to make bids that were lower than the recommended guide prices. The Committee of Vice-Chancellors and Principals (CVCP) was organising (for once) an effective cartel, which resulted in the reaffirmation of the principle of the block grant. But this was unity by only part of the higher education sector, and in terms of undergraduate student numbers a sector in relative decline. The polytechnics and colleges were prepared to see their unit costs eroded over time, and in fact they entered into the bidding system operated by the PCFC (Pratt, 1997:

pp. 263–265). It was increasingly difficult for the CVCP to hold the line. Moreover, the resistance could be successful on only a limited front since there were other means available to the state to curtail higher education expenditure. For example, the prolonged imposition of ‘efficiency savings’ automatically meant that unit costs were in constant decline as resources were whittled away. In fact accepting more home-based students (albeit at a lower financial return per student) was for many universities almost the only way of increasing their overall income. Consequently, either the quality of the educational experience declined or the HEIs discovered more effective pedagogical strategies – or there was indeed genuine slack within the system so the additional numbers had no significant impact!

The inter-sector tensions that were brought to the fore by the manner in which Britain moved towards mass higher education (creating a unitary model out of elements with different histories) have been repeated with respect to all the key policy issues analysed in this text – widening participation, quality control and research assessment. Although retaining the binary model would not have removed the tension the conflict would have assumed a different form. Once all higher education institutions were to be labelled as universities under the auspices of a single higher education funding council⁴ then they all had to be managed by the same rules. But without a unified core the centre cannot hold because interests fragment rather than coalesce.

The Financial Squeeze

If for British higher education the 1960s were ‘the halcyon years’, the 1980s onwards (at least until 2002) can only be described as ‘the destitute years’ with many universities in financial difficulties and some even facing bankruptcy, although we are assured by HEFCE’s former Chief Executive (Howard Newby) that by 2006 there were no longer any HEIs on ‘the high financial risk list used by the council’ (Major, 10th February 2006: p. 2). However, John Patten, Secretary of State at the time of HEFCE’s formation, in a letter outlining the Council’s functions to its first Chairman (Sir Ron Dearing), wrote: ‘Commissioned advice [that is advice commissioned by the Department] will include the Council’s annual appraisal of the financial position and requirements of the institutions which it funds ... That advice from the UFC and PCFC is currently confidential, and I shall require this for the new Council too’ (DES, 2nd June 1992: p. 2). It is well-known that the confidential information being forwarded to the Government indicated that some universities were in financial peril – and yet there was no change of policy direction. It is no wonder that state-university relations were so fraught for much of the 1990s.

In their seminal publication *Funding Universities to Meet National and International Challenges*,⁵ Greenaway and Haynes write: ‘In 1985, average teaching expenditure per student was almost £8,500 in the then Universities and £4,250 in the Polytechnics. In 1997 average teaching expenditure across (old and new) universities had declined to just over £4,790’. Furthermore,

... whilst the growth in student numbers has been accompanied by an increase in higher education expenditure in real terms, the level of public funding per student has fallen

dramatically. ... expenditure per student has decreased by nearly 50 per cent in real terms over the period 1980 to the present' (the academic year 2000/01 – Greenaway and Haynes, 2000: p. 13).

In fact the average level of funding per student reached its nadir in 2000/01 (driven on by both Labour and Conservative governments) but has increased subsequently, albeit by small margins (Bekhradnia, 2006). There is a considerable way to go before pre-funding council levels of support are reached, and it is difficult to imagine that there will ever be a return to halcyon days – most certainly not on the basis of public funding.

The financial squeeze especially, but not exclusively, on teaching resources took various forms. The PCFC (not under the same pressure as the UFC) operated a bidding system which '... resulted in a substantial increase in student numbers in polytechnics – funded numbers increased by 24 per cent from 1989-90 to 1991-92 – but little increase in resources in real terms. The unit of resource across the PCFC sector declined; in 1990-91 it was nearly 2 per cent lower per funded place than the previous year in real terms' (Pratt, 1997: pp. 265–266). Moreover, the failure of its bidding model did not destroy entirely the ingenuity of the UFC as it sought to fulfil the Government's determination to lower unit costs. As a means of increasing their incomes the universities were offered 'fees-only students':

Universities would also be able to admit students beyond the numbers funded through the UFC grant. Therefore, universities could admit students on a fees-only basis, the fee being paid by the local authority direct to the university. Fees-only students did not attract the UFC funding contribution and would therefore be taken by a university at a lower rate of funding (Taggart, 2004: p. 71).

Unlike the failed bidding model, this did not restructure the financial relationship between the state and the universities, and thus it was more difficult for the CVCP to formulate a hostile strategy around which all the universities could rally. If institutional autonomy meant anything then a university should be free to augment public resources, and 'fees-only students' did not require the universities to compete with one another in terms of price in order to secure their student numbers. What they needed to decide is whether the additional resources would be sufficient to compensate for the erosion of the unit of resource. Whilst individual institutions may have felt that it was a risk worth taking, nonetheless the overall impact was to increase student numbers at a lower unit of resource – if not to embrace 'expansion on the cheap' certainly not to resist it.

A graphic way in which the financial squeeze can be illustrated is to work systematically through the annual grant letters that the Department sent to HEFCE in the first five years of its existence. The tone is set from the beginning and sustained relentlessly:

The Secretary of State looks to institutions to make further efficiency gains while maintaining financial viability (DfE, 12th November 1992: p. 2).

The planned efficiency gain has increased from an annual 3% in last year's plans to some 4% in 1994-95 and 1995-96 as a direct result of institutions' decisions to recruit above planned levels in last year's settlement (DfE, 30th November 1993: p. 3).

For the higher education sector as a whole the assumed efficiency gains for recurrent expenditure have reduced from the 4% in 1995-96 ... to an annual 3% (DfE, 29th November 1994: p. 2).

... the Funding Council's indicative provision for capital expenditure ... has been reduced in the light of the Government policy that capital goods and projects should, wherever possible, be financed through private sector schemes in line with the private finance initiative' (DfEE, 28th November 1995: p. 1).

The underlying efficiency gains for recurrent expenditure are 0.5 per cent in 1997-98, 2.5 per cent in 1998-99 and 4.5 per cent in 1999-2000' (DfEE, 26th November 1996: p. 3)

Although the level of public funding per student continued to decline until 2000/01, from 1997 onwards a somewhat more optimistic tone intrudes into the grant letters. The Dearing Inquiry had reported and New Labour (with its flamboyant rhetorical commitment to education) was in power. Higher education was systematically built into two powerful policy themes: the need to ensure that the British economy performed effectively in the global marketplace, and the commitment to broadening opportunities for the socially disadvantaged. However, there was to be no opening of the financial floodgates (rather a greater targeting of resources) and as much (if not more) political steering of higher education development.

The Policy Initiatives

From its inauguration the Funding Council was bombarded with government requests for policy action. In the first five years of its existence Conservative ministers consistently stressed the need to encourage the expansion of science and technology:

We plan to increase the differential between the fee-levels for classroom-based and workshop-based courses so as to increase the relative incentive to develop the latter (DfE, 12th November 1992: p. 3).

The Council should take into account in its funding for research the policies set out in the White Paper "Realising our Potential: A Strategy for Science, Engineering and Technology" (DfE, 30th November 1993: p. 4).

In particular, we look to the Council to increase the proportion of its funds allocated to reward institutions engaged in collaborative generic research and reflect the findings of the Technology Foresight Programme in its funding allocations (DfE, 29th November 1994: p. 5).

The Secretary of State continues to attach importance to the supply of places in science and engineering ... (DfEE, 28th November 1995: p. 5).

The Secretary of State has welcomed the Council's joint initiative with the Research Councils to fund equipment in areas of high-quality research relevant to Technology Foresight priorities ... For 1996-97, the Department is making additional funding to the Council for this initiative (DfEE, 26th November 1996: p. 4).

Post-1997 (and the installation of Blair's first New Labour Government) the emphasis shifted to widening participation and fostering closer ties between higher education

and business. Moreover, higher education institutions were given financial incentives encouraging them to move in the Government's policy direction. Evidently the decision to fund institutions to achieve specific goals was perceived as more likely to achieve results than exhorting the Funding Council to be mindful of the Government's policy priorities! For example, from 1998/99 onwards the grant letter's budget annex lists the sums earmarked for measures designed to widen access, which expanded from £41million in 1998/99 to peak at over £100 million in 2003/04 (DfEE, 8th December 1998: Annex; DfES, 22nd January 2003: Annex). Thereafter much of the funding for the widening participation project was incorporated into the core budget.

The special programmes designed to develop links between higher education and business have fallen within the remit of the Higher Education Reach-Out to Business and Community (HEROBC) programme, which was subsequently incorporated into the Higher Education Innovation fund (HEIF).⁶ This has been accorded the status of the universities' third mission and involves co-operation between the Funding Council and the Office of Science and Technology (OST). And the sums of money involved are not insubstantial: 'The Council should continue to provide £20 million per year funding for HEIF to be used together with OST funding. There should be a new round of HEIF worth £171 million in 2004-05 and 2005-06' (DfES, 22nd January 2003: p. 3). It is as if our understanding of the purpose of higher education is slowly but surely being defined less by debate amongst intellectuals of all shapes and sizes and driven more by a bureaucratically managed political imperative underwritten by public resources. Newman's mission has been co-opted by the Department for Education and Skills!

However, in terms of the overall level of public funding the use of earmarked resources to sustain particular higher education policy initiatives is relatively constrained. In 2005/06 HEFCE's funding of higher education in England reached £6,332 million, broken down as follows:

Funding in £ millions	
Teaching	4,004
Research	1,251
Special Funding	428
Earmarked capital funding	649
TOTAL	6,332

Source: HEFCE, July 2005: p. 6

Thus the special and earmarked capital funding streams amounted to £1,077 million or approximately one-sixth of the total budget, with the other five-sixths making up the universities' block grant. First impressions suggest that the universities are still free to spend the bulk of their public income as they see fit – subject, of course, to the requirement of spending public resources in a way that meets the terms of the

financial memoranda agreed between themselves and the Funding Council. But this is to overlook two important developments. Firstly, although resources are allocated as a block grant, does not prevent government intrusion to influence how they are spent. For example, the Funding Council (and previously the UGC) have pressured universities (under government duress) to engage in research management with the expectation that RAE grades would guide their strategies. Secondly, there has been a move, which is likely to increase, ('Our intention is to reduce funding through non-core routes wherever possible' – HEFCE, July 2005: p. 22) to incorporate earmarked resources into the block grant. In effect government-driven resource allocation is disguised by the fact that the Funding Council is operating a distributive model in which earmarked resources are incorporated into the block grant (Hatakenaka, 2006). The outcome is obvious – the link between government funding and the pursuit of its desired policy goals has developed over time. Furthermore, although it is important not to stretch the point too far, the one principle that has survived from the UGC era – the block grant – has slowly acquired a different meaning.

MARKET FUNDING

In a brief historical overview of the state-university financial relationship Shattock has reflected: 'Institutions which began as privately funded charitable enterprises became increasingly incorporated into the state through the UGC. As they did so, they changed from being mixed privately and publicly funded institutions to being almost entirely UGC funded. It must remain an open question whether this process is reversible' (Shattock, 1994: p. 112). Shattock's observation draws attention to the fact that the pre-20th century historical record would show higher education as an important object of charity. Many of the Oxbridge colleges were founded by wealthy benefactors, lay and clerical, and have attracted an array of endowments. Moreover, most of the 19th century foundations were the products of civic pride and underwritten in part by both wealthy private benefactors and local corporations. Indeed there was a supposition that the creation of the UGC would not be followed by complete financial dependence upon the state with two-thirds of institutional income acquired from endowments and student fees. Although it would be absurd to overlook the developments that undermined this situation, it should not be forgotten that even today all of the Oxbridge colleges will have some endowment income and for some colleges it is very sizeable (Tapper and Salter, 1992: pp. 91–110; Tapper and Palfreyman, 2000: pp. 148–170).

There would be no problem with financial reliance upon the state (that is, there would be no need to reverse the process of dependence) if the state could be depended upon to be a consistently generous provider that continued to respect institutional autonomy (although it is possible that many higher education institutions would trade autonomy for financial security). But we have ample evidence to demonstrate that the state can be a perfidious provider of resources as well as a major force for eroding institutional autonomy. This is not to damn the state but rather to recognise that in response to economic and political crises action may have to be taken which

necessitates policy reversals with unpleasant consequences for some. Evidently, over-reliance on one funding source comes with considerable inherent dangers as the recent history of British higher education only too vividly (and painfully) demonstrates.

Shattock may be right to conjecture whether financial dependence upon the state is reversible, but if it is not then the outlook for higher education in Britain is depressing. It is difficult to imagine a return to the days of relatively generous public funding coupled with a relationship based on mutual trust. In the so-called halcyon days there was an elite, essentially homogeneous university system and, moreover, it was not a major competitor for state funding. To provide a mass system of higher education with commensurate public funding would present a challenge to other policy areas competing for the same resources. There is little evidence to suggest that in such a contest higher education would fare particularly well. So what is the way forward?

To replace, or at least augment, public funding with private funding is a complex process. It has to be recognised that there are several different sources of market funding, that there is no one market solution. For most institutions it will mean a multi-faceted strategy: persuading alumni to make donations, appeals to underwrite specific projects, publicising courses that have a strong market appeal (for example, taught masters programmes that attract overseas students), the possible selling of assets to realise capital for investment, the marketisation of capital assets, engaging in contract research with a clear commitment to cover overhead costs, and even drawing a return from intellectual property rights. Even with, albeit limited, government support for fundraising activities (McCall, 17th March 2006: p. 10), this is an arduous piecemeal, long-term approach to ensuring funding stability. Unfortunately for British universities by the 1990s (and in some cases earlier) the funding crisis was immediate. They may have had no choice but to pursue such a strategy but in the meantime retrenchment (for example, in terms of faculty salaries, the quality of the teaching experience and campus facilities) was the order of the day.

FEES

In a powerful line of argument, Barr has maintained that a mass system of higher education needs to be both diverse and decentralised, and supported by a funding model that encourages those characteristics. For Barr this means that, ‘... support for the generality of students should derive from a mix of tax funding and income-contingent loans’, although children from ‘disadvantaged backgrounds’ who ‘may not even think of going to university’ could receive income-tested grants and/or full scholarships in their first undergraduate year (Barr, 2004: p. 265). Whilst Barr may prefer a mass system of higher education that is diverse and decentralised there is nothing that is politically inevitable about such an outcome. However, the economic costs of maintaining an undifferentiated high-quality mass system may be exorbitant (but, as in Scandinavia, there may be a political will to pay that price—at least until now) or the system may steadily deteriorate in quality if there is an insufficient

political will to reform it as appears to have been the case in France,⁷ Germany, and Italy (Deer, 2005; Ostermann, 2005; Michelotti, 2005), although, as in Scandinavia, reform is in the air.

Although differentiation and income-contingent loans may make economic sense to Barr ('This conclusion is not based on ideology, but on the deeply practical reason that large-scale higher education is vital but is too expensive to rely entirely on public funding' – Barr, 2001: p. 194), these may be policies that lack a broad political appeal. And it is critical to keep in mind that fees in Britain have been as much, if not more, about politics as economics. Governments were prepared to manipulate fee levels in order to encourage or discourage HEIs to recruit more or less students, and even to stimulate growth in politically favoured fields (technology and science). So the central control of fees has not been predicated on the assumption that the state has an obligation to calculate the actual costs of running courses and reimbursing HEIs accordingly (and certainly not on the assumption that it will reimburse the HEIs on the basis of their own calculations!), but rather on the basis of what the state thinks it can afford to pay and what policy goals it wants to pursue.

The most interesting overview of the recent political struggle to introduce variable student fees (to win the political argument) is Barr and Crawford's own *Financing Higher Education: Answers from the UK* (2005). What makes it especially interesting is that Barr and Crawford were undoubtedly the most persistent and energetic academic advocates of the funding measures that form the controversial core of the 2004 Higher Education Act. The heart of their book is a presentation in chronological order of the authors' key articles, letters and evidence to parliamentary committees. Together these present critiques of: the 1989 White Paper on Students Loans, the 1990 Student Loans Act; the Dearing Report's funding proposals and the form in which they were implemented; and the 2003 White Paper's (*The Future of Higher Education*) proposal for variable fees and its subsequent enactment in the 2004 Higher Education Act. There are still battles to be fought: the prescribed ceiling of an annual £3,000 fee (seen by Palfreyman as little more than a temporary palliative – 2004: pp. 17–18), the failure to set a realistic interest rate on loans, and the lack of generous grants for students from deprived social backgrounds (to be paid for by removing the interest rate subsidy) are considered by many to be the major weaknesses.

Undoubtedly, Barr and Crawford's historical record of 'the long march' to variable fees and income-contingent loans (evidently a journey still to be completed) will be subjected to detailed analysis. It is not the intention, however, to commence this process here but rather to analyse some of the ideological themes that surround the issue of fees, and why it has been so politically difficult to embrace this particular 'solution' to the funding crisis. As always policy change is enveloped in ideological conflict and driven forward by political struggle.

Ideological Themes

Although in Britain access to higher education has never been perceived as an individual right in the continental sense,⁸ after the Second World War there was a growing belief (reinforced by the Robbins Report) that all those qualified to enter

higher education and wishing to do so should be able to find a place. Moreover, there was a steady move towards a system of student financial aid that incorporated both the paying of fees and the provision of means-tested grants. Following the Anderson Report a patch-quilt of local authority financial support gave way to a centrally funded system that embraced nearly all home-based students. Once policy is implemented it is difficult, at least until new circumstances emerge, to bring about change. Inevitably a package of value-laden arguments develops to buttress the status quo, to be further reinforced by those interests that it benefits.

In the United Kingdom higher education came to be perceived as a social good that the state had an obligation to fund – a part of the welfare state. Therefore, once that funding was threatened it also challenged the established perception of higher education as a social good. Perhaps more significantly it threatened the ideological web, spun over decades, which saw the educational system as a powerful force for social equity. The fact there was a lot of evidence to show that the funding of higher education, and by a very significant margin, benefited disproportionately the more financially secure social groups cut little ice. And such was the dominance of the belief that education promoted social equity those who claimed it did little more than reinforce established patterns of social stratification were politically marginalized.⁹ Perhaps more important than the research evidence was the fact that a whole of generation of the upwardly mobile, including many Labour Party MPs, owed their enhanced social status to schooling and higher education. It was going to be particularly difficult to persuade them that the basis of funding needed to be changed.

As Barr had grasped from the outset what was needed was a funding model that required students to contribute to the costs of their education, that made an input into improving the finances of HEIs, and yet operated in a manner that did not depress student demand – especially from under-represented social groups. Although a combination of an income-contingent loans scheme and targeted grants may achieve these goals, it takes an act of faith to grasp the nettle, especially so as it undermines the idea of higher education as a publicly funded social good.

The funding, therefore, of student access has always been entrapped in wider issues, and consequently the apparent logic of the economic arguments can be thrown off course by the intensity of commitment to the social and political goals. And thus value themes emerge to disguise policy realities. But policy change is not driven by ideas alone but requires the skilful manipulation of political interests, albeit a manipulation that knows how to press the right ideological buttons.

The Political Interests

If the introduction of variable student fees paid for through an income-contingent loans scheme was such an obvious solution to the funding crisis of British higher education, then we must ask why it has taken so long to move in this direction. The political and economic crises of the state in the mid-1970s provided the context within which it became possible to question many of the assumptions that formed the bedrock of the post-war political consensus. The clearest manifestation of the

change was the rise of Thatcherism but none of the major political parties were immune from the tremors of this meteorite. Nonetheless, it took a considerable period of time to mobilise opposition to the established funding regime – the initial pressure was to cut expenditure rather than think in terms of constructing a new funding base. In the 1980s backbench Tory MPs, in a short but fierce battle, defeated Sir Keith Joseph's attempts to require students to make a contribution to the payment of their fees (Stevens, 2004: pp. 37–38). And, although a loans scheme was introduced in 1990, it was designed to replace shrinking grants with the state retaining responsibility for paying fees (Farrell and Tapper, 1992), and it is not unreasonable to conclude that the final Thatcher Government yet again matched strident language with timid action.

The obvious reason for non-action was the perception of the political risk it posed to any government – internal rebellion (especially from backbench MPs) and possible electoral disaster. Melodramatically, the 2004 Higher Education Act was referred to as 'Blair's poll tax'. And ironically, in 2004 a wedge of backbench Labour MPs acted in very much the same way as their Tory counterparts had in the 1980s.¹⁰ However, in view of the continuing financial squeeze that the universities were experiencing, as well as the expansion (albeit unevenly) of student numbers, the pressures for a new funding regime intensified. In addition to the attack on the old model (a regressive form of taxation that resulted in the taxes of poorer members of society subsidising the higher education of the more financially privileged and, moreover, one that did little to encourage working-class participation), the alternative funding models were beginning to attract considerable interest. Ideas, such as income-contingent loans and a graduate tax, acquired a progressive aura; they were no longer associated exclusively with those think-tanks that had close links to the political right. As Barr and Crawford relate, the Select Committee on Education and Skills subjected them, and thus the idea of income-contingent loans, to a thorough cross-examination (Barr and Crawford, 2005: pp. 20–23), and whilst the Committee may not have had a direct impact upon shaping government policy it helped to reinforce the idea of income-contingent loans as a serious policy option.¹¹

Inevitably, therefore, a wider range of political interests was prepared to embrace change with the Dearing Inquiry providing the final legitimising support:

There is widespread recognition of the need for new sources of funding for higher education. The costs of higher education should be shared among those who benefit from it. We have concluded that those with higher education qualifications are the major beneficiaries, through improved employment prospects and pay. As a consequence, we suggest that graduates in work should make a greater contribution to the costs of higher education in future (The National Committee of Inquiry into Higher Education, July 1997: paragraph 90).

The Inquiry was reinforcing the recommendations of the Labour Party's own *Commission on Social Justice* so it could be expected that after its electoral victory in 1997 a New Labour Government would take action.

Indeed, the log-jam was broken and the new Secretary of State (David Blunkett) swiftly initiated legislation that imposed a flat-rate £1,000 fee upon students in England and Wales (to be paid upfront) with a more generous ceiling on loans to cover maintenance costs (grants were essentially phased out), which were to be repaid through an income-contingent loans scheme. The 2004 Higher Education Act revised the model: a limited means-tested grants system was restored, upfront fees abolished, institutions allowed to charge annual fees capped at £3,000, and students would underwrite the costs of their higher education through income-contingent loans. But there remains pressure for further reform, and, moreover, the scheme is scheduled to be officially reviewed in 2009. But it seems as if the new model, revised or not, will remain in place for the foreseeable future.

Thus The Dearing Report and subsequent government action has restructured the parameters within which the future conflict over the funding of British higher education will take place. Interestingly, few of the organised interests in British higher education are as hostile to the idea of a uniform fee system as they are to variable fees. But if the political consensus in favour of variable fees widens then it is probable that further policy shifts will occur. Indeed, until comparatively recently the very idea that students should pay their own fees (variable or not) was not a serious policy option. The organised interests act within policy parameters upon which they can exert only a limited influence. Rather than waiting for another meteorite to strike perhaps it is preferable to maximise your options within the established rules, especially if the political consensus that sustains them is about to widen. But the next bridge is the 2009 review of variable fees. How will the higher education interests react if the £3,000 cap is removed, or raised substantially, with the prospect of a market in British higher education taking root?

CONTINUITY AND CHANGE

The major continuity in the funding of British higher education is that the state still has an important part to play and, at least formally, the bulk of its financial support is given as a block grant. However, in 2003/04 Funding Council income as a percentage of total income was no more than 45% for the median university with a spread of 30% for the lower decile to 59% for the upper decile (UUK, 2005: p. 62). Although this underestimates the degree of reliance upon state funding (income from home-based student fees and the research councils must also be incorporated) the overwhelming financial dependence upon the state has been reversed, and we are now closer to the private-public partnership model that was a feature of the inter-war years. This confirms the assessment reached by Taylor in 2003:

It is clear that in financial terms, universities became much more diverse in the period. (1994/95 to 2000/01). The range of total income and the ranges for the particular sources of this income all became wider and universities more variable. (Taylor, 2003: p. 274).

Moreover, with the implementation of variable fees the trend will be reinforced. Henceforth fee income will come from the market rather than the state. Although it is early

days, it appears that Shattock's pondering whether it is possible to reverse the reliance upon state funding has been answered.

But as startling as this reversal are the massive institutional differences with respect to funding sources, both public and private. In 2003/04 the public funding of research (from both the Research and Funding Councils) provided the median university with an income of £2,082K with £34,945K for the upper decile, and nothing for the lower decile! Since 1998/99 the median research income has increased by 16% (rising to £2,311K), and the upper decile income by 34% (rising to £43,938K). No wonder Universities UK was moved to reflect that, 'The trend demonstrates the continuing concentration of research funding' (UUK, 2005: p. 62). The distributions are scarcely less severe for income from overseas (non-EU) students and from UK industry and commerce. On overseas student fees, UUK comments: 'Here again there is a highly differentiated situation, with a majority of institutions earning less than £5 million, while a few earn over £30 million per annum in overseas student fees' (UUK, 2005: p. 63).¹² In 2003/04 income from UK industry and commerce was £752K for the median university and £6,234K for the upper decile and again nothing for the lower decile. And again Taylor, who stressed the particular importance of research funding as the 'key factor driving increased diversity', also documented this institutional differentiation (Taylor, 2003: p. 274).

The move towards greater selectivity in the distribution of public funding for research, coupled with the augmentation of market resources, has had a severe impact upon income profiles. And all the evidence suggests that, although the input of public resources may not decline in absolute terms, and indeed may even expand, in relative terms it will diminish in importance and this is likely to be accompanied by even sharper institutional differences in the balance of public to private funding. However, it is evident that *all* HEIs will continue to seek out market niches and capitalise on them and, whilst some are better placed to do this than others, one hallmark of good institutional leadership will be its success in pursuing this critical goal.

Ironically, as there has been a relative decline in the state's support for higher education so we have witnessed an increase in both its surveillance activities (the audit state) and its willingness to require (or, at the very least, encourage) universities to pursue policy goals that it favours. The state's financial muscle is still sufficiently large to lend a semblance of credibility to both activities. Moreover, the universities continue to function within a legal framework that is controlled by the state, however the basis of that authority is likely to become more fragile unless it is also sustained by tangible resources. Assuming they were allowed to compete for publicly funded research funding, in an unfettered, as opposed to a managed, market several British universities could survive, even prosper, without core state funding. And we are moving into an era when it appears likely that this proposition will be put to the test.

The final chapter ('Freedoms and Funding') of the 2003 White Paper, *The Future of Higher Education*, opens with the dramatic pronouncement:

But to be really successful, universities must be free to take responsibility for their own strategic and financial future ... And more financial freedom will allow them to fund their

plans, and unleash their power to drive world-class research, innovative knowledge transfer, excellent teaching, high-quality, greater and more flexible provision, and fair access (DfES, 2003: p. 76).

Whilst such stirring rhetoric rings hollow in the light of past experiences, the hard evidence of a steady shift in the financial basis of British higher education gives substantive credence to a possible major shift in the relationship between the universities and the state.

But while the market may lessen the influence of the state it is also a hard taskmaster in its own right. Beloff argued long ago that, 'If then there is to be any real measure of university autonomy in this country, the important thing is to increase the proportion of money obtained through private endowment and fees and lessen that which comes directly from the state' (Beloff, 1966-67: pp. 530-531). But it needs to be understood that private resources give institutions responsibility as well as greater independence from the state. It is sometimes claimed that British universities are now so influenced by the short-term pressures of the market they are negligently abandoning some of their traditional core disciplines (physics, chemistry, mathematics, engineering and foreign languages), which require long-term financial support if they are to flourish. Not only is this allegedly destroying Britain's intellectual heritage but also it could also jeopardise Britain's economic development. The call, therefore, is for special treatment from the state – that the funding councils should give the universities additional resources to secure the viability of the threatened disciplines. So much for institutional autonomy!

In fact the threatened subjects may be more the victims of broader cultural and economic changes as opposed to the machinations of perverse university leaders attempting to establish a secure financial basis for their institutions. We need to know why these disciplines are declining in popularity with prospective students and what returns they give to the graduate seeking a job in the market place. Perhaps a degree in economics holds out better job prospects (in terms of financial rewards and status) than a degree in physics. If institutions are to determine their own futures these are the kind of issues they will have to ponder. The market brings no more security than the state, although it is insecurity of a different nature and, hopefully, one that can be managed more effectively.

NOTES

¹ Public money also found its way into the universities via local government, an income stream that virtually disappeared after 1945.

² However, if the Labour Party under the leadership of Callaghan had won the 1979 general election his government would have faced similar pressures. Obviously there is little point in predicting what the policy outcomes would have been but there is no guarantee that they would have been radically different from those devised by the Thatcher Governments.

³ Shattock has claimed: 'In the 1980s, the government's wish to encourage universities to generate more non-government funding arose from its general attitude to reducing the level of public expenditure rather than the more philosophical approach to autonomy that Beloff described' (1994: p. 112). Although the Thatcher governments may not have embraced a 'philosophical approach to autonomy', they did operate with a broad understanding of the principles that should guide the provision of public services. It was

not just a question of saving public money but how best to secure value for money, and of ensuring that institutions were not simply self-serving. Indeed, even the desire to reduce public expenditure had a clear philosophical base.

⁴ With, of course, separate funding councils for England, Scotland and Wales.

⁵ The description 'seminal' is justified because their work represents one of the significant steps in the movement towards variable fees. It is part of a body of academic work (to which Nicholas Barr is the major contributor) that provides the intellectual and empirical basis for the policy shift.

⁶ The proliferation of ever more tortuous acronyms is one of the more unfortunate recent developments in British higher education.

⁷ But France has les grandes écoles, far more generously funded than its universities and exceptionally prestigious.

⁸ In the sense that they select their own students, higher education institutions control the admissions process in Britain. Success in secondary school examinations does not give the student an automatic right to a university place and certainly not a place at a particular university.

⁹ This claim is too sweeping. There were British educational sociologists (for example, A.H.Halsey and Jean Floud) whose work drew a clear link between schooling and social stratification, but integral to their research was the drive to make the educational system more socially equitable.

¹⁰ But with far less success, for Keith Joseph was dissuaded from proceeding much beyond the floating of the possibility.

¹¹ By the time Barr and Crawford met with the Select Committee (2002) it was already a serious policy option. What the Committee did was to reinforce its credibility.

¹² Of course there are inherent dangers in being too dependent on overseas students as implied in the HEPI paper, *How exposed are English universities to reductions in demand from international students?* (2006).

THE POLITICS OF QUALITY ASSURANCE

AN UNSTABLE POLICY ISSUE

The central purpose of this chapter is to analyse the politics of quality assurance in British higher education from 1992 to 2005.¹ The 1992 The Further and Higher Education Act obliged the Funding Councils to make provision ‘for assessing the quality of education provided in institutions for whose activities they provide’ and, to this end, it required them to ‘establish a committee, to be known as the Quality Assessment Committee, with the function of giving them advice on the discharge of their duty ...’ (Further and Higher Education Act 1988: clauses 70a, 70b). Quality assurance procedures were deeply and harmoniously embedded in British higher education long before 1992, but since then have generated protracted political controversy.

The period is so politically rich because continuous conflict has enveloped all the dimensions of quality assurance: its meaning and purpose, how it was to be evaluated and whose responsibility this should be. In his *Foreword* to Roger Brown’s *Quality Assurance in Higher Education: The UK Experience since 1992* (2004), John Stoddart (Chairman of the Higher Education Quality Council, 1992–97) writes:

The issue at the heart of the quality debate, therefore, is not whether higher education should be subject to evaluation and assessment but who should do it, how it should be done, what criteria should be used and what sanctions might be deployed if what is assessed is found wanting (Stoddart 2004: p. x).

There was a regulatory regime in place (indeed there was a statutory requirement that there should be a regulatory regime) but it was not constructed on the basis of a broad consensus and, consequently, remained fragile, subject to political attack from a range of different interests.

Until very recently it was possible to draw an interesting contrast between the quality assurance and the research assessment regimes. Since its inauguration in 1986 the Research Assessment Exercise has not lacked its ardent critics but its evaluative methodology has remained essentially intact. It was a question of refining its procedures rather than replacing it with alternative models for evaluating research quality and distributing research income. The recent Roberts Review of the RAE had recommended a significant methodological change (in which HEIs could exclude themselves from the review process) but it seems as if we are moving towards RAE 2008 with substantially the established model in place. However, it is evident that RAE 2008 will be the last to take place under the old rules and henceforth research evaluation will be heavily dependent upon a yet-to-be-finalised system of

metrics. But it is still pertinent to ask why from 1992 quality assurance was such a politically contentious issue whereas the same degree of turbulence has only just enveloped research assessment.

This examination of the maelstrom of quality assurance is not meant to present a definitive history, which others have accomplished (for contrasting interpretations of the history see, Brown, 2004; Harvey, 2005; Watson, 2005). The intention is to focus upon the political struggles generated by the attempt to establish a regulatory framework of quality assurance with broad institutional support. Why has this been so difficult to achieve? What were the major obstacles to establishing a regulatory regime that all the significant interests could embrace? The recently instigated 'light-touch' regulatory regime appears to have brought about a period of political calm, but for long? What ground did the various interests have to concede to bring this to fruition? And, critically, what does this tell us about the distribution and employment of power in the development of higher education policy?

AN IDEOLOGICALLY DIVIDED DISCOURSE

Any accountability procedures '... must incorporate the three functions of standard setting, the monitoring and evaluation of activity against those standards, and intervention in the light of the evaluation' (Salter and Tapper, 2000: p. 72). Thus, regardless of the purpose of quality control (either to measure and compare institutional performance, to audit institutional quality assurance mechanisms, or to stimulate quality enhancement) there were three interrelated levels of regulation that the dominant interests in higher education would struggle to control. The problem that the state faced is that, whereas the measurement of research excellence evolved in substantially virgin territory (notwithstanding the entrenched academic value that quality could be determined only by peer review), the evaluation of teaching and learning in higher education was already entrapped in a well-spun web of ideas and procedures. A range of entrenched values and associated vested interests had to be confronted if change were to occur.

The frequently supportive public reaffirmation of the need for 'evaluation and assessment' by the major *institutional* academic interests (as noted by Stoddart) has disguised a great deal of *personal* antipathy. In the eyes of many there was not a clear-cut distinction between ensuring the quality of the learning process and controlling what was taught and those who taught it. These fears were exacerbated as the debate expanded to incorporate the ideas of benchmarking and threshold standards. To many the quality control allegedly secured by the tradition of external examiners seemed more than adequate given that it was an elite system, centred around single-honours degrees, recruited students who for the most part met the A-level gold standard, and hired faculty who had completed, or were about to complete, their doctorates in a narrow disciplinary field and, moreover, whose job applications had been supported by those you often knew and whose judgements you trusted.

Whilst this is not a description that encompassed the world of public sector higher education, it should not be automatically assumed that its own values were so very different from those pervading the traditional universities. Moreover, as Pratt writes, 'From the beginning, some polytechnic directors challenged the need for the CNAA at all and fretted at its validation procedures' (Pratt, 1997: p. 219). And Pratt records an increasing gulf developing between the Committee of the Directors of Polytechnics (CDP) and the CNAA with pressures to establish 'partnerships in validation' (in 1979 a CNAA Working Party had published *Developments in Partnership in Validation*) and to grant the polytechnics degree-awarding powers (Pratt, 1997: pp. 219–30). Evidently, there were polytechnics that wanted to follow the university route on quality assurance, another example of their so-called 'academic drift'.

The 1992 Further and Higher Education Act merged the UFC and the PCFC and created new councils with national identities (one for England, Scotland and Wales). The CNAA was wound up and each council was required to establish a Quality Assessment Committee (QAC). Under the terms of the 1992 Further and Higher Education Act there was a statutory responsibility for the funding councils *to assess* the quality of education provided by the HEIs that they were funding, a point clearly reinforced by the title of the monitoring body. Each funding council had to be satisfied its QAC was conducting itself in a manner that reassured them this assessment function was being fulfilled. At this stage the reference is to quality assessment (with shades of quality control) not quality assurance and certainly not quality enhancement.

But to pass legislation does not ensure compliance. A key problem for the state was that although it had the power to abolish the CNAA and create the QAC, it could not at stroke change the dominant academic value that quality assurance was best left to self-regulation. Whereas research assessment could proceed on the basis of state-regulated peer review, the evaluation of teaching and learning should be essentially self-regulated. Indeed, the central thesis of Brown's *Quality Assurance in Higher Education* (one could almost say its central purpose) is the defence of self-regulation:

It seems obvious to this writer at least that the main form of regulation applicable to higher education has to be self-regulation, by individual universities and colleges and by the wider academic community that those institutions constitute (Brown, 2004: p. 3).

And the reasons for this are apparently both philosophical and practical: only those responsible for designing and delivering programmes in conjunction with assessing and accrediting students have the experience to do it (which seems more of a value position than a philosophical reason), and the size, complexity and rapidly changing 'modern higher education curriculum' make any alternative strategy impractical (which seems like a proposition in need of empirical evidence).

However, the key to understanding the struggles over the quality assurance regime is to analyse the role of the important institutional players. In this respect the contrast between the Research Assessment Exercises and the quality assurance

procedures for teaching and learning could not be sharper. Obviously all the major higher education institutional players have made repeated intrusions into both the research assessment and the quality assurance fields. However, the RAE is the responsibility of the Joint Funding Councils and reports once every few years on a UK-wide basis. Whilst the Funding Councils will devote institutional resources to secure a smooth operation (with the intensity of involvement dependent upon the stage in the RAE cycle), there is no continuously operational support within the HEIs themselves.² And this will be even more so should we move to an assessment model based on metrics.

The plethora of continuous institutional involvement in quality assurance provides a stark contrast. The most significant institutions have been or are: the Academic Audit Unit (created by the then CVCP in the apparent, but vain, hope of warding off state intervention), the Quality Assessment Committee (created by the 1992 Further and Higher Education Act and responsible to the Funding Council), the Higher Education Quality Council (owned by the higher education institutions through their representative bodies – CVCP – now UUK, CDP and SCOP) and the QAA (established in 1997 as a result of concerted joint institutional action to create a unified system of quality assurance and also nominally under the control of the HEIs). And this is without the CNAAs and HMIs (with responsibilities for inspecting teacher training), both of which have also disappeared. The consequence is that, although there was a statutory body – the QAC, if the state had wanted to establish a policy consensus it either had to interact with other institutional actors which it did not control or it had to over-ride or by-pass them. From 1992 onwards the outcome was the formation of temporary alliances designed to fulfil statutory responsibilities but no real consensus and much strident expression of discontent from nearly all quarters.

The framework that guides the management of quality assurance has spawned a bureaucratic infrastructure within the institutions as well as creating a layer of regulation in which the external regulators and the internal higher education managers interact (King, 21st April 2005: pp. 5–6). Higher education institutions have learnt to play the quality assurance game. Thus we see the proliferation of campus-based ‘teaching and learning’ units established to discern what is considered to be good practice, and to ensure that their institutions apply it – especially when about to be subjected to the rigours of a quality review! On the one hand this can be seen as a sensible development that helps to spread good practice but, on the other hand, it may simply be a sophisticated response to the regulatory regime helping to augment assessment grades without necessarily ensuring that practices really have changed for the better. Although institutions have moved towards managing their research, and will certainly think strategically about the submission of their RAE documentation, the process is more subject to academic control and has a more restricted focus.

But the intellectual, as opposed to the managerial ramifications, of quality assurance are as, if not more, significant (Filippakou, 2005). Quality assurance has become a growth industry creating a network of supportive intellectuals. Firstly,

there are those in-house intellectuals whose base is the national quality assurance institutions, several of whom have gone on to establish academic careers, and seemingly always willing to proffer guidance. Although they may have moved from management to academia, it is the cause of quality assurance that continues to direct their research and writing. Within higher education institutions, and not surprisingly mainly within education departments, quality assurance has become a hot topic. Thus there has been the proliferation of courses (especially at the master's level), books, journal articles, doctoral dissertations, conferences and even research institutes dedicated to the cause. It is not an exaggeration to describe it as a growth industry.

This expansion of intellectual interest has made it more difficult for the state to agree acceptable (from its perspective) mechanisms of control. If one constructs a process of quality assurance that involves standard setting, monitoring/evaluation, and interventionist decisions reflecting the outcomes of these stages then it is axiomatic that there needs to be agreement on what should be measured and how it is should be measured. The reality of quality assurance is that it has been embroiled in controversy as to its very purpose let alone how to resolve the technical issues associated with measurement (for a particularly scathing technical critique see Macleod, 30th January 2001). And if the very purpose of the process is in dispute, then how can interventionist strategies be agreed? In other words no model of quality assurance could be put into effect without generating conflict. Many would have considered the operational model to be illegitimate: the wrong items to measure, the wrong way of measuring them, undesirable intervention strategies – and all directed at inappropriate policy goals.

Although academics were involved as both the foot-soldiers of quality assurance (team leaders, auditors and/or inspectors) and as creators of the appropriate ideological camouflage the situation was barely under control. Obviously, at least in the short-run, deals could be struck and firm decisions made (after all statutory obligations had to be met) and, moreover, the state could live with the consequences, but it was not a situation that could be sustained indefinitely. The only apparent beneficiary was the discourse itself, which seemed to expand exponentially as the academic conflict intensified.

Overwhelmingly the discourse of regulation has been couched in the language of quality assurance, formally recognised in the creation of the Quality Assurance Agency (QAA) in 1997. Evidently, it makes political sense to label the process in terms that apparently will offer reassurance to state and customers. But what are the aspects of higher education about which we need to be reassured? For those in the self-regulation camp the target should be the institution's audit mechanisms that supposedly ensure quality control (thus the state offers assurance whilst the institutions exercise control). The intention is to ensure that institutions have in place procedures for the efficient monitoring of their performance. The task of the regulatory bodies is to judge whether these mechanisms are sufficiently rigorous to guarantee that the institution is indeed capable of fulfilling its quality goals. Moreover, many proponents of self-regulation have consistently advocated that the

representative bodies that make up the higher education sector should own the quality assurance institutions (of which the HEQC was probably the best example).

The self-regulation of institutional quality assurance procedures invariably entails an audit process based upon: following a paper trail, cross-examining key actors, inviting an input from all the institutional interests, and making a quality judgement on the basis of the evidence received. It will result in the publication of a report (not necessarily meant for general consumption) recording the evaluations that have been reached, giving the reasons for those decisions, and making a list of recommendations for institutional action. It is judgemental but designed to encourage self-development rather than impose punitive sanctions. Finally, and critically, there is no reason why quality assurance procedures had to result in quantitative and/or qualitative measures that enabled intra and inter-institutional comparisons to be made.

However, although increasingly the discourse may have spoken of quality assurance (and now quality enhancement), the context was a statutory requirement that formally obliged the funding councils to ensure that there was provision to assess the quality of education in those institutions they funded. The outcome was the evaluation of performance against an imposed standard (even if the rules came to permit institutions to define their own missions) and incorporated the possibility of demonstrating that some institutions were not performing at a satisfactory level. And if the information was in the public domain, which it was, then institutional performance could be evaluated comparatively. Critically, the assessment process involved departmental inspections including the observation and evaluation of teaching. Undoubtedly it was the departmental level of surveillance that the institutions found most time-consuming and, more significantly, most threatening. The judgements were a resource that institutional managers could use to evaluate departments, and they provided parents and prospective students with information for making decisions about the teaching quality of universities.

Thus, stripping away all the rhetoric, much of the post-1992 quality assurance conflict was centred around who should have responsibility for the regulatory process and whether it should follow either an institutional audit trail or engage in departmental inspection (for different perspectives on these developments see Watson, 1995: pp. 326–339; Alderman, 1996: pp. 178–192). Thus quality assurance was caught in the middle of a divided ideological discourse and, consequently, could be pushed politically in different directions.

However, before the political resolution of this conflict came to the boil the waters were muddied by the intrusion of additional ideas from the quality assurance intellectuals. We were about to enter the world of quality enhancement and total quality management (as early as 1992 Barnett had published *Improving Higher Education: Total Quality Care*, and for a more recent overview see, Gosling et al., 2005). Put simply, the argument is that quality assurance procedures should enhance quality (rather than simply reaffirm that the current system is working satisfactory) and, so some would claim, the best way to achieve this was through a total quality management strategy: quality enhancement as formally integral to the institutional

mission with collective responsibility and collective action to ensure its implementation (Chaston, 1994: pp. 118–134; Fry, 1995: pp. 59–77). Evidently mavericks were to be treated with deep suspicion, and it is fascinating to see the emergence of another parallel development in the management practices of higher education and business with the latter again providing the model.

As if all this were not enough, in the wake of the Dearing Report another layer of discourse entered the debate. The Report reinforced the move towards defining quality through the creation of benchmarks and threshold standards along with the inculcation of key transferable skills (Barnett, 1998: pp. 7–21; Salter and Tapper, 1998: pp. 22–34). There would be a shift in emphasis from evaluating quality in terms of practices designed to fulfil teaching and learning objectives to ascertaining the extent to which externally defined standards were being met (the measurement of outcomes as opposed to process). Although the two are not mutually exclusive goals, it appeared that the priority was moving towards ensuring a minimum standard of achievement rather than encouraging quality enhancement. But, given that the academic associations would have the primary role in defining benchmarks and designating threshold standards, whether this can be seen as a more intrusive form of external intervention than quality assurance procedures implemented by quangos (no matter whose quangos they may be) is a moot point. Indeed, many academics would prefer a quality regime based in part on criteria established by their own professional associations rather than one under the auspices of a body representing the HEIs.

This continuous intrusion of new ideas is reflected in a fractured discourse; quality assurance had stimulated conflict about the very purposes of higher education and its relationship to state and society (Filippakou, 2005: pp. 7–8). Moreover, although it may be analytically helpful to structure the politics of quality assurance around the struggles to determine standard setting, monitoring/evaluation and intervention, this tells us nothing about the actual process of change. Analytical neatness should not disguise the possibility of political chaos. Nonetheless, in spite of the ebb and flow of ideas, the quality assurance process simply carried on. Standards were set, monitoring was pursued, evaluations reached, and intervention (such as it was) followed. But ultimately there had to be a working agreement on a model of quality assurance even if – inevitably – there would still be those who would continue to express their opposition. Therefore, the main policy goal for the state was the construction of a model of quality assurance underwritten by a broad consensus, but which also recognised that the state retained ultimate responsibility for the process, even if ownership should be shared. No government was going to abandon quality assurance so the statutory obligations laid down in the 1992 Further and Higher Education Act had to be sustained. It was a question of plotting a path out of the ideological quagmire; to determine how to establish the balance between self-regulation and state control, audit and inspection, quality enhancement and thresholds/benchmarks (process versus outputs) that would create a consensual quality assurance regime allowing the state to move on to other (and more pressing) issues.

THE POWER STRUGGLE

The Pressure for Intervention

It is possible to interpret the state's willingness to secure for itself a statutory role in the quality assurance process in different ways. Following the logic of *The State and Higher Education* it could be argued that this was simply another policy arena ripe for the extension of state authority. It may well have been 'sacred territory' in academic eyes (a parallel to the once 'secret garden of the curriculum' in schooling), but to the state it was an important aspect of higher education that it had to control if it were to achieve its wider objective of enmeshing higher education into the economy. There is nothing conspiratorial about the development; it was an extension of a policy agenda that had already been set in train. The decision to merge the Funding Councils in 1992 provided a convenient opportunity to instigate the move and the government of the day took it.

But there may also have been genuine political concern about the continuing quality of teaching and learning in British higher education in view of (the politically sanctioned) expansion of higher education with a concomitant cut in the per capita funding of students. In other words the state needed to put in place quality assurance mechanisms to ascertain standards, and apply the necessary leverage to ensure that institutions took their obligations to maintain quality very seriously. Given the historically very high (although not necessarily deserved) reputation of British universities there is a certain irony about this interpretation: by seriously eroding the unit of resource government action potentially undermines the prerequisites of quality and then steps are taken to ensure (hopefully) that teaching and learning at least meets a minimum standard of competence. Interestingly, but not surprisingly, there has been almost a conspiracy of silence about the impact of expansion and funding cuts upon the quality of higher education. No government finds it easy to contemplate the possibility that its policies may have negative impacts, and the expanding HEIs could scarcely admit to a trade-off between expansion and quality. The end result has been an enormous amount of anecdotal evidence about the alleged decline in standards and a good deal of scurrilous press reporting but precious little serious research.

It could be argued that the creation of a statutory quality assurance regime embracing the higher education sector as a whole was a direct consequence of the abolition of the binary divide. It represented both a move to extend state control over the universities whilst reflecting continuing doubts about the quality of higher education in the public sector. The control would be particularly sharp if a mechanism could be found to link quality assessment and funding. Furthermore, Thatcher Governments were not noted for their sympathy towards professional interests and also deeply suspicious of the supposed virtues of self-regulation especially, as was true of the universities, there was no internal institutional mechanisms to conduct sector-wide self-regulation! At least the medical profession was in theory regulated by the General Medical Council! Until the belated, and defensively driven, creation of the Academic Audit Unit, quality control in the universities depended upon the elite character of the university system and its established

conventions (Salter and Tapper, 2000: pp. 76–77). But once the merger had occurred it was politically impossible to exclude particular parts of the new model from the general regulatory framework. Until a discriminating methodology that was in theory ‘structurally blind’ could be developed (that is, it was not designed with the purpose of treating the pre-1992 universities and the ex-polytechnics differently) then all universities were in the same boat, at least far as the regulatory mechanisms of the state were concerned.

Inspired by the penchant of Tory ministers in particular to advocate the virtues of the competitive market, it has been suggested that: ‘Governments have attempted to move the regulation of higher education in the competitive market direction by improving the quantity and quality of information for students’ (Brown, 2004: p. 23). Inasmuch as the process of quality assurance will place more information in the public domain, which makes it more accessible to higher education’s so-called ‘customers’ (students, parents and employers) then it could be said to be part of this process. Presumably the most ‘useful’ information in these terms is that which assesses the comparative performance of institutions according to defined criteria (standard setting) so that they can be ranked. And we are all familiar with the production of ‘league tables’, which – allegedly – ‘the customers’ pore over to determine to which universities they should apply or whose graduates they should hire. But until the accessibility of information is matched by price competition between providing institutions (and the move towards variable fees is a significant step in this direction) then we are still some way from the competitive market. It is important to remember that Thatcherism also embodied the idea of the strong state and was prepared to use political power to attack perceived vested interests. From this perspective it makes more sense to see quality assurance as a manifestation of the regulatory state, which takes root within an ever more pervasive audit culture. Thus quality assurance is about state control rather than market choice.

Different Needs, Different Networks and Unequal Power

If quality assurance is but another manifestation of the regulatory state, then it is more difficult to see it as fulfilling meaningful goals in its own terms. It may be a political necessity but this is far from saying that it effectively audits or assesses the quality of the teaching and learning process, let alone enhancing it. Moreover, the status and power of the participating institutions are so crucial to determining how the evaluations are made, it is problematic as to what the evaluations really mean. In a very perceptive quote Brennan and Shah remark,

Achieving legitimacy for their processes and outcomes is one of the difficult challenges for quality bodies. They need the support of the academic community to provide the foot soldiers necessary for peer review and to achieve acquiescence within the institutions for decisions reached (Brennan and Shah, 2000: p. 15).

However, one would hope that the response would be more than ‘acquiescence’, with the institutions accepting unreservedly the evaluations without the need to

be persuaded by their academics members who belong to the quality assurance industry.

But, as Brennan and Shah go on to observe, quality agencies have a potentially disturbing impact upon established perceptions of institutional merit and thus are likely to be viewed negatively by those who feel threatened:

With the potential power to influence public perceptions of the success of higher education institutions, quality agencies provide a threat to the maintenance of existing reputations as well as the promise to enhance future reputations (Brennan and Shah, 2000: p. 37).

However, the enhancement or threat to institutional status is only a possibility if the quality assurance process has a creditable reputation.

But there is considerable evidence to suggest that the quality assurance process has been viewed with little more than contempt in many universities (for an especially biting critique see Wolf, 2002: pp. 227–230). Although Wolf is insensitive to the fact that it was politically impossible not to treat contrasting institutions as equivalents, she does identify the conundrum that lies at the heart of all regulatory processes – how to construct and legitimise different processes for different institutions.³ But there is a further important issue. Some institutions, more especially those with lower status, need quality assurance not necessarily, as Brennan and Shah suggest, to enhance their rank in the pecking order but rather for institutional and customer reassurance. The institutions need to believe they are doing at least a satisfactory job, and their students require the reassurance that they are studying at a reputable institution. There is something to be said for benchmarks and threshold standards!

Not only did some higher education institutions require quality assurance more than others, the quality assurance agencies needed the support of the elite universities more than the universities needed the agencies. It would have been absurd to imagine that the quality assurance agencies, whether owned by the institutions or not, could have added in any meaningful sense to the standing of the elite universities. For example, the reputations of Oxford and Cambridge were dependent upon a collegiate tradition that had been moulded over centuries. Oxbridge's status was not based solely upon its research excellence but also on its commitment to high-quality undergraduate teaching of which the tutorial system was an integral part (Tapper and Palfreyman, 2000: pp. 96–124). This is not to claim that all was well with the quality of teaching and learning at the elite universities but it mattered little to them, one way or the other, what the externally-imposed audit/assessment trail revealed. Their assumed excellence was dependent upon other criteria: the fierce competition for places from highly qualified applicants and the demand from employers for their graduates – not to mention their ability to recruit overseas students. If a sign of quality was customer satisfaction then the demand for places suggested they were satisfying their customers. And the quantitative evidence was regularly reinforced by an intermittent flow of articles in the press informing us of 'the magic of Oxford'. It is important to stress that there is no intention of claiming that the reputations of the collegiate universities were deserved but rather to make the point that quality assurance had nothing to offer them.

And throughout the years of turmoil that surrounded quality assurance the elite universities were not slow either to voice their dissatisfaction or to engage in active forms of resistance. Indeed in July 1998 the *Times Higher Education Supplement* reported that:

Oxford, Edinburgh, Glasgow and Newcastle universities have joined Cambridge in challenging the power and influence of the Quality Assurance Agency. They have said “no” to a QAA request for them to scrutinise their arrangements for maintaining quality and standards (Tysome, 10th July 1998: p. 2).

And even in the current light touch era relations have remained fraught. The October 2003 QAA report on Cambridge demanded a number of improvements ‘calling into question control of standards at the institution with a pointed demand for action “as a matter of high priority”’. But Cambridge (which has the fiercest record of university opposition to externally imposed quality assurance) did not take the strictures lying down:

Cambridge hit back at criticisms with a withering criticism of the QAA’s Report. It issued a statement criticising the agency’s “unfortunate” failure to properly recognise the extent of Cambridge’s “excellent provision” and its “established procedures” for ensuring its own quality (Baty, 24th October 2003: p. 56).

Therefore, as far as some universities were concerned the light touch had to become lighter still before they could be reconciled to an external regime of quality assurance. In the restructuring of quality assurance procedures the 2002–05 period was seen as a transitional phase, and departmental level inspections have now been effectively abandoned following their curtailment between 2002–05. Consequently, we are now left with institutional audit, which is probably as far as the state can retreat without admitting to abject surrender.

Accounting for State Failure

Besides the strength of opposition to the externally imposed quality assurance regime (and it should be noted that there was even some lack of sympathy to the HEQC which was owned by the major representative bodies), it was not too difficult to pick holes in the mechanics of the process – standard setting, monitoring and evaluation. Thus the ideological opposition to quality assurance was reinforced by technical arguments. The costs, both financially and in terms of faculty and administrative time, were a continuous bone of contention. Secondly, the initial post-1992 evaluative scale (excellent, satisfactory and unsatisfactory) was so crude as to be laughable – a great deal of money and time was expended to show that most university departments had a satisfactory level of quality. Thirdly, and completely unsurprisingly, universities learnt to play ‘the quality game’ and so it was difficult to discern whether apparent improvements were genuine or a result of more effective presentation. A political battle therefore was being fought which drew in arguments pitched at very different levels, from the broadest of ideological themes to the nitpicking details of implementation.

The problems associated specifically with the implementation of quality assurance procedures stemmed from the standard setting, monitoring and evaluation stages of the assessment process. These were technical responsibilities undertaken by the agencies with ultimate authority resting with HEFCE. The real failure, however, was at the intervention stage, which was the responsibility of the state, because no government was prepared to bridge the chasm between evaluations and state funding. The universities were very used to scrutiny by professional bodies with the obvious sanction that recognition could be withdrawn should their programmes be found wanting. This was a very powerful potential sanction for inevitably a lack of recognition would lead to a melting away of student demand. By comparison to the professional bodies the state was weak.

In fact there was a constant reiteration by government ministers that the Funding Council should establish a clear link between quality assessment and funding. The following examples taken from the annual memoranda of guidance should suffice to make the point:

As indicated in the initial guidance, the Secretary of State looks to the Council to link its funding for teaching to assessments of quality (DfE, 30th November 1993: p. 4).

The Council is reviewing its method for funding teaching including the scope for linking funding for teaching to assessments of quality. We will consider the need for further guidance in the light of the outcome of the review (DfEE, 28th November 1995: p. 5).

The Secretary of State expects the Council to consider further ways of linking funding for teaching with assessments of quality (DfEE, 26th November 1997: p. 7).

However, by the late 1990s the quality assurance agenda had moved on and, as we will see, the priorities had changed but for several years there was clear political support for linking funding to quality assurance.

But it is one thing to issue guidance as to what you expect to be done but quite another to ensure that it is followed by action, which begs the question as to why government intervention has been ineffective at establishing a link between quality assurance and funding. In part this may be put down to the resistance of the Funding Council – the political demand was made but the Funding Council failed to respond. Up to the late-1990s the demand had been made so often that it was impossible to see this as an accidental oversight. There is no clear evidence as to what was occurring but presumably a political game was being played. Governments felt that they had to re-iterate the demand (it was one of their policy goals) but HEFCE realised that to proceed down this path would cause grave political and managerial problems. Presumably ministers were made aware of the pitfalls and came to the conclusion that the best strategy was to re-iterate the demand but to refrain from pushing for its implementation. To deny an institution research funding impacts upon its financial solvency in a way that would almost certainly affect its ability to support faculty research. However, to vary income per student on the basis of quality assurance measures runs the risk of undermining the viability of courses or seriously impacting upon the quality of their delivery. The problem is compounded by the distinct possibility that the most harshly affected institutions would be those with overall the fewest resources and educating the most marginal of students. It

was untenable, therefore, to proceed with a strategy with this possible outcome (in fact it was a probability rather than a possibility). If there was going to be a linkage between quality assurance outcomes and funding for teaching and learning it could *not* be established on the strong basis of variations in per capita student funding, which was clearly the policy logic implicit in repeated government statements.

In reality the position of the state and its quality regulatory agencies was even more fragile than has so far been argued. In the face of opposition to scheduled audits the strategy of the QAA was to engage in negotiations, which it presumably hoped would break the deadlock. It had no authority in its own right to force itself upon the universities but would have to turn to the Secretary of State to use the reserve powers in the 1992 Further and Higher Education Act to make the universities give ground (Tysome, 24th July 1998: p. 2). This is a path down which both the Agency and the Funding Council would be very reluctant to travel. It could impact negatively upon the Department's perception of the Agency's competence and there would be no guarantee that the Secretary of State would decide in its favour. A political judgement would have to be made with – inevitably in such circumstances – no guaranteed outcome.

The fact that universities were prepared to resist the intrusion of the quality assurance agencies (Cambridge ‘... has twice refused to be audited by the QAA, claiming that its international reputation for teaching and research excellence speaks for itself’ – Tysome, 12th September 2003: p. 9) simply reinforces the weakness of the state's stand on intervention. Not only could the universities resist external quality control but also there was no certainty that they would be penalised financially for taking such a stance. The 1992 Act placed the Quality Assessment Committee under the formal auspices of HEFCE and, not surprisingly, the Funding Council had to be satisfied that an institution offered a teaching and learning experience of a sufficient quality before it was prepared to commit public funding. But it was not a prerequisite for obtaining funding that you needed the quality agency to give you a clean bill of health. Evidently HEFCE itself was prepared to make a judgement on quality and standards without an input from either the QAC or later the QAA.

It may well be that any university could have taken the same stand as Cambridge and, likewise, have come to no apparent harm. Obviously to refuse an institution funding that underwrites the costs of its teaching would have immense repercussions, even more than tailoring income in the light of quality judgements. Evidently the state was unwilling to take that risk, obviously expecting there to be few resisters (and it judged this correctly) and for differences to be smoothed out (which was eventually the case – although perhaps not on the terms it would have preferred). It is of some significance that most public opposition to externally imposed quality assurance procedures came from a small number of elite universities. Presumably they felt sufficiently confident about the quality of their products to challenge the process. Alternatively, it may have been the strength of the support they knew they could call upon if either funding had been withheld or they had been forced to comply with external audit by the intervention of the Secretary of State. Whether

the Funding Council would have turned a blind eye to similar resistance from one of the post-1992 universities is difficult to judge. But most, if not all of them, probably felt they had much to gain and little to lose from quality assurance. Rather than posing a challenge to their autonomy, externally driven quality assurance gave these universities an opportunity to demonstrate the attention they paid to their degree programmes and the competence with which they were delivered.

THE CHANGING POLITICS OF QUALITY ASSURANCE

In 1997 John Randall, then Chief Executive of the QAA, wrote:

The Quality Assurance Agency is the last and only chance to have a quality assurance regime that is owned by the higher education sector – and at the same time to develop a system which will meet the expectations of other audiences, notably students, employers and the Government (as quoted in Brown, 2004: p. 121).

Presumably Randall believed that if the QAA failed then responsibility for quality assurance would be taken directly into the Department for Education and Skills, or placed under the auspices of a quango owned by the Department and responsible to it alone. In the light of subsequent events, it is important to understand why Randall's prediction has not come true in spite of the fact that the quality assurance regime has taken a markedly different direction in the past few years (and, in that sense, it most decidedly has failed), and he has resigned as Chief Executive. Whilst the QAA may survive its authority has changed out of all recognition.

Putting to one side the work of the professional bodies, the initial post-1992 years saw two main streams of quality assurance: one led by the Quality Assessment Committee (QAC) and the other by the Higher Education Quality Council (HEQC). The QAC (as suggested by its very title) had a statutory obligation to assess institutional quality and report back to the Funding Council whereas the HEQC was responsible to its founding bodies (CVCP, CDU and SCOP) and engaged essentially in institutional audit. There was widespread agreement that this was an inefficient and costly regulatory model, and that the purpose of quality assurance needed to be redefined and made the responsibility of one body. A major obstacle was the statutory restriction upon the Funding Council to ensure that quality was assessed, which made it difficult to delegate its responsibilities (as was sometimes suggested) to HEQC with its more restricted focus.

It took five years of political manoeuvring to secure a deal and even then the body that emerged, the QAA (exercising responsibility for quality assurance on behalf of the QAC), had to wait upon the publication of the Dearing Report before it could finalise its *modus operandi*. The formal structure of the QAA was a product of the 1997 Report of the Joint Planning Group (JPG) for Quality Assurance in Higher Education (JPG, 6th September 1996). Representatives from all the major UK higher education organisations were incorporated into the JPG as members, assessors or observers. The continuity of the Group was ensured by a small Working Party chaired by David Watson, which undertook much of the

spadework (a working party was a necessity given that the JPG had been set up as long ago as the summer of 1995).

Broadly speaking, the JPG created an organisation that encompassed the quality assurance responsibilities of the QAC and the defunct HEQC. In the words of its final draft Report:

Subject/programme area review reports will be based on evidence provided by an institution of the quality and standards of educational provision in that area, and on evidence gathered by a review team during a review visit (JPG, 6th September 1996: p. 3).

The agency will report separately on an institution's overall quality strategy, and the arrangements by which it ensures its academic standards, its learning infrastructure, and its internal and external communications (JPG, 6th September 1996: p. 4).

What was to change, however, was the quality assurance methodology, which was widely recognised as being both more sophisticated but more demanding. And it was the intensity of those demands, under constant attack from interests within the higher education sector, which provided vital ammunition for those who wanted a radical restructuring of the overall process of quality review.

But to understand the politics of quality assurance it is important to remember that the process by which the JPG reached agreement was almost important as its recommendations. The Joint Planning Group was roughly equivalent to a small-scale royal commission. It had clear terms of reference, was composed of eminent persons, incorporated all the main institutional interests, deliberated over a reasonably long period of time, took evidence from a wide range of individuals (although Roger Brown, then Chief Executive of HEQC clearly feels that both his input and that of his Council's were marginalised – Brown, 2004: pp. 110–16)! And, although not operating in the public gaze, it could scarcely be described as a clandestine enquiry. There was a sense in which the higher education system if not pulling together was taking collective responsibility for the future development of one of its more divisive activities – or so first impressions would suggest.

It appeared as if a period of calm was about to overcome the erstwhile turbulent world of quality assurance. And some of the architects of the Report issued soothing words. Watson, responding to the Dearing Report but clearly with quality assurance in mind, was moved to write a valedictory letter to the *Times Higher Education Supplement*. In Watson's view the future of British higher education was bright because the system was steering a course between 'the free market model' of Japan and America and over-regulated state systems. The government 'has a major part to play' (unsurprisingly, the provision of resources!) but 'On diversity, standards and quality, however, government is appropriately and importantly trusting the sector to deliver the goods' (Watson 13th March 1998: p. 15).

What the JPG was advocating, and which Watson evidently perceives as a benign development, was a system regulated by an academic corporatism working in close co-operation with the agencies of the quasi-state. The QAA was established as an independent company and registered as a charity. Its fourteen directors were to be nominated by both the representative higher education organisations and the funding bodies with six additional 'independent' directors 'representative of the

wider community with an interest in quality and standards in higher education' (JPG, 6th September 1996: Annex F). It was this body that from 1997 onwards was entrusted with managing the quality assurance regime, and perceived by its advocates as not intruding upon institutional autonomy because of its constitutional status – an independent company rather than an arm of the state, and composed of nominated insiders rather than political appointees.

Although the draft report was accepted by the representative institutions, including the CVCP (now UUK), the ink was barely dry on the paper before the counter-attack was launched. A clear fragmentation of interests in the higher education sector was taking place. The CVCP was the universities' most representative umbrella organisation but different factions, with conflicting values and interests to defend, were starting to take root. The CVCP increasingly had to straddle the divergent pressures emanating from its own internal organisational interests: the Russell Group, the 94 Group and the Campaign for Mainstream Universities. The unity implied by academic corporatism was starting to give ground as the contrasting political positions integral to the policy networks came to the fore.

The interpretation of academic autonomy implicit in the JPG's Report may have been acceptable to Watson but was anathema to others. Moreover, in spite of the formal position of the institutional interests, it remained true that many academics were hostile to the evaluative process, and post-1997 resistance to the QAA on the part of a number of elite universities steadily intensified. Far from creating consensus on quality assurance the Report intensified opposition. But resistance could not be sustained alone on the basis of the defence of an alternative vision of academic autonomy. The issues were more prosaic: the costs in time and money. By 2001 the first complete quality assurance cycle was due to come to an end, which provided a convenient opportunity for a major rethink. Suddenly, almost as if from nowhere, the idea of a lighter touch quality regime is being touted and, significantly, the Secretary of State is in the vanguard:

I welcome the progress made by the Quality Assurance Agency towards introducing a new method of academic review, including recognition of the need to keep bureaucracy to a minimum and to make use of a light touch where appropriate (DfES, 29th November 2000: p. 5).

The Council should continue to work with the Quality Assurance Agency to develop quality assurance methods that are not unnecessarily burdensome... (DfES, 29th November 2001: p. 4).

We have introduced a new quality assurance system for Higher Education ... I look to the Council to monitor closely the implementation of the new arrangements to ensure that our objectives for the new systems are met. In particular, the new arrangements should remove unnecessary burdens from institutions ... (DfES, 22nd January 2003: pp. 4–5).

The battle therefore was on to scuttle the arrangements that had emerged from the 1997 concordat and the 94 Group of universities joined forces with the Russell Group to conduct a campaign against subject-level quality review (Baty, 1st February 2002: p. 1). Significantly, the counter-attack is launched not in the name of the traditional idea of 'university autonomy' rather on the grounds that institutions

need to be less encumbered by externally imposed bureaucratic demands (most of which – ironically – were imposed by the state itself).

Following the conclusion of the first cycle of quality assurance there was an interim period (2002–05) of institutional audit coupled with selected inspection of a limited number of departments – designed ‘to drill down’ in the language of quality assurance (this is the approach that had so infuriated the University of Cambridge). At the time there was widespread scepticism in some universities as to whether this was indeed a lighter touch model (Greatrix, 2001), and so the pressure for change was sustained. The outcome, following yet another review (QAA, *Review of the Quality Assurance Framework*, 2005), is that subject-level quality review has been essentially abandoned. In 1997 John Randall had seen the creation of the QAA as the last chance saloon for the universities to retain their control of quality assurance. But as events turned out it was the last chance saloon for the QAA and, although it continues to exist, it has a significantly reduced role. Not surprisingly the current Chief Executive of the QAA (Peter Williams) is keen to put a different gloss on developments: to see quality assurance as an evolving process but still leaving QAA with important functions to fulfil, and – undoubtedly to the dismay of many – he reminds us of an international (European) dimension appearing over the horizon (Williams, 30th September 2005: p. 14). Although Williams’ interpretation of events is defensible, the magnitude of what has taken place cannot be ignored.

The opponents of the post-1997 QAA model were able to draw upon two important contextual variables to support their case. Firstly, the costs of the QAA, which was a particularly important consideration given the ever-increasing Treasury emphasis upon securing ‘value for money’. Secondly, the volume of work and supportive bureaucratic infrastructure it had spawned. The Government was pledged to tackle the spread of bureaucracy and quality assurance provided a convenient (even politically attractive) target. In his keynote address to Universities UK its President (Roderick Floud) – overlooking the association’s role in establishing the QAA (and in full recognition of the goals it would pursue) – was sufficiently brazen to proclaim:

Second, the burden and costs of accountability. We recognise the need to be accountable, but we have said consistently that the current accountability arrangements for universities are too burdensome and need to be reformed. We argued this strongly to the Better Regulation Task Force. Its report in July found that higher education is a well-run, low-risk sector when compared with other publicly funded areas (Floud, 11th September 2002).

But relief was on the way because thanks to ministerial interventions excellent progress had been made ‘in establishing new, less burdensome quality assurance systems’.

Roger Brown, with reference to the early moves towards a lighter touch quality assurance model writes: ‘It is still not entirely clear what precipitated this change’ (Brown, 2004: p. 131), but then goes on to imply that the decisive input came from influential figures in the Russell Group thanks to their good connections with

the Prime Minister's Office. This may well be the case but the machinations of a politically well-connected cabal have to be placed in the context of the persistent and broadly-based opposition of many pre-1992 universities to the quality assurance regime from 1992 onwards. By 2000, emboldened by the apparent turning of the tide, nearly all the pre-1992 universities were coming out of the closet. And, following the recommendations of the inevitable legitimising committee of enquiry the light touch was to become lighter still – death by the political sword reinforced by judicious and politically convenient argument.

A very important development that has helped to cement the new consensus is to add a quality enhancement gloss, and to place part of the process in the context of funded third stream activities – all those who are interested in enhancing quality can compete for resources to fund their projects. Although the funding councils may have statutory obligations to ensure quality assessment with a continuing expectation that a link between assessment and funding should be established, the reality is that quality assurance now functions within a broader, far less threatening, framework. HEFCE, UUK and SCOP established a Teaching Quality Enhancement Committee (in February 2002) that led to the formation in May 2004 of the Higher Education Academy (HEA) whose purpose is 'to support the enhancement of learning and teaching in higher education' (<http://www.heacademy.ac.uk>). And HEFCE is clearly happy to support the initiative: 'We provide funds through our Teaching and Quality Enhancement Fund (TQEF) to support the sector in enhancing the quality of teaching and learning', referring to HEA as one of its 'implementation partners' (<http://www.hefce.ac.uk/learning/enhance>). Besides the creation of the Centres for Excellence in Teaching and Learning in England, a plethora of initiatives has been launched – conferences, newsletters, fellowships, programmes for faculty – new and old, and research projects. There appears to be no end to the expansion of quality assurance. But the growth industry is taking a different form – now very practical rather than philosophical in its approach – certainly more tedious but decidedly less threatening.

BEYOND QUALITY ASSURANCE

The politics of quality assurance from 1992 onwards scarcely represents a glorious episode in the history of British higher education. The chapter has outlined in broad terms the ideological swamp within which even the most fundamental issues were entrapped – the purposes of quality assurance, the means of demonstrating its presence on the ground, what should be the relationship between quality assessment and subsequent institutional action, and even the meaning of key concepts such as self-regulation. But since 2002 the governance of higher education has been slowly edging towards a consensual model of quality assurance in Britain. It is not that there is necessarily any greater measure of agreement about either its meaning, measurement or desired outcomes but rather we have staggered towards a consensus that seems to have accommodated all the dominant interests. However, it is essential to be cautious because

there is a turbulent history and the present arrangements barely tested (for a sceptical overview of the current situation see, Harvey, 2005: pp. 271–274).

The outcome reflects the accommodation of two countervailing forces. On one side is the state, keen to expand its own influence over higher education whilst purporting to act as the quality watchdog for ‘consumers’. On the other side are the pre-1992 universities, defenders of their own institutional autonomy and incorporating an established tradition of how best to preserve quality in higher education. The accommodation is a reflection of different institutional interests. The universities, consistently re-iterating their commitment to quality assurance, have come to accept that they have to succumb to a state-regulated process of audit. However, the state has delegated its responsibilities for quality assurance to a body which is neither formally part of the state apparatus and whose day-to-day activities are not directly under its control. Nonetheless, it has considerable influence over how that body operates (through its nominees) and, if all else fails, through the statutory reserve powers of the Secretary of State.

The struggles over quality assurance demonstrate the fragility of the relationship between the government, the funding councils and the HEIs. However, should the light touch (or should it be lighter ‘light touch’?) arrangements persist then the relationship may stabilise. But intrinsic to the funding council model is the idea of governance through negotiation, which will always encourage interest groups to flex their political muscles as the opportunities arise. And this was precisely what happened with respect to quality assurance: a powerful group of universities had never reconciled themselves to the 1997 concordat and when favourable circumstances arose they moved to destabilise the prevailing mode of regulation. We are therefore looking at a model of governance driven by pluralist struggle (involving a comparatively limited range of organised interests) in which invariably the state will be the key actor. A more diverse model of higher education is emerging in Britain in which academic corporatism is steadily giving way to competitive policy networks. However, because of the political importance of higher education the state has to retain its central policy role but over time how it fulfils that role will fluctuate as the struggles over quality assurance illustrate.

Arguably the move to the current model of quality assurance represents a purer (and more politically viable) interpretation of the funding council model of governance than had existed previously. From 1992 until the present the stress has been less on self-regulation and more upon external assessment, but a principle of the funding council model of governance is that higher education institutions should take responsibility for keeping their own affairs in order. Consequently, there has been persistent pressure to improve both the quality of institutional management and to make sure it is aware of its responsibilities. Of course this is occurring in a context in which higher education institutions are more exposed to market pressures. Should this intensify (and the introduction of variable fees suggests this is very likely) then institutionally driven quality assurance (as opposed to that currently orchestrated by the state) is likely to expand. The universities will need to reassure their prospective students (customers) that their fees represent a good investment – possibly an even more demanding form of scrutiny.

NOTES

¹ 'Quality assurance' is simply a label to describe the procedures created to regulate the teaching and learning process in higher education. Although national differences in practices within the UK have developed, quality assurance is still subject to a UK-wide remit.

² Universities will have research offices but, for the most part, these will be engaged in assisting academics to secure research grants rather than monitoring the preparation for the Research Assessment Exercises.

³ The outcomes of the quality assurance exercises made it possible to respond to institutions differently. Departments with low scores were required to jump through additional hoops but this was scant comfort to those institutions that in the first place questioned the legitimacy of the process and resented the resources it consumed.

THE RAE: THE ELUSIVE SEARCH FOR SELECTIVITY
AND CONSENSUS

INTRODUCTION

One of the most controversial developments in British higher education was the instigation in 1986 of the Research Assessment Exercises (RAEs).¹ It is not difficult to appreciate the hostility they have generated in some quarters. Besides challenging the powerful traditional idea that there is a symbiotic relationship between university teaching and research in which all academics are engaged (Russell, 1993: pp. 88–89), it is now possible to be labelled as ‘research inactive’, and moreover, they are also purposefully designed to create an inequitable (but not necessarily unjust) distribution of resources. The RAEs have established a selective resource allocation process replacing a distributive model based on formula funding in which it was assumed all academics were equally research active. Moreover, they are an integral component of the audit culture that accompanied the expansion of the evaluative state in the 1980s. The RAEs therefore present both an ideological and a managerial challenge to the traditional idea of the English university.

The first purposes of this chapter is to examine the origins of the Research Assessment Exercises – why it was felt necessary to move from a simple formula funding model that could be applied universally to one that makes selective allocations on the basis of academic judgements. Secondly, the intention is to show that the impact of research assessment is much broader than institutional audit and resource allocation, that it is also an instrument used by the state to direct institutional reform. The third section of the chapter will examine the attempts to give the assessment process a ‘mossy respectability’, which could only be achieved if it were conducted in a manner that generated as much consensus as possible. There has been a tension, therefore, between securing the selective allocation of research income and yet at the same time trying to ensure that the outcomes are broadly accepted as fair.

RAE 2001 brought to a head a crisis of confidence in the governance of British higher education (the fragile consensus collapsed as resource allocations became more inequitable), which merits separate consideration. In the reported words of Ian Gibson, then chair of the House of Commons’ Committee of Science and Technology: ‘Many are upset about the RAE and what a mess it is’ (Lipsett, 15th April 2005: p. 6). The analysis of the so-called ‘mess’ will argue that the RAEs are but a particular manifestation of the ongoing relationship between the British state and our institutions of higher education. If there is indeed ‘a mess’ following RAE 2001 then it is a consequence of the funding council mode of governance. This

section of the chapter will be followed by an examination of the Robert's *Review of Research Assessment*, set up partly in response to the negative reactions to RAE 2001 (to clean up 'the mess'!). The almost complete failure of the Roberts Review to make an impact has been followed by the very recent Treasury intervention in favour of reshaping the RAE with a metrics-based system to measure research excellence. The Treasury's intervention brings to the fore again the question of who controls the development of English higher education, and thus provides a fitting conclusion to the chapter.

THE ORIGINS OF THE RESEARCH ASSESSMENT EXERCISES

Although the first Research Assessment Exercise was undertaken in 1986, and was therefore the creation of the University Grants Committee (UGC), to identify the start of the drive towards the selective allocation of core public funding for research in higher education is more convoluted. Kogan and Hanney note that, 'As far back as 1965, the Department of Scientific and Industrial Research in its final report had come out in favour of selectivity', which was followed by a 1967 Council for Scientific Policy statement encouraging 'further progress towards specialisation at selected centres together with concentration of resources in some fields of science' (Kogan and Hanney, 2000: pp. 93–94).

In fact parallel streams (the dual system) of public research funding had coexisted: the resources of the research councils were allocated competitively whilst the UGC provided formula-based core funding to all institutions on its grant list. There are two complementary pressures underlying the move towards the selective allocation of core funding: the financial argument and the claim that the needs of research are best met if resources are concentrated upon a limited number of centres of research excellence. The 1982 Merrison Report, the product of a joint UGC/Advisory Board for the Research Councils (ABRC) working party, provided the financial case. The Report documented the extent to which the research infrastructure had been eroded by financial stringency, and argued that, as it was highly unlikely that there would be an increase in public funding then the only way forward was the selective allocation of resources for scientific research if further damage was to be avoided.

Five years after the publication of the Merrison Report the ABRC in a discussion document, *A Strategy for the Science Base*, constructed a hypothetical distributive model (ABRC, 1987: p. 7): 'Accordingly we consider the future pattern of higher education provision appropriate to the needs of research would be for differentiation between three types of institutions'. And then in a much quoted part of the Report it went on to describe the three types: **R** (undergraduate and postgraduate teaching combined with substantial and wide-ranging research activity), **T** (undergraduate and MSc teaching with research that will support that teaching but lacking advanced research facilities), and **X** (teaching across a broad range of fields with world-class research in particular fields, possibly in collaboration with other institutions. Clearly this is not a model that crudely separated universities into either teaching or research institutions, and given that it was a discussion document, a model that

would inevitably triumph, but the idea that departments, or even universities, can encompass different missions was beginning to take shape.

Interestingly the publication of the ABRC's *A Strategy for the Science Base* almost coincided with the UGC's instigation of the first RAE (1986), which was perceived by some as very much the inspiration of its then Chairman, Sir Peter Swinnerton-Dyer (Kogan and Hanney, 2002: pp. 97–98). Although individual agency may play a part in understanding the process of change, it is important not to overlook the policy shift in which the UGC was then engaged, from benign guidance of the universities to more centralised planning; a shift that some would see as an attempt by the UGC to ward off political criticism and preserve its own future. The creation of the RAE had been preceded in the early 1980s by the UGC's acceptance of the poisoned chalice of determining how the sharp cut in its annual grant should be distributed. Hobson's choice, the UGC claimed but some academic commentators felt that the UGC should have refused the task.

At very much the same time the UGC also decided 'to give financial assistance for the closure of low-grade (sic) departments, and then to arrange the transfer of staff between universities in fields where it judged there were too many departments' (Williams, 1993: p. 7). And none were protected from the logic of rationalisation as some of the most prestigious scientific fields came under the microscope: earth sciences (Oxburgh Report), physics (Edwards Report), and chemistry (Stone Report) (UGC 1987, 1988, 1988a). Indeed the Oxburgh Report, which was implemented immediately prior to the demise of the UGC, was cut from much the same cloth as the ABRC's *A Strategy for the Science Base*.

Thus the emergence of the RAEs has to be placed in the context of the increased political scrutiny of higher education. The Thatcher Government was determined to control public funding while at the same time securing 'better value for money'. The UGC was in the unenviable position of either resisting government pressure and risking its demise or responding positively and alienating segments of the academic community. It chose the latter strategy but was still axed!

THE FUNCTIONS OF THE RAEs: EXPLICIT AND IMPLICIT

As the Universities Funding Council's (UFC) *Report on the 1989 Research Assessment Exercise* notes it was the UGC's Circular letter 12/85 that 'gave substance to the new selectivity policy':

It set as general objectives for research funding the redistribution of research resources among universities and encouragement for redistribution of this resource within universities towards "work of special strength and promise". It emphasised the purpose of selective funding as being to "maintain the quality" of university research... (UFC, 1989: pp. 2–3).

The RAE process is therefore a mechanism for the allocation of research resources, a move from an undifferentiated formula-funding model to selective distribution. It fits neatly into the new public management mode of governance in the sense

that selective resource allocation is the agreed policy goal (a goal that has attracted wider and stronger political support over time) with the RAE, the product of the UGC, as the mechanism for achieving it.

Besides regulating the distribution of public monies for research, the assessment process also monitors the quality of the research output, although one may be suspicious whether variations over time in research quality have anything to do with the evaluative process itself. But, suspicions notwithstanding, it is very important for the supportive forces – political, bureaucratic and academic – to argue that one of the purposes of the RAEs is to drive up research quality. Indeed, the Robert's *Review of Research Assessment* went so far as to argue (albeit without providing the evidence): 'By any measure, the RAE has been extremely successful. It has evolved from a quality assurance process to a competition for funding, while successfully retaining its original function of driving up standards through reputational incentives' (JFC, 2003: p. 22). In other words, the RAE was supposedly designed to do more than monitor research output – it would help to drive up the quality of that output.

That the RAE should have an impact upon the institutional management of research was made absolutely clear in the UFC's *Report on the 1989 Exercise*: the universities were to be encouraged to distribute their RAE income in favour of 'work of special strength and promise'. In spite of the fact that RAE research income is given as a block grant, which supposedly ensures the autonomy of institutional control, those universities in receipt of such income have been required to develop research management strategies. Indeed, a range of UGC initiatives on the organisation of research accompanied the launching of the first RAE. HEIs have been pressured into developing strategies which require them: to construct reliable measures of their research expenditure, to calculate the amount of academic time spent on research, to devise 'machinery of planning and implementing research priorities', and to ascertain 'the distribution of resources among departments, and the extent to which it is correlated with the UGC's research assessments' (UGC, 27th August 1987). Some institutions made returns to the UGC regarding their research management that were deemed unsatisfactory and so were subjected to further surveillance: 'I am writing separately to the dozen or so institutions whose responses were considered unsatisfactory for one or more of three reasons', which were inadequate detail, lack of clarity and, most significantly, 'lack of progress in implementing research selectivity' (UGC, 16th February 1988). In a covering letter to its second report on these issues the UGC had proposed issuing a third updating report two years hence, but the Secretary of State demurred: '... It is important to maintain the momentum in this area, and I should therefore be grateful for a further report on progress in the second half of 1989' (DES, 7th December 1988). It seems that the universities were receiving more than *encouragement* in these matters, and that the UGC (soon to become the UFC) was itself being guided politically. It is clear who was calling the tune, and the universities were required not only to develop research management strategies but also there was a tacit understanding of the principles which should guide them in this task.

THE STRUGGLE TO CREATE A CONSENSUAL
MODEL OF ASSESSMENT: 1986–2001

There are four main components to the Research Assessment Exercises: monitoring, standard setting, evaluation and resource allocation. Throughout the 1986–2001 time period the first three of these components, in spite of some political intervention, were under the control of the funding councils. Although resource allocation to the universities was dependent upon the grades awarded by the RAE panels, the Treasury controlled the overall amount available for distribution with the possibility of the Scottish Executive modifying the global figure for those HEIs falling under its jurisdiction. This separation of control harboured a potentially critical conflict: either resource allocation would have to respond to changes in RAE grading or the grading process would have to work within the confines of what the Treasury was prepared to finance. It was only with RAE 2001, as apparent grade inflation outran allocated resources, that this tension came to a head. The choice was stark: either protect the funding of the highest ranked departments or abandon the drive towards selectivity.

The second potential conflict, evident from the very first RAE, was that a selective allocation process inevitably meant that some universities were going to receive greater rewards than others. This has led to continuous tension as to how severe the selective gradient should be. In effect the selective process had to be sufficiently severe to be meaningful (that is to fulfil the politically prescribed policy goal) but not so severe as to alienate those universities that had no hope of achieving the highest grades. The RAE therefore had to be constructed in a manner that commanded broad political confidence as well as be acceptable to those whose work was being evaluated. The fact that the RAE survived in much the same format for some twenty years suggests that, notwithstanding all the criticism, it was reasonably successful in achieving this balance. How did it create this relatively broad base of support between 1986 and 2001 that enabled it to ride out the inherent contradictions within the evaluative process?

In an early evaluative review of RAE 1986 Trevor Smith claimed that as an exercise it was ‘deeply flawed’ and ‘by any test this was a pretty rough and ready lash-up of techniques’ (Smith, 1987: pp. 303–309). Although serious doubts have lingered, and indeed still linger, in a technical sense the RAE process has improved considerably over time. Experience in running the exercise coupled with extensive reviews of procedures have produced a model that works effectively. The fact that the panels in the 1986 Exercise operated with different grading scales seems in retrospect a glaring absurdity. Moreover, whilst there is a creditability gap between appearance and reality, research income has continued to be distributed as a block grant so sustaining the much-vaunted principle of university autonomy. At least in theory a research management strategy could be designed to rescue failing departments rather than reward those that are successful.

Although a key purpose of the RAE was to distribute resources selectively, the funding councils resisted throughout this period the pressure to concentrate R income in only a limited number of universities. In other words a balance was

struck between selective allocation and rewarding the research endeavours of a comparatively wide range of universities. Not all universities could be classified as at the cutting edge of research but many contained at least pockets of excellence and it was important that these should be sustained. HEFCE explicitly emphasised the point in its 2000 *Review of Research*:

We believe that the HEFCE should continue to allocate research funds selectively, by subject, on the basis of the quality of research in that subject, and should not seek to concentrate funding in a limited number of institutions. We are unconvinced by arguments for limiting funds to a few research-intensive institutions (HEFCE, 2000: pp. 4–5).

The recognition that research excellence was widely distributed was a sure way for the RAE to secure its legitimacy in academic circles, and thus build relatively broad-based institutional support. By the same token once the binary line was formally abolished, and the funding councils for the university and polytechnic sectors merged, the ‘new universities’ had to be formally incorporated into the process on the same terms, even if their share of the available resources would prove to be relatively small.

Besides institutional inclusiveness there have been protracted endeavours to ensure that the assessment process incorporates all forms of research and does not operate in a manner that discriminates against particular social groups. The suspicion is that the RAEs (especially given the reliance on peer review) inevitably create biases on both fronts. Indeed, these are two areas where there has been explicit political intervention. In his annual grant letter to HEFCE (DfEE, 8th December 1998) the then Secretary of State (David Blunkett) urged the Funding Council to: build into the assessment process a wider range of inputs than academic peer review, involve those with research expertise from outside UK higher education, and ensure that panels gave ‘due weight to institutions’ co-use of research with partners’.

But evidently the suspicion that panels have favoured certain kinds of research persists for in the *Guidance on Submissions* for RAE 2008 we read: ‘Panels have been instructed to adopt assessment processes and criteria that enable them to recognise and treat on an equal footing excellence in research across the spectrum of applied, practice-based and basic/strategic research, wherever that research is conducted’ (JFC, 2005: paragraph 12). The same guidelines point out that the 2008 panels have ‘to comply with equal opportunities monitoring legislation’ and HEIs will be required to demonstrate that in preparing their submissions that they ‘developed, adopted and documented an appropriate internal code of practice in preparing submissions and selecting staff for inclusion in RAE submissions’ (JFC, June 2005: paragraph 14). The fact that the state has moved from exhortation to bureaucratic management suggests that these issues were not resolved in the 1986 to 2001 period. Furthermore, enhanced intervention also illustrates that the state reserves the right to influence how the evaluative process should be constructed, so demonstrating it has a role to play in policy implementation as well as policy formation.

If it was important that the evaluative process should be inclusive, it was equally important that it should command the confidence of elite institutions both by

delivering on the selective distribution of resources and giving them a key role in the functioning of the model. So, in spite of the claim that there is no desire to distribute research income too selectively, HEFCE's *Review of Research* notes: 'It is clear ... that the vast majority of funds go to a small number of universities' (HEFCE, 2000: Annex E), while the same Report states that in 1998/99, '75 per cent of HEFCE research funds went to 26 HEIs', and that prior to RAE 2001 'a unit with a 5* rating attracts approximately four times as much funding as one with a rating of 3b for the same volume of research activity' (HEFCE, 2000: p. 15). There is no easy way of judging whether these are desirable levels of selectivity or not. Individual judgements almost certainly depend upon the strength of your commitment to the selective principle, whether your university/department benefits or not, and hazy assessments about the impact of the distributive model upon the overall quality of national research. For governments it is important that the distributive pattern can be interpreted as supportive of official policy goals whilst at the same time not arousing too much opposition in the universities.

The institutions belonging to the charmed circles are all too well-known, and it can come as no surprise that these are the very institutions providing a disproportionate number of the chairs and members of the RAE panels. An early listing for the RAE 2001 panels (HEFCE, 1998) recorded only three professors from post-1992 universities as panel chairs while the report on RAE 1989 noted that out of a total of 128 panel members 30 were from London, 21 from Oxford, 19 from Cambridge and 13 from Edinburgh (UFC, 1989: Annex 5). This is not to suggest either nepotism or conspiracy but to point out that a political process is also at work; if the RAE was to gain legitimacy it needed to be enveloped by the great and the good.

But for an inclusive process with divisive outcomes to achieve legitimacy (or at least to acquire that 'mossy respectability' acquired by the UGC) it needed to have at its core a principle that is integral to the British academic tradition. By embracing so firmly 'peer review' the RAE has found that principle. Whilst some may consider 'peer review' to be both inherently conservative (the evaluation of research according to established canons) and elitist (a selected cadre of academics from predominantly elite institutions exercising their judgement), until very recently there has been little official backing for any alternative. Moreover, the principle of peer review is deeply embedded within the higher education system as a whole, and it is difficult for academics as a body to be critical of the assessment process when it is their fellow academics determining the grades. And it makes political sense as the incorporation of the academic profession mollifies potential opposition, and it means governments do not have to assume direct responsibility for the evaluative outcomes.

However, there is also a political downside to the reliance on peer review for it has made it more difficult for governments to push the assessment process in directions that they may consider desirable (note the political suspicion that RAE panels have been biased against applied research). Furthermore, the cementing of the principle of peer review in the evaluative process was so deeply-rooted that the academic profession appeared able to exercise a veto on change. The RAE was

the UGC's response to mounting pressures for the selective distribution of public research resources. The convoluted form it took had to be politically approved but in the final analysis academics determined the outcomes. Whilst that academic judgement has been subject to both political pressure and exercised increasingly within prescriptive bureaucratic procedures, it seemed to be the only means of making the evaluative process legitimate.

Finally, the evolution of the RAE was enveloped in a widespread consultative process. Prior to an upcoming RAE a diverse range of institutions are sent numerous consultative documents and each exercise is followed by a report, again widely distributed. The purpose is obvious – to legitimise the authority of the RAE by engaging in an almost continuous dialogue with the widest range of constituent interests. Inevitably, given that the outcome of the exercise is the selective distribution of the scarce resources of status and money, no amount of consultation could be expected to produce complete harmony and some contentious issues still persist as responses to the preliminary documentation on RAE 2008 illustrate. But between 1986 and 2001 a potentially divisive process managed to sustain itself with broad academic support. Although there was institutional criticism of various facets of the evaluative process, this amounted to demands for incremental change rather than a scrapping of the exercise. Of course there were also calls to abandon the RAE but these tended to be made by particular individuals (who could be viewed as isolated mavericks) rather than by the key institutional actors. HEFCE's *Review of Research* (2000), even if couched in sober language, was little more than a celebration of the RAE and there was certainly no recognition of an impending crisis.

THE CRISIS OF RAE 2001

To describe the fallout from RAE 2001 as 'a crisis' depends upon how the reasons for the widespread controversy generated by this particular exercise are interpreted. On the one hand it is possible to take the inherently optimistic position of HEFCE's *Review of Research* and continue to view the RAE as essentially sound but with a number of technical faults that can be resolved. Interestingly, the perspective the Roberts Review offered for its own creation (the need to tackle institutional game-playing, the administrative burden of RAE, and its possible failure to recognise – perhaps even discourage – 'enterprise activities') are hardly supportive of the claim that we have a crisis on our hands (JFC, 2003: pp. 22–23). However, the term 'crisis' is appropriate because the problems generated by RAE 2001 are in fact a manifestation of the in-built tensions within the funding council model of governance coming to the fore. They are not simply technical weaknesses within the assessment process itself. And to this must be added the current Treasury pressure to move towards an assessment model based on metrics, which suggests that in certain government quarters there has been deep-seated scepticism as to the efficacy of the RAE process.

RAE 2001 fuelled suspicion that the process was unduly influenced by those whose research it was supposedly designed to evaluate; that the academic interests had acquired too powerful a position within the regulatory process. The allegation was accorded credibility by the fact that in RAE 2001 comfortably over 50% of the faculty whose research was submitted were in departments subsequently ranked as either 5 or 5* with some panels (for example, physics with 79% of faculty in departments rated 5 or 5* compared to 51% in 1996) awarding notably (even embarrassingly) high scores (Select Committee on Science and Technology, 2001/02: p. 1). In fact the Select Committee came to the conclusion that the scores were justified because the quality of research had indeed improved rather than because panels were slack or institutions more manipulative.

But the suspicion of ‘unwarranted grade inflation’ is perhaps less serious than the fact that such improvement makes it more difficult to distribute resources selectively, so undermining the central purpose of the RAE. However, this outcome was entirely predictable. Grades are norm-referenced (research quality is measured against benchmarks – for example, of national or international standing – with panel members responsible for making the necessary judgements). This evaluative model has given HEIs a huge incentive to meet those norms that ensure higher status and greater financial rewards. Could institutions be expected to behave otherwise? Moreover, as has already been noted, the Roberts Review claimed that one of the purposes of creating the RAE was to improve the quality of university research. It seems perverse, therefore, to cry foul when the agreed procedures demonstrated this was in fact occurring.

In its 2000 *Review of Research* HEFCE as good as predicted the impending dilemma: ‘We recommend that the policy priority ought to be to protect grants for top-rated departments, but a consequence of this is that additional funds will probably be needed after the 2001 RAE to allow improved departments to benefit from their enhanced performance’ (HEFCE, 2000: p. 4). But the Treasury could scarcely be expected to write a blank cheque to underwrite the probable outcomes of RAE 2001 and, as it proved, HEFCE lacked the political clout to persuade the Treasury (in spite of a partial relenting at a later date) to increase its support once the results were known. Consequently, HEFCE was forced to impose a more severely selective allocation of its funds to protect the top-rated departments. Already the 1996 RAE had removed research funding from departments with 2 grades and gave additional resources to the 5* departments (a grade introduced in RAE 1996). RAE 2001 built on these changes by further increasing the selectivity gradient for English universities, which included removing funding from the departments with a 3b grade. The question is whether this would undermine the consensus that the funding councils had attempted to construct around the assessment exercises. And if it did, would this threaten the conduct of the RAEs or was consensus building now irrelevant to the process?

In fact this was a peculiarly English problem. The Scottish Executive pledged itself to funding the settlement in full (although SHEFC had decided not to fund 3b departments). Moreover, both the Scottish and Welsh funding councils had

constructed a far less severe selectivity gradient than HEFCE. For RAE 2001 the respective gradients were as follows:

	SHEFC	HEFCW	HEFCE
5*	3.20	3.26	8.74
5	2.80	2.62	6.10
4	1.55	1.75	3.22
3a	1.00	1.00	1.00
3b	0.00	0.57	0.00
2	0.00	0.00	0.00
1	0.00	0.00	0.00

Source: Select Committee on Science and Technology, 2001/02: Table 6

But to turn to the Treasury or the Scottish Executive not only made the funding councils more beholden to the state but also increased the suspicion that they were incapable of conducting their affairs competently. Treasury suspicion of the competence of higher education management was already well-entrenched without providing reinforcing evidence. The only long-term solution to the dilemma was to construct an assessment process, which would operate within a known maximum expenditure ceiling and to construct the reward gradient according to the degree of selectivity you wanted to promote. Interestingly, there has been no serious discussion of what precisely selectivity means in practice; it is one of those convenient concepts capable of being stretched almost indefinitely. But if the relationship between grades and financial rewards changes over time then this could endanger the financial stability of institutions and generate political difficulties. Thus the separation of responsibility for standard setting, monitoring and evaluation from the control of resource allocation has an in-built tension always threatening to surface, as RAE 2001 only too vividly illustrates.

Scarcely had the dust settled on the reverberations of RAE 2001 than much more explicit political intervention came in the form of the 2003 White Paper *The Future of Higher Education* (DfES, 2003). It is evident that the White Paper's observations on research (see Chapter 2: 'Research excellence – building on our strengths') manifested government unease (to put it mildly) with the outcomes of RAE 2001. For example, we read 'And we will also make sure that the very best individual departments are not neglected, by making a clearer distinction between the strong and the strongest' (DfES, 2003: p. 23), which is followed by the stated intention of 'steering non-research-intensive institutions towards other parts of their mission, and rewarding them properly for it, so that the RAE can be focused on the best research' (DfES, 2003: p. 26). And the implied critique was accompanied by tangible action:

.... a further Research Assessment Exercise is not due until 2008, and we believe that there is a case for more discrimination between the best before then..... We will ask HEFCE, using the results of the latest Research Assessment Exercise, along with international peer

review of additional material to identify the very best of the 5* departments which have a critical mass of researchers – a “6*” – and will provide additional resources to give them an uplift in funding over the next three years (DfES, 2003: p. 30).

This is as clear a sign as one could wish for that the Government was dissatisfied with RAE 2001, believing that its outcomes were insufficiently discriminatory – ‘we believe there is a case for more discrimination’! Thus the White Paper was used to take over the functions of the Funding council. It was not only defining the policy objectives but also implying that the Funding Council’s strategy for meeting them had failed. Consequently, its only option was to move forward with its own policy implementation strategy, which besides undermining the credibility of the Funding Council also threatened the new public management model of governance in which governments supposedly steered rather than rowed.

The funding councils (and in particular HEFCE) ended up as ‘piggy-in-the-middle’, inevitably bowing to government intervention whilst it orchestrated the institutional jockeying for the favoured 6* label. The initial proposed distributive model (extra resources for units achieving 5* grades in both 1997 and 2001) was subsequently modified (also giving extra resources for units achieving a 5 grade in 1997 and a 5* grade in 2001 providing they had submitted at least the same number of researchers), which may suggest that the Funding Council was not so much controlling the process but was the victim of institutional lobbying. However, the manoeuvring can also be seen as an attempt to fan the embers of the inclusive strategy with a wider range of institutions benefiting from the second distributive model. Moreover, this has been reinforced by HEFCE’s decision to provide more financial support for 4-graded departments following favourable government spending reviews. The tightrope act survives – just!

ROBERTS TO THE RESCUE?

The Roberts Review listed nine reasons for its own creation and, in its judgement, proposed ‘a radical overhaul of the Research Assessment Exercise’ (JFC, 2003: p. 2). Although Roberts’ ‘radical overhaul’ is essentially technical in nature, it contains two critical proposals that call into question both the values embedded in the assessment process as well as the model of governance within which it is embedded. This would be a case of technical change, if implemented, of having much broader implications. Indeed, the machiavellians might argue that this was the real purpose of the Roberts Review; that radical technical change was the most expedient political route to a significant modification of the relationship between the state and higher education in this important policy-making arena. Moreover, there was the added bonus of helping to restructure the British system of higher education at the same time.

The most important proposal was the creation of a three-track assessment process, which was supported by stark data: some 40 out of 132 English HEIs had a research income of less than 2% of ‘total’ income (that is Research income as a percentage of Teaching + Research income) and these institutions made 240 submissions to RAE

2001 yielding an average income of £27,580 compared to an overall average of over £455,000 per submission. On the basis of these figures the Review concluded: 'For these institutions, therefore, and for the panels and administrators tasked with their assessment, the RAE is over 16 times less efficient than the norm' (JFC, 2003: p. 9).

In the three-track model proposed by the Roberts Review funding for the least intensive research institutions would be considered separately; the outcomes determined by negotiations between the institutions and their funding council. In effect they would be excluded from the RAE process, although if such institutions had pockets of research excellence 'these would be eligible for inclusion in collaborative submissions involving institutions more closely engaged in research' (JFC, 2003: p. 39). All other institutions could choose to have their research assessed by either a Research Capacity or Research Quality assessment process. Research Capacity Assessment (RCA) 'would be a light-touch assessment, based on performance indicators' or, should it be impossible to develop such measures, available funding could be distributed 'on the basis of staff numbers with no quality assessment' (JFC, 2003: p. 39). The proposed Research Quality Assessment (RQA) process would be akin to the current RAE, although the grading outcome would be in the form of a 'quality profile' reflecting the number of stars (ungraded, one, two or three) awarded to each individual researcher, and thus producing 'a continuous grading scale, avoiding the problem associated with grade boundaries' (JFC, 2003: p. 41).

The second, and far less publicised recommendation was that 'panels would be given guidelines on expected proportions of one star, two star, and three star ratings'. The proportions would be the same for each unit of assessment and grades more or less generous than the guidelines 'would have to be confirmed through moderation' (JFC, 2003: p. 44). Although the Review rejected the claim that grade inflation was built into the assessment process, amongst the reasons it offered for the proposed change was to 'prevent grade inflation and to guarantee the integrity of ratings' (JFC, 2003: p. 11). Presumably, it took the view that this proposed (objectively unnecessary!) change was a small price to pay if it protected the RAE from political attack.

Although the Roberts Review may have perceived itself as engaged in a radical overhaul of the RAE, it not only defended the overall merits of the assessment process but also gave the strongest possible support to its central plank – the determination of grades through 'expert peer review'. The implication was that the review team had unanimously reached this conclusion after a careful assessment of the evidence:

Some of us believed, at the outset of the process, that there might be some scope for assessing research on the basis of performance indicators, thereby dispensing with the need for a complex and labour-intensive assessment process. Whilst we recognise that metrics may be useful in helping assessors to reach judgments on the value of research, *we are now convinced* that the only system which will enjoy both the confidence and the consent of the academic community is one based ultimately upon expert review (JFC, 2003: pp. 6–7, stress added).

There was no consideration of the possibility that perhaps the academic community is driven by self-interested motives, and occasionally its demands may be legitimately resisted by the funding councils and government.

Since the publication of the Roberts Review the consultation process has been under way and the next RAE, scheduled to take place in the academic year 2007/08, is taking shape. What in the meantime has happened to the Review's recommendations? The proposal to steer the proportions of star ratings to be awarded has been met by a deafening silence. In a very early briefing document for RAE 2008 the funding councils, while agreeing that 'results will be published as a continuously graded quality profile for each submission, at the sub-panel level' also – almost as an aside – announced, 'Quality profiles will be criterion-referenced against clearly defined common standards' (JFCs, 2004: 4d). In spite, therefore of the attractions of setting proportionate grading boundaries (as a defence against the charge of grade inflation and making it easier to distribute finite resources), this was clearly a step too far for much of the academic community.

Commonsense suggests that research standards within different disciplines are likely to vary but to make substantive arguments in favour of a particular discipline inevitably sounds like special pleading. Moreover, it beggars belief to imagine that a cohort of experts will reach the conclusion that research in their field should be graded lower than the proposed guidelines! More importantly, whilst the proposal did not impose a static distribution of research status across institutions, it could lead to overall disciplinary ossification whereas in reality the research reputations of different disciplines within British universities are likely both to expand and to decline over time. However, perhaps the most significant objection is that such guidelines restrict the panels' freedom of action. If expert peer review is to retain its significance then the members of the panels have to make their decisions without the constraint of an externally imposed boundary. From the perspective of many academics research assessment is about informed experts making judgements unconstrained by 'artificially imposed constraints'. So once again the question of who is to have authority in these matters comes to the fore.

In marked contrast to the silence on setting guidelines for grading proportions, the decision of the funding councils not to proceed with the equally radical three-track assessment model has stimulated some fascinating debate. The House of Commons' Science and Technology Committee, not surprisingly in view of the fact that in 2002 it had conducted its own enquiry into RAE 2001, was a particularly interested party. In both its 2002 Report and its post-Roberts review of the RAE (Select Committee on Science and Technology, 2003–04), the Committee showed itself to be in favour of a slimmed-down assessment process embracing both a multitrack model and the greater use of metrics. But the funding bodies decided not to pursue either of these routes:

Institutions will not face a choice between different assessment routes. This element of the proposed model was not fully endorsed by the consultation responses. There will therefore be no additional UK-wide process by which the funding bodies would advise institutions on their research performance as measured by metrics alone in the lead-up to the assessment (JFC, 2004: p. 7).

It appears as if the outcome of the consultation process was considered to be more important than the strength of the case established by the Roberts Review. According to the Select Committee's 2004 Report 'Sir Howard Newby said that he had sympathy with Sir Gareth's assessment routes but he reported "a very strong outcry, from even those institutions which were not strong in research, that they had, if you like, almost an entitlement to be entered for the full RAE, and this was really to do with status rather than money" (Science and Technology Committee, 2003–04: p. 9). This was not a line of argument that went down very well with the Committee: 'The move away from the "one size fits all" approach advocated by Sir Gareth Roberts is an important principle which should have been adopted. We consider the Funding Bodies to be unjustifiably conservative in their proposals. We do not see it as HEFCE's role to protect the sensitivities of universities' (Select Committee on Science and Technology Committee, 2003–04: p. 10). Although the Committee was prepared to accept that RAE 2008 had to proceed according to the guidelines established by the funding bodies in the light of the Roberts Review, it wanted a radically revised model in place by 2014.

Whilst the Select Committee may exercise influence in the sense that it has an input into the debate that it is difficult to ignore, it lacks the authority to impose its ideas. It was clear that if there were to be radical change it had to come from the government, even if the process was initiated elsewhere. What does seem very evident is that the funding councils, in spite of the feelings of some of their officials, are unwilling to disturb unduly the existing model. Although they have the responsibility for implementing the selective distribution of research income, they prefer to do so through a model that attempts to reconcile different academic interests rather than risk alienating some of them – consensus building is still important. However, no one seems to have anticipated the intervention of the Treasury and its strong support for assessment through a model based on metrics. Consequently, the funding councils have been forced to re-open the issue, although it seems as if RAE 2008 will proceed as planned perhaps to be reinforced by the greater use of metrics with a full-blown metrics model to follow.

In the meantime, the Roberts Review has helped to instigate a somewhat tidier RAE model with only one change of note – the move towards a continuous grading scale derived from individual ratings than a more sharply defined hierarchy derived from fitting (shoehorning) departments into a predetermined scale. But even so, a relationship has to be established between departmental profiles and research income if there is to be a selective allocation of resources; the difference is one of degree rather than of kind. Nonetheless, the change is very much in line with one of the basic guiding principles of the assessment process – to distribute research income selectively whilst attempting to mitigate its divisiveness. The assumption, which has yet to be proven, is that most departments will incorporate a range of research expertise. Departmental ratings emphasise the differences between the strong and the weak, whereas departmental profiles should show overlaps between departments and internal graduations rather than a clearly defined hierarchy.

Besides this one substantial difference (and there were equally important changes between RAE 1986 and RAE 1989), it is not unreasonable to wonder whether the overall package of changes would have been that much different if RAE 2001 had been followed by the more modest review procedures already in place. It is difficult to make a strong case for the claim that the Roberts Review gave the change process additional impetus. As implied, little else could be expected in view of the fact that the Review itself genuflected so strongly to academic opinion, and that subsequently the funding councils conducted a consultation process that appeared to allow powerful interests in the academic community to veto proposals they did not favour.

One can support the line of the Select Committee on Science and Technology that too much deference was shown to academic sensibilities, and argue that the goal should be to implement best practice rather than feel the need to construct a consensus built on academic opinion. But to suggest that resistance to change was essentially driven by institutional pride (the status of inclusion) is to make the point too crudely. The key purpose of the RAE is to distribute research funding selectively and whilst all sorts of concessions may be made in the accompanying discourse (the selective model should not be too severe, collaborative and interdisciplinary work must be encouraged, universities should sustain – albeit selectively! – research which shows great promise, and there is indeed synergy between teaching and research) Roberts' multi-track model signified support for a diverse system of higher education in which some institutions were perceived as better equipped to fulfil a research role than others. And, for better or worse, it is the research function that has the highest status in the contemporary academic world.

The Roberts Review was asking universities to recognise themselves as second, or even third, best institutions. The evidence may suggest that this would merely be an acceptance of reality but why should institutions adopt self-exclusion to legitimise a selective process that works against their interests? The struggle is not so much about institutional pride but rather what should be the defining characteristics of a mass system of higher education. The Roberts Review was asking the funding councils to break with their established strategy for implementing policy goals. No doubt the funding councils would have been prepared to embrace the three-tiered assessment model if there had been overwhelming institutional support for a policy of self-exclusion (or overwhelming political intervention to secure it), but there was little to be gained, and much to lose, if they forced it upon the universities on their own initiative.

LESSONS IN GOVERNANCE

The criticisms levelled by the Select Committee on Science and Technology are reminiscent of a particular stream of rebuke that was directed increasingly at the UGC in the 1980s: that HEFCE is insufficiently dirigiste in its dealings with the universities. However, what the operation of the RAEs has demonstrated is that those who imagine there is a clear line of policy control from its formation to its

successful implementation need to think again. The policy-making process in higher education simply does not work like this. Moreover, it is not amiss to point out that parliamentary committees also tend to be very deferential towards academic interests, especially if it serves their opposition to government policy.

The central policy objective of the RAE was to achieve the selective distribution of core public funding for research. This was a politically agreed objective with important ramifications for our understanding of the idea of the university, the accountability of higher education for its expenditure of public resources, and the institutional management of research. But selective distribution, like widening the social base of undergraduate access, is open to a number of different interpretations. In other words the funding councils could interpret the meaning of the policy goal as well as the means for achieving it. There was always the possibility that sooner or later the state would reject the funding councils' interpretation of selectivity and seek to impose its own definition as illustrated by the 2003 White Paper's introduction of the 6* rating category. Government intervened to modify the evaluative process (to make it more selective), which parallels its creation of the Office for Fair Access (OFFA) as part of the package designed to enhance the drive for widening participation. In both cases territory supposedly belonging to the funding council was invaded.

Besides the potential conflict in the interpretation of policy goals, the RAE process also illustrates the inevitable tension between standard setting, monitoring and evaluation on the one hand and resource allocation on the other. Perhaps this could have been avoided if there had been effective lobbying prior to RAE 2001 to secure Treasury agreement to underwrite an almost inevitable enhancement of ratings. However, this would have meant assuming grade inflation before it actually occurred and, furthermore, any predicted higher expenditure could only be an estimate. The obvious way around the difficulty was to operate with an assessment model that not only outlined the income ratio of the grading scale but also defined the agreed proportionate distribution of grades. But the latter constraint would have placed restrictions upon the panels to which their members would have undoubtedly objected, as well as mitigated against one of the publicly stated purposes of the whole venture – to improve the quality of research in British higher education. If research quality was improving it made no sense to operate with a grading model that would fail to reflect that improvement.

To many critics of the RAE the major problems seem to stem from the powerful role that the academic community, especially its prestigious stratum, occupies in the assessment process. This is – as clearly seen in the work of the Select Committee on Science and Technology – allegedly compounded by the purported weakness of the funding councils in the face of pressure from that academic community. Alternative criteria of assessment (metrics/performance indicators) are a possible means of lessening dependence upon informed academic judgement in the shape of expert peer review. But, although it is recognised that some RAE panels may wish to use such measures, in RAE 2008 the funding councils will continue to operate an evaluative model that has peer review at its core. There may be nothing intrinsic to

the new public management mode of governance that suggests institutional interests should be embedded in the policy implementation process, but given the history of British higher education it is difficult to imagine an alternative mode of operation for it has always been governance through incorporation rather than exclusion.

The operation of successive RAEs clearly demonstrates the uneasy relationship between government, funding councils and institutions within the system of higher education governance. Although formally they may have clearly delineated responsibilities, in practice they are interdependent institutional interests that cannot help but intrude upon each other's responsibilities. In part this is because the funding council model of governance emerged out of an historical context that was impregnated with the idea of institutional co-operation. It was seen as the normal way of doing business, as a means to good governance that was worth more than all the inertia allegedly generated by the dependence upon internal vested interests.

It is possible therefore that the RAE will continue by default, because it is an intrinsic part of the funding council model of governance to which at present there are no viable alternatives. As the examination of the RAE has demonstrated the relationship between government, funding councils and the universities is tense and at times unstable. But it also gives the various parties much of what they want. Governments can direct in general terms the policy goals of higher education as well as intervene in specific cases when they feel the need is pressing. At the same time governments can maintain the myth of institutional autonomy and use the funding councils as at least a partial shield against political attacks. Although the academic community at large may not have approved of recent major policy innovations, including the RAE itself, it would be impossible to sustain the claim that it has been excluded from the policy-making process. The issues are more about what particular academic interests are included and at what points they can exercise their influence.

Within this institutional triangulation it is the funding councils that appear to occupy the most precarious position. The operation of the RAEs has clearly demonstrated their commitment to the politically imposed principle of the selective allocation of resources. And yet they have shown a subtle interpretation of the selective principle (obviously to the Government's chagrin if the 2003 White Paper is any guide), which has enabled them to sustain the idea that the assessment process is inclusive as well as selective; a point that the unsubtle Select Committee on Science and Technology simply failed to grasp. It is this more than anything else that explains the willingness of the funding councils to bow to the pressure of the post-Roberts' consultation process rather than embrace unequivocally the Report's findings. The problem for the funding councils is how to establish a measure of academic consensus whilst giving a policy lead. How is the balance to be drawn between consensus building and providing clear policy direction? Undoubtedly political, especially government, support is what the funding councils require if they are to implement radical initiatives (such as creating Robert's three-tiered model of research assessment). But then they run the risk of being too closely identified with government policy and of alienating segments of the academic community. But

such tension is inevitable given the structure of the governance model and perhaps preferable to being overwhelmed by events as, to its cost, the UGC discovered.

An alternative to the view that the RAE is a 'mess' is to perceive it as an inevitable product of how the system of higher education in Britain is governed and, like the model of governance itself, at least a partial success. RAE 2008 will see the sixth assessment exercise and by then the process will have been in existence for some twenty years. Much of the academic opposition has been driven by a combination of technical criticism and the conviction that the selective allocation of research resources is per se misguided. However, given the resource allocations that follow on from the RAEs, the likelihood of creating a non-contentious mode of assessment was virtually impossible. At best the RAE was going to be accepted, never loved but, interestingly, as the threat of a metrics-based system emerges so a flurry of academic activity springs to its defence (Mills, 14th April 2006: 12; Wolf, 26th May 2006: p. 15).

The current drive towards replacing the RAE with a metrics-based system is not too surprising given the fact that several panels already employ metrics to guide their judgements and there was support in both academic (vice-chancellors are divided on the merits of the RAE) and political (note the recommendations of the Select Committee on Science and Technology) circles. But what is surprising is that the move should come as preparations for RAE 2008 are so well-advanced, that it should have been announced by the Chancellor of the Exchequer in a paper accompanying the 2006 Budget, and that it came from the Treasury (with support from the DTI) and clearly took both the funding councils and the education departments by surprise. This is a perfect illustration of the fragmentation of state responsibility for higher education policy. There is an internal political and bureaucratic struggle within government that places different parts of the state, if not in opposition to one another, then clearly not all singing from the same hymn sheet, at least not all at the same time!

But what is equally obvious is the realisation that whatever new model eventually emerges there needs to be an extended period of consultation before it is put into operation. Although the Treasury may be driving this particular aspect of higher education policy, the other institutional parties have to come on board. The Treasury's decision to support an assessment process based on metrics was announced in the budget paper, *Science and Innovation Investment Framework 2004–2014: Next Steps* (HM Treasury, March 2006: pp. 29–34), with the desire for a simpler evaluative model with lower administrative costs as the major argument in favour of change. Since then, however, it has been re-affirmed that RAE 2008 will go ahead as planned, although it will be accompanied by a shadow metrics exercise. The Department for Education and Skills has set up a Working Group (jointly chaired by David Eastwood, Chief Executive-designate of HEFCE and Alan Wilson, Director-General for Higher Education in the DfES), which will consult on the Government's proposals and report in October 2006. At the same time the Arts and Humanities Research Council (AHRC) and HEFCE have set up a group to consider the extent to which it would be possible to evaluate research in the arts

and humanities with a metrics-based approach. Whereas in medicine, technology and the sciences research income is likely to form the basis of assessment, the social sciences, humanities and arts will probably need to incorporate a wider range of measures. Finally, HEFCE has produced five different metrics models (even if the only quantitative measure is research income there are varying sources of research income which can be given different weights or even excluded from the calculations) and these have been seized upon to highlight the potential ‘winners and losers’ depending upon what model is employed (Times Higher Education Supplement, 16th June 2006: pp. 7–9).

In a short space of time there has been considerable movement. It is almost as if there is an attempt to rein in the Treasury’s enthusiastic push for change, and it is even possible that the Treasury itself is ruining its initiative. A metrics-based system may suggest simplicity and clarity but this is to reckon without the politics of higher education. To some the RAE may be ‘a mess’ but at least it is the mess we know! Apparently the Government is determined that a new system of research assessment will be put in place after RAE 2008. If it is driven essentially by metrics then this will represent a significant shift away from the previous guiding principle of peer review. However, given that scarce resources are to be distributed, it would be naïve to imagine that the outcomes will be any less contentious.

NOTE

¹ The first Research Assessment Exercise was conducted prior to the devolution of responsibility for higher education policy. Since devolution responsibility for the RAE falls under the auspices of the Joint Funding Councils (JFC), and thus the process for assessing research quality is uniform throughout the United Kingdom. However, the national councils can and do vary the distribution of their resources by the grades awarded.

THE POLITICS OF ACCESS: HIGHER EDUCATION
AND SOCIAL ENGINEERING

SETTING THE CONTEXT

Historically higher education policy issues in Britain have tended to be hidden from the public gaze. The one exception to this relative anonymity has been the question of undergraduate admissions – who gained access or, more significantly, who failed to do so. The selection of students makes the universities more visible to the wider society than other issues, and thus more exposed to public scrutiny. As after 1945 the demand for university places expanded so the pressures upon undergraduate recruitment at elite universities (especially Oxbridge) intensified, and increasingly – almost as an annual ritual – the media asked why some apparently well-qualified candidates were rejected while others, apparently no better (or even less) well-qualified, were accepted. And in recent years the fee-paying sector of schooling has come to question whether the leading universities are discriminating against their pupils in an attempt to mollify a political pressure that favours a shift towards the recruitment of more state-educated students from working-class families. Is there positive discrimination in all but name?

As important as the socio-cultural pressures upon university admissions may be, almost as if attending a university is part of the middle-class life style – a rite de passage from school to work, undoubtedly the access debate has been sharpened in recent years by government policy. The current Government aims both to expand undergraduate numbers (so that by 2010 at least 50% of under 30-year olds will have experienced some form of higher education) and to diversify the social character of the undergraduate intake to incorporate more students from families that have not participated in higher education. With certain reservations, both these policy initiatives have had broad support both across the political spectrum and within the higher education community.

Moreover, these developments are taking place within a context that cannot help but heighten the public interest. There is the devolution of responsibility for higher education along national lines with separate funding councils for England, Scotland and Wales.¹ However, in spite of the formal separation of governance these remain interactive systems if only by virtue of the fact that significant numbers of prospective students continue to flow across the national boundaries. But it was the decision to permit English HEIs to charge variable fees of up to £3,000 per annum (to be repaid through income-contingent loans) that has generated most conflict. Scotland (now joined by Wales) has refused to go down this route, and until recently the major political parties have staked out different policy positions.

Furthermore, part of the Government's social diversification strategy is to impose a new regulatory framework upon those HEIs that want to charge variable fees. Inevitably this raises the spectre of greater state intrusion in the affairs of institutions that are supposedly autonomous. In spite of official denial, to some it appears as if the tentacles of the state are becoming more extensive over time: from controlling entry into certain degree programmes, limiting the overall size of the student body, determining fee levels for home-based undergraduates (and establishing price controls even when the age of variable fees materialises), and creating a plethora of incentives, targets and controls to enhance social diversification and improve retention rates. This is not to criticise government policy but rather to make the rueful observation that, even if there is broad agreement on the need for expansion and social diversification, there is no guarantee that the route to the Promised Land will command equal consensus.

Within this context there are three main aims to this chapter. Firstly, it will explore the evolution of the state's strategy for influencing the pattern of undergraduate admissions, more particularly how it has promoted the causes of expansion and social diversification. Secondly, in analysing the evolution of state power, it will dissect the discourse that has accompanied the development of access policy. Why have governments been persuaded of the need to secure certain policy goals? Thirdly, what are the implications of the current widening participation agenda for the funding council model of governance and institutional autonomy? Can the current model survive in view of the specificity of policy goals and the intensity with which they are embraced? Thus the widening participation agenda becomes a prism through which to explore the changing role of the state in shaping higher education policy and influencing institutional behaviour.

ACCESS AND THE CHANGING MODES OF STATE INTERVENTION

The following section has been divided into three historical periods each of which defines a different phase in the evolution of the state-higher education axis in relation to undergraduate admissions. However, it is important to remember that there are few sharp dividing lines in the development of British higher education policy. The trend has been to add new dimensions to the regulation of admissions – a process of policy accretion – rather than to create new access models. Similarly, the discourse in which the policy process is embedded has deep historical roots. Over time priorities are re-ordered and new themes developed whilst others, although fading, never seem to die

The Deferential State, 1919–1988: Exhortation and Pragmatic Help

The manifestations of early state intervention were humble: the creation of state scholarships for the academically able, the offer of grants to assist the training of professionals who would be employed mainly by the state (for example, teachers), and some support for those who had been members of the armed services. These national steps to provide assistance were increasingly reinforced by the local

education authorities demonstrating their progressive leanings by offering various forms of financial aid to those awarded a place in higher education. The outcome was a patch quilt of uneven support creating the impression – certainly in terms of the national measures – of ad hoc responses to very specific interests and pressures. They do not suggest an unfolding picture of principled state support for expanding access to higher education in the name of social justice.

One of the major, if barely recognised, landmarks in the history of British higher education was the Anderson Report (Ministry of Education/Scottish Education Department, 1960). The local and piecemeal national initiatives were at a stroke replaced by the rationalising impulse of the central state. The consequence was that, with minor exceptions, the state committed itself to paying the fees of home-based undergraduates and supporting them with means-tested grants. The almost automatic acceptance of the recommendations of the Anderson Report suggests a quantum leap in government thinking about its responsibilities for higher education, that it should henceforth underwrite the costs of undergraduate teaching. However, the leap has to be set in its historical context. The system of higher education was relatively small and even the expansion associated with the Robbins Report would not unduly jeopardise the elite model. Moreover, the Anderson Committee had made its financial estimates and the projected expenditure was evidently acceptable to the Conservative Government of the day. But, nonetheless, a principle had been established and it would prove difficult to breach it until after the elite university model had become a system of mass higher education.

Significantly, to use the words of Fulton,

‘... Britain does not have, and never has had, a basic individual *right* to higher education based on a school-leaving certificate ... the Robbins principle clearly states that for leavers with A-levels there should be an *expectation* of higher education of some kind, but not necessarily the specific course of an applicant’s choice ... Decisions on which students to admit to courses are made by *academic staff*’ (Fulton, 1998: p. 18).

And in the all the debates on the alleged encroachment of the state upon academic autonomy the government is keen to stress that this principle continues to be upheld. However, the market position of individual institutions influences dramatically its meaningfulness. When demand exceeds supply then it may continue to have considerable significance (especially in those small Oxbridge colleges which see control of membership as one of their defining characteristics) but essentially irrelevant when supply exceeds demand and places are filled bureaucratically, with minimal academic involvement and frequently at the clearing stage.²

The strong traditional belief that higher education is an elite product has been as important as the tenets of institutional autonomy and academic control of individual applications. But an elite system is not simply a statement about size but also encompasses the idea that not everyone possesses the qualities to make appropriate use of what is on offer. Thus there has to be selection if academic standards are to be maintained, and as demand increases so selection becomes more rigorous. This is a system formally based on recruitment according to meritocratic criteria, no longer granting automatic entry to gilded youth but yet to be troubled by continental

ideas of open access. For example, the Robbins Report, which is widely credited with ushering in a period of university expansion, famously promoted the idea of ‘the pool of ability’ and, whilst universities had a long way to go before they had drained the pool; access to higher education should be dependent upon the capacity of prospective students to meet the prerequisite standards established by the universities (Committee on Higher Education, 1965: pp. 49–66).

Within this context it was unsurprising that the call for expansion (which has proceeded at an uneven pace) was invariably surrounded by a number of qualifications. For example, in its report for 1952–57 period the UGC laid down three markers: expansion should not occur in those disciplines whose graduates found difficulty in finding satisfactory employment, additional student numbers should be underwritten by the requisite accommodation and equipment, and expansion should not lead to a decline in academic standards (UGC, 1958: pp. 19–20). Not surprisingly the Committee of Vice-Chancellors and Principals (now Universities UK) has not been slow to echo such sentiments. Not so very long ago the Committee, in responding to the Dearing Inquiry’s request for evidence, argued that expansion should only occur ‘at a manageable rate’ and if it was underwritten ‘with adequate resources’ (CVCP, 1996: p. 27).

While it was assumed, at least within higher education circles, that HEIs selected those students whom they felt were best able to meet the demands of their degree programmes, over time the social biases in recruitment patterns were steadily exposed and the pressure for greater social diversity in the student intake intensified. Although direct state intervention was conspicuous by its absence, the origins of the contemporary political pressure can be traced back to the early post-war years. Increasingly Oxford and Cambridge were coming under pressure to justify certain of their practices: closed scholarships and college examinations that appeared to favour pupils from fee-paying schools (Tapper and Salter, 1992: pp. 193–197). There was more intense internal reflection about their admissions procedures, and a realisation that reform was needed if only to ward off political intervention (Tapper and Palfreyman, 2000: pp. 80–83).

Moreover, the acceptance of the Anderson recommendations, widely welcomed at the time in university circles, made the institutions ever more beholden to the financial largesse of the state. Pre-1939 the autonomy of the universities was supposedly based upon their private sources of income of which student fees would have been a significant part. Certainly, given the implications for public expenditure, it is impossible to deny the Exchequer’s right to control the overall size of the student population. Furthermore, while the state may not decide on individual applications, it moved to shape the process by which admittance is determined. For example, although an initiative by the CVCP was formally responsible for the creation in the early 1960s of UCCA (Universities Central Council for Admissions), it is evident that the Committee was under political pressure to act with the threat that change would be imposed unless the necessary steps were taken. The state, therefore, had engineered the creation of a centralised national body for the administration of admissions, which was perfectly placed to monitor the pattern of applications.

UCCA's creation may have made bureaucratic sense but the distinction between procedural and policy control is rarely clear-cut. Although many in the universities sustained an optimistic naivety, nonetheless the chickens were coming home to roost – albeit flying very slowly. Moreover, an important sequence of change, which was to be repeated a number of times, was established – the state would apply pressures and the universities would respond positively in order to ward off direct political intervention, so sustaining the myth of institutional autonomy.

The Regulatory State, 1988–2004: Performance Indicators, Incentives and Monitoring

Two important developments mark the transition from the deferential to the regulatory state. Firstly, there was the replacement of the UGC by the funding councils and the emergence of the new public management mode of governance (Rhodes 1997; Bleiklie 1998; Marsh 1998), which has been analysed in detail in an earlier chapter. Secondly, although the current Government may desire further expansion, already by the early 1990s Britain was moving at an uneven pace into the age of mass higher education: rapid expansion in the early 1990s, so-called consolidation in the mid-1990s – an attempt to control higher education expenditure through the Maximum Aggregate Student Numbers target (Taggart 2004: p. 89), and now the magic goal of a 50% participation rate by 2010. Inevitably, the question of funding was not far behind with the realisation in many quarters that it would be politically impossible to fund a mass system on the same basis as an elite system.

It is within this context that the twin government goals of targeted expansion and social diversification have emerged. Both expansion and social diversification were in fact well-established goals and there was an expectation that higher education would move steadily in the desired direction. What is different in this phase is the decision, in fact publicly announced in 1999 by the Prime Minister at the Labour Party conference, to set a precise participation target and the willingness of the Government to pursue policy initiatives (for example, the introduction of the two-year Foundation degree), as well as to employ targeted public funding, to pursue both goals. Such intervention implies that these are policies considered to be too politically important to be left to the goodwill of the higher education institutions to achieve. Thus the state moves from exhortation coupled with pragmatic assistance to policy intervention, bureaucratic leverage and targeted funding.

The political call for greater social equity in access has undoubtedly been reinforced by the apparent failure of higher education institutions to change significantly the class composition of the undergraduate population (although the increase in the representation of women has been dramatic). The *proportional representation* of working-class students (or students from families that fail to participate in higher education or, more interestingly, perhaps exclude themselves) is proving hard to change (Tapper and Palfreyman 2005, pp. 80–89). This is the great cause to which the present Government is wedded. Moreover, given the traditional commitment of the Labour Party to social equity issues it is a natural cause for a New Labour government to embrace, although ironically – as the debate on the Second Reading

of the 2004 Higher Education Act only too vividly illustrates – higher education issues (in this case the Government’s intention to allow variable fees) can also generate intense intra-party conflict.

There has been an interesting parallel shift of emphasis in the access discourse to match the new policy commitments. Whilst arguing for an expanding system of higher education that would tap more deeply into ‘the pool of ability’, the Robbins Report saw the need for ‘a greatly increased stock of highly educated people’ as a critical necessity ‘if this country is to hold its own in the modern world’ (Committee on Higher Education 1965: p. 48). The more recent Dearing Report, introducing the spectre of the global economy, saw expenditure on higher education as investment in people that would equip the nation ‘to compete at the leading edge of economic activity’. In grandiose terms we were urged into action: ‘In the future, competitive advantage for advanced economies will lie in the quality, effectiveness and relevance of their provision for education and training, and the extent of their shared commitment to learning for life’ (National Committee of Inquiry into Higher Education, 1997: p. 13).

Probably the strongest political embracing of the link between higher education and economic prosperity is to be found in the grant letters that the Secretary of State issues annually to the Higher Education Funding Council for England. This is a constant theme but especially pronounced in the memoranda issued in 1999 and 2000 by the then Secretary of State, David Blunkett. In the 1999 statement we find references to ‘developments in higher education’ as the key to ‘developments in the economy’ with economic growth as dependent upon ‘the generation and exploitation of knowledge’ (DfEE, 23rd November 1999: p. 1). Whereas in the 2000 statement we are confidently informed that:

In today’s knowledge economy, higher education is one of the main drivers of national prosperity. This will be increasingly true as the 21st century unfolds. Higher education generates the research, knowledge and skills that underpin innovation and change in the economy and wider society (DfEE, 29th November 2000: p. 1).

On both occasions these statements are closely followed by calls for HEIs to broaden access by recruiting more students from under-represented group. Indeed, in the 2000 statement the widening of participation is seen as the Government’s *main* higher education priority. But increasingly the argument is couched in terms of the needs of the economy with higher education as an investment that enhances individual job prospects and income, and the cause of social justice is less visible in the discourse.

As one would expect, given the new public management mode of governance, the methods chosen to fulfil the access policy goals are consistent with the emergence of the regulatory state. The key instrument is the construction of performance indicators, which HEFCE’s *Guide to performance indicators in higher education* describes as ‘a range of statistical indicators intended to offer an objective measure of how a higher education institution (HEI) is performing’. Although there are indicators for all publicly funded HEIs in the UK (some 168 as of December 2003),

the Funding Council is keen to stress that ‘They are not ‘league tables’, and do not attempt to compare all HEIs against a “gold standard” or against each other’ (HEFCE, December 2003). But, of course, this is not to say that others, notably the media, will not use them in precisely this fashion.

Currently performance indicators are constructed to cover the following issues:

1. Access to higher education
2. Non-completion rates for students
3. Outcomes and efficiencies for learning and teaching in universities and colleges
4. Employment of graduates
5. Research output

The access indicators for young full-time students are as follows: the percentage who attended a school/college in the state sector; the percentage whose parental occupations can be classified as skilled manual, semi-skilled or unskilled; and the percentage who come from a neighbourhood which is known to have a low proportion of 18 and 19 year-olds in higher education (referred to as the postcode measure) (HEFCE, December 2003). In his January 2003 grant letter to HEFCE, the then Secretary of State, Charles Clarke, expressed his wish that access indicators should be modified by 2007 at the latest to incorporate parental income and education along with ‘attendance at poorly performing schools’. Apparently these measures will reflect more closely the groups that the Government wants to target (DfES, January 2003: p. 6).

For the purposes of more accurate comparative analysis the concept of ‘the benchmark’ has been constructed. The benchmark is ‘a sector average for each institution, which takes into account some of the factors which contribute to differences between them’. The factors are: subject of study; qualifications on entry; age on entry (young or mature) and for some of the access indicators ‘we have also allowed for which region of the country the student comes from, and produced what we have called location-adjusted benchmarks’ (HEFCE, December 2003). It is possible, therefore, to see how an institution is performing in relation to its benchmark, and also comparisons can be made between institutions with similar benchmarks or, alternatively, how close institutions with different benchmarks come to achieving their targets. Whilst institutions may argue that the scores need to be read with a certain amount of scepticism, it is unwise to be completely blasé given that such information is in the public domain (with the inevitable pressure to explain seemingly unflattering scores), and that the process is viewed so seriously in official circles. But the sheer extent and detail of the regulatory framework scarcely enhances a feeling of mutual trust.

Within the context of such pressure, it is not surprising to find individual institutions developing their own ‘widening participation’ strategies. Furthermore, SCOP and the CVCP sponsored a project, under the auspices of Maureen Woodhall’s European Network Agency, ‘to collect examples of good practice across the sector and evaluate their effectiveness in increasing access to higher education by disadvantaged young people’ (CVCP/SCOP, 1998: Preface). The project sponsors saw its study ‘as a basis for further action at national and local level’ with the CVCP

deciding to establish a group that would be responsible 'for preparing a new access strategy for the sector'. And we find the expected call to arms: 'We believe that concerted action by the sector – in partnership with other agencies – is essential for the achievement of a socially inclusive higher education'. Past equivocation is forgotten as access initiatives are warmly embraced and everyone appears to be singing from the same hymn sheet. Perhaps, if the intention is to forestall further government intrusion, it is no longer advisable to raise troublesome issues.

The performance indicator strategy has been accompanied by the releasing of funds to encourage institutions to mount their own schemes, as well as the launching of national programmes and the provision of information all designed to achieve the same widening participation goal. There is also the financial incentive of 'the access premium' for those institutions improving their access benchmark scores. In view of the continuing financial difficulties that many HEIs face, it is very difficult for them to resist the temptation of tapping into ring-fenced pockets of potential income. Of course whether this represents new resources, as opposed to a redistribution of the existing financial commitments of the state, is another matter. More importantly, the individual institutions have to judge whether the returns are sufficiently generous to cover the additional costs that they may well entail in broadening their established recruitment base. To become socially more inclusive may not prove very appealing if it is accompanied by a declining retention rate, for which there is also a performance indicator (Aston and Bekhradnia, 2004)!

The regulatory state has therefore greatly intensified the bureaucratic relationship between higher education institutions and the funding councils. An elaborate monitoring process was created that not only placed a great deal more information about higher education in the public domain but also meant that the performance of the system as a whole, as well as of individual institutions, could be reviewed on an a continuous basis. This may not signify a loss of institutional autonomy in as much as there has been a marked reluctance (so far) to impose sanctions upon those institutions that seem to be tardy in moving in 'the right direction'. It is more of question of incentives rather than sanctions. Moreover institutions still retain some latitude in determining how to achieve the desired goals. Nonetheless, the access process is exercised within the context of a monitoring framework that has established politically approved goals. Would the state go further and attempt to restructure the process itself in order to achieve those goals?

The Prescriptive State: 2004 Onwards?

The clearest indication that the regulatory state is still with us is the revision of performance indicators set in train by the former Secretary of State, Charles Clarke, which are to come into effect by 2007. Moreover, the construction of the benchmarks remains of keen interest, especially for those universities under most pressure to widen their social base as well as those with the highest non-retention (dropout) rates. Nonetheless, the overall thrust of a number of developments suggests that we may be about to enter a new phase: the publication of the 2003 White Paper (*The Future of Higher Education*), the passage of the 2004 Higher Education

Act that ushered in variable fees and created the Office for Fair Access, and the projected move towards a Post-Qualifications Access (PQA) process following the recommendations of the Admissions to Higher Education Steering Group (chaired by Steven Schwartz, at the time vice-chancellor of Brunel University). Are we moving from a monitoring of outcomes to a centrally driven restructuring of the process that guides how individual institutions should conduct their admissions?

The White Paper whilst recognising that, ‘The single most important cause of the social class division in higher education participation is differential attainment in schools and colleges’ (DfES, 2003: p. 68), nonetheless made a number of proposals intended to impact upon higher education institutions: an approach to HEFCE to enhance the access premium, pressure upon the universities with ‘unacceptably high drop-out rates’ to address this problem, and the appointment of a Higher Education Access Regulator who would be responsible for negotiating Access Agreements with those HEIs intending to charge ‘top-up’ fees. It was the latter initiative in particular that gave the impression a new phase in the history of the state-higher axis was about to commence and, not surprisingly, has caused the greatest furore. What would be the conditions that universities had to fulfil if they intended to charge variable fees?

Following the publication of the White Paper, the Admissions to Higher Education Steering Group commenced work and reported in September 2004. There is an obvious basic tension underlying the Group’s report: on the one hand it ‘wishes to reaffirm its belief in the autonomy of institutions over admissions policies and decisions’ (the heart of the traditional discourse) and yet the report’s very *raison d’être* is that institutions are in need of guidance in determining their admissions procedures because they may not in fact be following what is deemed to be ‘best practice’. So, although HEIs should control their admissions procedures, ideally that control should be dependent upon an understanding, of course the report’s understanding, of what constitutes ‘best practice’.

At the heart of the Schwartz Report is its definition of a fair admissions system: ‘... one that provides equal opportunity for all individuals, regardless of background, to gain admission to a course suited to their ability and aspirations’ (Admissions to Higher Education Steering Group, 2004: p. 30). And the principles it believes should underpin such a system are:

1. Transparency
2. Selection for merit, potential and diversity
3. The use of assessment methods that are reliable and valid
4. The minimising of barriers that are irrelevant to admissions requirements
5. The system should be thoroughly professional and ‘underpinned by appropriate institutional structures and procedures’ (Admissions to Higher Education Steering Group, 2004: pp. 32–43)

With particular reference to the debate on widening access, the Report’s crucial recommendations are: the desirability that HEIs should recruit ‘a diverse student community’ (claiming that this enriches the learning environment of all students), and the need for what it terms holistic assessment (that is, not to be guided only by

prior academic attainment) especially when evaluating applicants considered to be borderline or who are applying for over-subscribed courses (Admissions to Higher Education Steering Group, 2004: p. 6). The latter guideline is reinforced by evidence (unsurprisingly contested in some quarters) purporting to show that state-school educated students graduate with better degrees than their privately educated peers, the implication being that the private school environment may enhance individual educational attainment (apparently privately-educated students are ‘spoon-fed’) so providing a misleading measure of undergraduate potential (Admissions to Higher Education Steering Group, 2004: pp. 69–70).

The clauses in the 2004 Higher Education Act that sparked a backbench revolt on the Labour Government’s parliamentary benches are those giving HEIs the power to charge variable fees of up to £3,000 per annum. In the course of the passage of the legislation a number of concessions were made to backbenchers to persuade them of the wisdom of voting for the Government: the new regime would not apply to students who postponed their entry into higher education – gap year students, an increase in the incomes of graduates before the requirement to repay income-contingent loans would be triggered, and somewhat larger grants than the Government initially planned for students from low-income families. However, it could be argued that the most important concession was the creation of OFFA itself, and that it has already fulfilled its most crucial function by assisting in the passage of the legislation!

It is the linking of the right to charge variable fees to the Access Agreements that provides most support for the claim that the state is proposing to intrude into matters that were previously seen as falling squarely within the domain of institutional autonomy. However, the statutory instruments that lay down the guidelines OFFA should follow in fact establish few preconditions as to what the agreements should contain, and are clearly directed at increasing applications rather than influencing the admissions process:

To take, or secure the taking of, the measures set out in the plan in order to attract an increased number of *applications* from prospective students who are members of groups which, at the time when the plan is approved, are under-represented in higher education (Statutory Instruments, 2004 No.2473 Education, England, *stress added*).

Moreover, it is reasonable to hypothesise that institutional plans would be likely to incorporate: the principles and modus operandi laid down in the Schwartz Report (written after extensive consultation with the universities, and note the earlier reference to the work of the CVCP and SCOP on defining ‘good practice’); the more precise points contained in the Secretary of State’s formal letter of guidance to OFFA (for example the need for outreach activities – which many HEIs already undertook) and the guidelines contained in the statutory instruments (for example, the provision of bursaries – which many institutions have been swift to advertise). However, the maximum time period a plan may be in force is five years, and in the meantime OFFA will monitor developments to review whether the institution is complying with its commitments. There is the possible imposition of a financial

penalty 'up to a maximum of £500,000' for those HEIs deemed to be falling by the wayside, which gives the whole process a sharper edge.

However, there have been conciliatory noises from ministers aimed at reassuring the universities. The reference to applications as opposed to admissions was a critical clarification, and the then Secretary of State issued a soothing formal letter of guidance to OFFA (DfES, October 2004). Moreover, the appointment of Martin Harris, a former vice-chancellor, as OFFA's first Director added further balm. Furthermore, a failure to fulfil a plan does not automatically mean the imposition of penalties given that there may be perfectly reasonable explanations of failure. Nonetheless, in spite of all the reassuring noises, there remains *the potential* for this 'advisory promotional body' to develop along very prescriptive lines. It is a political (and not a funding council) creation, and purposely has been given a separate identity from HEFCE. There is the ongoing expectation that the social composition of undergraduate admissions will move in the direction that the Government desires. The ultimate test, therefore, of OFFA's effectiveness is whether the politically correct statistical trend in fact emerges. Whilst there may be perfectly reasonable explanations for institutional failure one presumes that OFFA will want to know what is being done to rectify the situation. It is difficult to imagine any other outcome than a guarded promise that the proposed changes (the university's action-plan!) can be expected to bring about the desired results. It may take time to achieve the target but it cannot simply be ignored.

Perhaps the most interesting questions will come to the fore when the institutional plans are due for renewal. One wonders what the political reaction will be if the review shows that little appears to have changed – especially if the principles and practices underlying the admissions process have indeed moved in the direction of Schwartz's recommendations! Whilst it is premature to claim that the direction of access policy demonstrates that the prescriptive state has arrived, the evidence suggests that all the necessary preconditions are now in place to bring it to fruition. It is the review stage, suggested in the Schwartz Report and established in the Statutory Instruments that steer OFFA's practices, which could trigger the crossing of the next threshold in the relationship between state and higher education.

The Schwartz Review recommended that the Secretary of State should set up 'a high-level implementation group as soon as possible to achieve post-qualification applications (PQA)' (Admissions to Higher Education Steering Group, 2004: p. 9). The group was established in September 2004 under the leadership of Alan Wilson, the DfES Director General of Higher Education, to investigate how best to establish a UK-wide system of post-qualification applications to higher education. In September 2005 the group presented a consultative document that offered alternative models with a proposed timetable for the full implementation of the scheme. However, the Government has opted for an interim position that will '... allow the relatively small number of students whose A-level results are better than predicted to reapply post-qualification from 2008. Universities will not, however be required to reserve a fixed quota of places for this purpose' (Sanders, 26th May 2006: p. 8). Self-evidently an admissions process based on actual, rather than predicted, grades

seems more rational, especially as the predictions are frequently inaccurate. But a key purpose of the proposed change-over was the expectation that a PQA procedure would encourage additional applications to the elite universities from members of the targeted social groups, some of whom achieve better scores than their predicted grades. Was the admissions process reformed not so much to enhance its rationality but rather to achieve social goals? At one time the central admissions apparatus (now known as UCAS – the Universities and Colleges Admissions Service) was seen as little more than a post-box, a convenient mechanism for facilitating applications from prospective students to the universities, but evidently the formal admissions procedures that UCAS administers are slowly being drawn into a web that aids the fulfilment of policy goals. We are looking less at administrative rationality (Smith, 2nd December 2005: p. 16) and more at the fulfilment of political ends.

In spite of the intensification of the Government's drive for the expansion and social diversification of undergraduate recruitment, the two dominant themes in the traditional discourse – that universities should remain in control of the selection of their own students, and that they should make their choices on the basis of meritocratic criteria (those judged best able to complete their degree programmes successfully) – remain in place. We have not followed the American path of positive discrimination, although the discourse has been penetrated by the idea that HEIs should select on the basis of individual *potential*, and that formal academic qualifications should not be used as the sole, or even the main, guide to ascertaining that potential. Clearly this is an argument directed essentially at the elite universities where the selection of undergraduate students can be very rigorous. It has little relevance for those universities that need to recruit students – often at the clearing stage – to fill available places. The problem for those who wish to engineer change is that the recruiting, as opposed to the selecting, universities occupy such radically different market positions. Thus, while all may accept the principle of a policy, the strategies designed to secure its implementation are likely to evoke very different responses dependent upon those market positions.

The onus, therefore, has been placed upon the HEIs to develop strategies that will make them accessible to this previously excluded talent, to recruit it and to ensure that it succeeds. The regulatory state established performance indicators to monitor the extent to which this was being achieved. With the backing given to the recommendations of the Schwartz Report we now see a significant move towards an official definition of what constitutes an acceptable admissions process. At the same time OFFA has the task of ensuring universities offer a sufficient slice of their 'top-up' fee income to entice the targeted social groups to apply. While the range of possible targets is broad (age, race, gender, schooling and disability), not surprisingly – given this is England – it is social class that is the focus of most attention.

Although government policy has looked to the universities to remedy the situation, the discourse is increasingly sensitive to the idea that the social biases in admissions profiles are in part the consequence of 'self-exclusion' with deeply ingrained socialising experiences (in the family, school and peer groups) implanting

the message that higher education is forbidden territory. Louise Archer and her colleagues have developed this idea by arguing that participation in higher education is a 'risky' pursuit for many would-be students from working-class backgrounds (Archer et al., 2002; 2003) as invariably they have more hurdles to jump and stand to lose more than their middle-class peers. In spite of a concoction of state financial support, the certainty of present financial loss has to be weighed against the possibility of future gains, which in terms of enhanced income many not be very marked given that returns to graduates are unevenly distributed (Wolf, 2002: pp. 206–211).

Probably more significant than the financial calculations are the potential social and cultural costs. There may well be a strong perception that going to university means entering an alien world, something that individuals from their social background simply do not do. The cost in these terms could be very substantial especially should it necessitate leaving the local community and residing on a university campus at some distance from home (although one suspects a measure of anticipatory socialisation on the part of those contemplating such a move). Moreover, there are categories of students with special needs: for example, the social location of many mature students (possibly married with children) generates special considerations when deciding whether to return to education and, if so, what HEI to attend.

Whilst the long-term answer to this dilemma is dependent upon significant social changes beyond the reach of higher education, both the state and various charitable bodies (notably the Sutton Trust) have sponsored projects that are intended to bridge the alleged cultural divide. The result is a patch-quilt of programmes: the linking of universities and sixth form/further education colleges to create special access projects, summer school programmes, research projects targeting groups with special needs, working with employers to establish links between job-centred vocational courses and higher education programmes (part of the centrally funded AimHigher initiative), and indeed the Foundation degree itself. The intention is to create greater social diversity in undergraduate recruitment while at the same time enhancing the chances of achieving the designated 50% participation rate.

In the move towards the prescriptive state it is possible to discern the first hints of political self-doubt about the twin goals of expansion and social diversification (Fazackerley, 21st July 2006: p. 6; Sanders, 28th July 2006: p. 2). The 50% target by 2010 is treated with a degree of apparent scepticism even within government circles (Hill, 18th February 2005: p. 2), and the failure to achieve a more equitable social representation of the undergraduate population occurs within the context of a growing discourse that argues the barriers to wider participation are not going to be breached by the setting of targets and the publication of performance indicators. Whilst it may be relatively easy to lever universities into embracing the prescribed policy line (most were already persuaded), it is proving much more difficult to undermine those barriers that apparently create the culture of self-exclusion. Small-scale projects, invariably centred upon co-operative institutional ventures, may be a step in the right direction but they will not bring about – certainly not in the short-run – the scale of change that is desired politically.

MORE LESSONS IN GOVERNANCE

The 1988 Education Reform Act ushered in a new relationship between the state and the institutions of higher education. The commitment of the Blair Governments to widening and diversifying access to higher education has provided an illuminating case study of that new relationship in action. The expansion of the audit culture was directed essentially at monitoring the outcomes of the admissions process. The creation of targets, and the publishing of institutional performance in relation to those targets, established a monitoring exercise that exerted pressure upon the universities to do better. Subsequently, steps have been taken to influence the nature of the admissions process itself: the definition of good practice, the move towards a Post-Qualifications Access system (including the proposal that students should be restricted to applying to four universities), and – under the auspices of OFFA – the emergence of ‘access agreements’ for those universities that wish to charge variable fees, with the requirement that a percentage of this additional income is spent on student financial support. And, moreover, strong warnings have been issued to the effect that universities failing to recruit effectively for particular degree programmes should not risk offering discounted fees at the clearing stage to make up the required numbers (Harris, 20th January 2006: p. 17). The quasi-state flexes its muscles and demonstrates that we are still a long way from the creation of an access market in higher education.

Interestingly the formal commitment to institutional autonomy, in the sense that universities retain the right to select their own students, remains firmly in place. But it seems little more than a ritualistic re-iteration of a faded value given that institutions have increasingly less control over the structure of the selection process itself, and the attempt to determine the criteria they employ when making their choices has commenced in earnest. However, it can be argued that there is not a great deal that is new in these developments. The creation of UCCA some fifty years ago initiated the most significant change in the administrative structure of undergraduate admissions in the United Kingdom, and that particular initiative was orchestrated by the state. Moreover, the emergence of the ‘good practice’ regime means little more than establishing commonsense principles, and that bodies representing the interests of higher education have led the way on this development. And the creation of OFFA may be little more than a political conjuring trick designed to secure the parliamentary passage of controversial legislation, and in due course will be fully absorbed into HEFCE.

What is different about the contemporary situation is that a number of developments have come together to create the impression that the state-university axis has tilted significantly in one direction. It is the pace and range of change that suggest we have entered a new era. The Schwartz Review called for a ‘review of the admissions system after three years’ with the potentially threatening ‘aim of assessing progress in implementing the recommendations of this report’ (Admissions to Higher Education Steering Group, 2004: p. 57), and OFFA’s ‘access agreements’ have to be renegotiated after five years (with an assessment of the impact of variable fees due in 2009). The prevailing political context of the day will shape

the policy developments that flow from these reviews but if the political commitments of the present Government are sustained (perhaps reinforced should Gordon Brown, the current Chancellor of the Exchequer, become Prime Minister), it is difficult to imagine that there will not be further state pressure upon the admissions process unless there has been substantial progress towards fulfilling the widening participation agenda.³

Besides noting the pace and range of developments it is also important to consider their source. The new public management model of governance suggests a policy-making process in which goals are politically determined but their fulfilment is the responsibility of quasi-government bodies. As David Young, at the time HEFCE's Chairman, remarked, 'The White Paper, *The Future of Higher Education*, has set us all a demanding agenda' (HEFCE, April 2005: Foreword). However, the issue with respect to widening participation is whether the government is not only setting the goals but also determining the means. The creation of the Office of Fair Access was politically inspired and it has an administrative identity that is purposefully distinctive from that of HEFCE. And yet its functions complement those pursued by the Funding Council for many years. Moreover, whilst the Schwartz Review gave considerable impetus to the creation of a PQA admissions system, its actual implementation followed on from the recommendations of a working group headed by Alan Wilson who was the Director-General of the DfES' Higher Education Directorate. In this matter HEFCE's role has been reduced to that of the policy adviser.

The undermining, therefore, of institutional autonomy has to be considered alongside the erosion of the funding council model of governance. Whilst it was always difficult to perceive the funding councils as fulfilling the UGC's role of buffer between the state and universities, the history of the widening participation agenda would suggest that when issues are politically sensitive it is difficult to avoid direct state intervention in the policy implementation process. Or, to make the point more forcefully – there is now less of a distinction between the DfES and HEFCE for they are each extensions of the other.

NOTES

¹ This chapter is devoted to analysing developments in England. Chapter Five gives more attention to Scottish and Welsh policies as well the values that underpin them.

² The clearing stage occurs after students have been informed of their examination grades (mainly 'A' levels studied in the final two years of secondary schooling). Up to that point in time most offers made by universities are provisional and dependent upon examination grades for confirmation. In the clearing stage universities attempt to fill vacant places while students who failed to obtain the required grades look for an alternative place, although some with better than anticipated grades may seek 'to move upmarket'. If, as is currently under discussion, the admissions process commences only after 'A' level grades have been confirmed then the clearing stage will come to an end.

³ The attack upon the University of Oxford by Gordon Brown for refusing to offer Ms Laura Spence a place to read medicine should not be forgotten.

PART FOUR
INSTITUTIONAL AUTONOMY IN THE AGE OF MASS HIGHER
EDUCATION

WHO HAS THE POWER?

WHO HAS THE POWER NOW?

Using the governance of higher education as a case study this book has examined the shifting relationship between the state and society in contemporary Britain. Higher education represents an interesting case study because it resides on the very boundary of state and society: universities are supposedly autonomous institutions engaged in teaching and research on terms determined by their academic members but heavily dependent upon the public purse. Furthermore, there is the acceptance of an obligation to fulfil national needs and a recognition of the fact that both the understanding of those needs and the means by which they should be fulfilled will be shaped politically.

The institutional symbolisation of the growing dominance of the state was the replacement under the terms of the 1988 Education Reform Act of the UGC and NAB with the funding councils. Increasingly the UGC may have fulfilled the function of a planning body but it belonged (or at least was perceived as belonging) more to the world of higher education than to the political or bureaucratic structures of the state. Although there has been a higher education story to tell, it is essentially an episode in the unfolding of a wider narrative. In the 1970s the post-war political consensus that had underwritten the governance of Britain broke down in the face of an economic and political crisis of major proportions. The British economy appeared to be in danger of descending into absolute as well as relative decline and the political system seemed incapable of resolving the danger. The path to recovery is a wider story but integral to it is the recognition that there needed to be a restructuring of the funding, delivery and purposes of public policy, of which higher education was but a part.

Within this context education, and more particularly higher education, had an interesting part to play. From the 1980s onwards it is the wider significance of higher education for the knowledge-based economy that comes to the fore. Thus higher education becomes a resource that will enable Britain to compete in a global economy. There is not only the need for technically trained personnel but also a workforce with the appropriate transferable skills. Moreover, as centres of cutting-edge research universities – with the appropriate incentives – could feed into the process of knowledge-transference so that blue skies academic research becomes an applied economic resource. Some have argued that this is more wishful thinking than concrete reality but, regardless, it has become a central component of the contemporary higher education discourse in Britain.

Drawing upon the work of Christopher Hood this book has argued that the process of change in higher education policy is dependent upon the interaction of a number of key forces:

Economic and political crisis

The generation of new ideas (or dormant ideas find a new lease of life)

The realignment of interests within the policy sectors

The formation of new policies with different policy goals

These are broad descriptive themes that enable complex historical events to be fitted into a convenient organisational framework. But at the centre of this book, as it was in 1994 at the centre of *The State and Higher Education*, is the argument that the process of change has been driven forward by the state. *The State and Higher Education* emphasised the critical role of the state's central educational apparatus, the then Department of Education and Science, with its ability to orchestrate the new ideological themes, to respond effectively to the changing political context, to liaise more closely with the UGC, and its dissemination (in conjunction with government) of policy proposals.

In *The Governance of British Higher Education: The Struggle for Policy Control* there is an equally strong emphasis upon the state's efforts to restructure the governance of British higher education in a manner that redraws where higher education lies on the boundary between state and society. But what is now different is the need to incorporate in the equation the hollowing out of the central British state with the governance of higher education in England, Scotland and Wales following separate paths. This is coupled with the increasing fragmentation in England of state responsibility for higher education policy to the point that it is reasonable to query whether the Department for Education and Skills in fact remains the dominant force in shaping the development of English higher education.

But what has become evident is the overwhelming political support for the idea that higher education is essentially an economic resource. Rather than higher education policy being driven forward by one particular department of the state, the evidence points to a synergy of political and bureaucratic forces within particular apparatuses pushing for policy change, and also at times in conflict with other another. Because the boundary between state and society has been redrawn, it does not follow that politics has disappeared and henceforth policy outcomes will be more integrated. Ironically, because of departmental rivalries, enhanced state control may well result in greater rather than less policy confusion.

The Governance of British Higher Education: The Struggle for Policy Control besides stressing the importance of the interaction of the political and bureaucratic dimensions of state power in forcing the pace of policy change in higher education has also recognised the complexity of the concepts both of power and of policy-making. Interestingly, although from 1945 onwards British higher education institutions were overwhelming dependent upon the public purse (the state possessed dominant economic power), their development was at best guided (with a light touch) by the state. If any institution could be said to control the development of

British higher education it was the UGC and even then, at least until the 1980s, it steered rather than rowed. The point is simple – economic power did not automatically translate into policy control. In the present context, however, there is a line of thinking (in both political and academic circles) that if universities want to regain their autonomy then they need to be more dependent upon private (especially endowment income) than public resources.

Something else needed to change besides the fact that allegedly higher education had been transformed into a so-called nationalised industry, funded out of the public purse. And that change was essentially ideological in nature. The idea of higher education as an economic resource gave the state the incentive to use its financial control to lever changes in the development of higher education that were perceived as critical to fulfilling the needs of the wider society. It was this change, rooted in the then Department of Education and Science, that proved the decisive step in challenging the liberal idea of the university and institutional autonomy. Once both the political and bureaucratic arms of the state were singing from the same hymn sheet then, seemingly, policy change could fall into place because the government of the day was in a position to use its equally dominant political power (that is control of the legislative process) to force through the necessary reforms. To express developments in somewhat different terms, there was government control of the decision-making process (both promoting and squeezing out policy options) as well as the steady undermining of the liberal idea of the university through the promotion of a counter ideology, that is higher education as an economic resource (Lukes, 1974).

Although the state possessed the power to restructure the governance of British higher education, did it also possess the will? The passage of the 1988 Education Reform Act and the replacement of the UGC and NAB with the funding councils would suggest that it did. However, appearances are deceptive. If there had been a desire to bring the universities more firmly into the state's orbit then the logical conclusion seemed to make them the direct responsibility of the central educational apparatus. At least in theory, however, the funding council model of governance has preserved the notion of an institutional buffer between the government and the universities. Why was this course of action selected? And, how effective are the funding councils at performing the buffer role?

It would have been politically difficult for the third Thatcher Government to incorporate the universities within the state apparatus in a manner parallel to the incorporation of state schools. Indeed, intrinsic to the political struggle (regardless of official policy goals) was the idea that universities remained autonomous institutions, free to determine their own futures. Thus the change, from the perspective of the government, allegedly did not present an ideological challenge to the state-university relationship. It was not quite 'business as usual' but there was a stated determination to avoid the contemporary continental model in which state control allegedly stifled the possibility of a vibrant academic culture. Moreover, and perhaps more significantly, it is hard to imagine a Thatcher Government (notwithstanding its enactment of the national curriculum and key-stage testing) wanting to bring higher

education directly under the control of the education department. Furthermore, it is doubtful whether the Department itself would have wanted to assume such responsibility. From the outset its control would have evoked little more than fear and loathing in academic circles, and there is no certainty that it possessed sufficient expertise to fulfil such responsibilities effectively. Therefore, there had to be a solution that gave both the political and bureaucratic arms of the state an interactive stake in the control of higher education policy without seemingly destroying the old model of governance. The answer was to embrace the principles of the new public management mode of governance by creating the funding councils.

Regardless of how effectively the funding councils have been at either persuading governments to modify their policy objectives or resisting the intended outcomes of government policy, they were certainly not conceptualised as constituting a buffer between the state and the universities (which was one of the roles allegedly performed by the UGC). The role of the funding councils was to distribute public funds, to monitor and regulate the performance of the higher education institutions, to promote government policy initiatives and, almost as an afterthought, to proffer its advice to the Secretary of State. The funding council role was to implement policy rather than shape its formation. And, even with respect to policy implementation HEFCE has not been immune from direct political intervention: the 1992 legislation that created the Quality Assessment Committee; the 2004 Higher Education Act which gave us OFFA, and the present-day pressure from the Treasury to centre the RAEs around a metrics-based mode of assessment. From the perspective of the state the beauty of the funding council model of governance is that it is able to distance itself from the day-to-day responsibility that accompanies policy implementation whilst controlling the commanding heights of policy formation.

In spite of all the equivocations this is essentially how the model works. Thus it is the state, the interaction of its political and bureaucratic arms, which has the power. But some of those equivocations are very critical. Firstly, there is the expectation that the funding councils would become repositories of real expertise and experience. As quasi-state bodies they would have a different constitutional relationship to government than the departments of state, but less formal authority could be compensated for by a greater grasp of the policy issues thanks to a closer interaction with the sector. Undoubtedly the appointment of a Director-General for Higher Education in the Department *for* Education and Skills represented an attempt by the Department to increase its expertise and thus enhance its authority. The interesting, as yet unanswered, question is how the respective roles of the Department's Director-General and HEFCE's Chief Executive are supposed to relate to one another. Part of the current push towards a metrics-based system to evaluate research quality is a jointly-led enquiry by HEFCE's designate Chief Executive (David Eastwood) and the Department's (about to retire) Director-General (Alan Wilson). The image is thus conveyed of the state and quasi-state acting, at least publicly, in tandem. But what if their interests should diverge?

Furthermore, direct political intervention in the policy implementation process is not something a wise government will undertake lightly. There was a period of time when the annual grant letters to HEFCE from the Secretary of State were becoming so detailed and prescriptive that it virtually called into question (as the Secretary of State, Charles Clarke, later admitted) the meaningfulness of the Funding Council's role. Moreover, HEFCE's Chief Executive can bring such tension into the open by requesting a written statement from the Secretary of State requiring a particular policy implementation strategy to be employed. This is what happened with respect to research income with the government wishing to impose a more selective distributive model than the Funding Council. As an occasional occurrence this is not at all surprising, but it is not an experience that either the Government or the Funding Council would want to repeat too often because it brings their differences into the political arena with all the uncertainty this will generate.

Undoubtedly the most significant equivocation is a direct consequence of the policy-making process itself. Just as power is a slippery concept so is policy-making. There may be an analytical separation between the formation of policy goals and their implementation but the latter stage gives concrete meaning to the former. It is impossible therefore to understand the meaning of a policy goal without knowing how it is going to be implemented. For example, the Government took the view that the selective distribution of resources would enhance the output and quality of research but it was policy implementation that determined the meaning of selectivity. The Government and HEFCE reached different conclusions as to how selectivity should be interpreted and there was a parting of the ways with, not surprisingly, the will of the Government prevailing, although not to the degree that perhaps it would have wished.

Quality assurance has proven to be an even bigger minefield with a protracted ideological and political struggle as to its precise meaning, and a virtual refusal on the part of the Funding Council to establish a link between the assessment of quality and the funding of teaching. And in this case successive governments constantly reiterated that they desired a linkage but did nothing to enforce it. Eventually the so-called lighter touch quality assurance regime and the Higher Education Academy's support for quality enhancement programmes came to the rescue. And the Government could take comfort in the fact that a bureaucratic burden upon the universities had been lightened. So, regardless of whether or not the funding councils were meant to act as buffers, almost inevitably in the performance of their regulatory function they would assume this role, but how successfully is another matter.

A critical problem for the funding councils has been their inability to fulfil their regulatory functions without the support of the academic community. It seems that no regulatory authority can operate without the support of those whom it regulates. It could be argued that a primary purpose of the funding councils has been to give strategic direction (as opposed to operating a planning model) to the higher education system. But if so, it is a strategic direction confined both by government policy goals (coupled with the occasional intervention in the policy implementation

process) and heavily dependent upon the academic community to sustain its activities. Research assessment, quality assurance and widening participation can be achieved only by mobilising the academic labour force and winning the support of the HEIs.

Part of the problem for the regulatory state, and it is not confined to higher education, is that it has to act in close co-operation with those it is required to regulate. In higher education there is the legacy of a value system that believes only academics can assess the quality of research and evaluate the teaching and learning process, and that access to higher education still requires institutions to make the decisions on individual applications. Within this context it is not at all surprising that HEFCE has attempted to follow a consensual regulatory path. It is the means of incorporating in the regulatory process the widest range of interests whose co-operation is considered to be vital. Inevitably this strategy is not without its problems – the interests have divergent views of the regulatory process and some may feel (for example, members of parliamentary select committees) that there has been too much genuflection to them.

But, given that there is a complex process of change in higher education and that power and policy-making are slippery concepts, are there nonetheless any reasonably safe conclusions that can be reached as to where power actually resides? Since the acts devolving a range of political responsibilities to Scotland and Wales, power has flowed out of the central state to the Scottish Executive and, to a lesser extent, to the Welsh Assembly Government. In the political science jargon, the power of the central state has been hollowed out. For Scotland and Wales the evidence suggests that there is little policy space between the departments responsible for higher education policy and their funding councils. Indeed, within both countries higher education policy-making is best understood as a process that integrates the department and funding council and, at least in the implementation stage, attempts to incorporate all the significant interests. Whereas HEFCE may retain a sense of its own identity, and be seen by some as giving strategic direction to English higher education, it would be more difficult to say the same of either the Scottish or Welsh funding councils. Although integration may be interpreted as a consequence of the relatively small size of their respective systems, this needs to be seen as a variable that complements cultural and political convergence regarding the purposes of higher education.

Within England the analysis has stressed the fragmentation of state responsibility for higher education. The 1988 and 1992 Acts undoubtedly clarified the relationship between the Department and the funding councils, and made the Department (and not the funding councils as some have claimed) responsible for providing the higher education system with its strategic direction. However, since 1992 this simple picture has become increasingly murky – it is almost as if higher education has become too important, and certainly too politically sensitive, to remain the responsibility of a still relatively humble department of state. The Treasury has developed a particular interest in research development and in recent years has made a strong commitment to making available additional resources available. Moreover,

part of the Lambert Review it commissioned was devoted to the question of how to transfer pure research into marketable products.

Therefore, it should come as no surprise that the Treasury appears to be leading the move towards a metrics-based Research Assessment Exercise. In their recent appearance before the Select Committee on Education and Skills (10th July 2006) the chairs (Wilson and Eastwood) of the ongoing joint consultation exercise into the proposed metrics-based model attempted to convey the message that this is misconception; that the initiative was to be expected and there is a combined forward move (embracing the Treasury, the Funding Council and the *DfES*). Stephen Williams MP had made the point:

Chairman, there is some suspicion, as both witnesses will have heard from earlier questions, about which part of Government is driving the process; whether it is the Treasury, which has the primary role, or the *DfES*.

And Sir Alan Wilson made the smoothing response:

The fact that Professor Eastwood and I are sitting here before you now as co-chairs of the group that produced the consultation paper is a demonstration that *DfES* – and in its relationship with the Funding Council – is one of the lead partners in this exercise. We have certainly had representatives of the Treasury and the DTI on our consultation group, and indeed the other funding councils. What came out has been agreed by all the parties. (<http://www.publications.parliament.uk>).

Notwithstanding Wilson's reassuring words, it is difficult to imagine that either the Department or the Funding Council would have instigated such an initiative. RAE 2008 is at a reasonably advanced stage of planning, the overwhelming weight of academic evidence has suggested that it should proceed as planned (with most of the more radical proposals of the earlier Roberts Review of RAE 2001 rejected), and when the House of Commons' Science and Technology Committee had cross-examined HEFCE's officials following the publication of the Roberts Review they criticised the Funding Council for its willingness (in the Committee's judgement) to follow academic opinion too slavishly. The Committee had wanted metrics to be taken more seriously, the Funding Council (interpreting academic opinion) felt otherwise. There is no reason, therefore, to describe the Chancellor's intervention, especially in the context of presenting a budget, as anything other than a bolt out of the blue, even if the Treasury had been thinking about the RAE for some time.

Given the fact that the research councils are part of the DTI's remit, which like the Treasury has been keen to stress the importance of finding ways in which academic research can be turned into a commercial asset, it is not surprising that these two departments appear to be reinforcing one another on the metrics issue. A related issue that has not been researched for this book, but which is likely to become a pressing policy matter in the near future concerns the dual support system for research in higher education. The RAEs provide core funding to underwrite the research infrastructure in higher education; the funding councils meet the costs

of individual projects. The issue of whether this is an effective way in which to develop a strong research base flutters intermittently across the policy arena. Once the question of how to proceed with assessment of research has been resolved then it can be expected to emerge as an important policy issue. If the Treasury and the DTI can construct a policy position that incorporates their respective interests then it will prove difficult to resist them.

It is not surprising that the passage of the 2004 Higher Education Act commanded the full attention of the Secretary of State (then Charles Clarke). Regardless of where institutional responsibility for the prior White Paper resided (with the likelihood of inputs from different sources, including HEFCE) it was the Department that had the responsibility for steering the legislation through Parliament. However, it is widely rumoured that the Prime Minister himself (and more especially one of his policy advisors, Andrew Adonis) had a major part to play in placing the issue of variable fees on the agenda. Even if this is the case it should not be given too much significance. It has always been evident that education is an important policy issue for the Prime Minister, and the principle that students (as beneficiaries of higher education) should make a contribution to the costs of their degree programmes has been part of the official discourse from the publication of the Dearing Report onwards.

In view of the fact that the question of *variable* fees was going to be a controversial issue, stimulating considerable opposition on the Labour backbenches, it would have been surprising if the Prime Minister had not been involved. Furthermore, who better than the Prime Minister to sound out the vice-chancellors of the elite universities to make sure they were definitely on board? But, nonetheless, although a perfectly understandable development, it does illustrate the potential range of inputs into the policy-making process. What is more significant about the 2004 Higher Education Act is the creation of OFFA because it represents an additional divide in institutional responsibility for higher education, it undermines somewhat the authority of the Funding Council and it demonstrates the lengths to which governments are prepared to go to secure their support in the House of Commons.

In tune with the interpretation adopted throughout the book this concluding chapter has argued that the higher education policy-making process has been steadily colonised by the institutions of the state and quasi-state. It is impossible to point to a consistently definitive source of authority but rather there is a shifting alliance of interests as different policy issues emerge. It is fascinating to note that, although the Treasury may have instigated the current discussion of a metrics-based system of research assessment, subsequent progress is dependent upon bringing on board the other key institutional actors – in this case the DTI, HEFCE and the DfES. Therefore, responsibility for higher education policy is not so much dominated by one arm of the state but rather proceeds on the basis of shifting alliances constructed from different segments of the state. There is both fragmentation and alliance building.

But where do the political forces that gravitate around the state – Parliament and its committees, the political parties, the policy networks and think-tanks – fit into the policy equation? For different reasons both Parliament and the political parties make an important formal input into the policy-making process. For a domestic policy to become a part of the mainstream political agenda it has, sooner or later, to be embraced by one or more of the major political parties. This means its adoption as party policy at the annual conferences and incorporation in the party manifestos. In determining their policies parties will undoubtedly draw upon the research and reports of think-tanks with which they may have close ties as well as the ideas of the important networks in the policy arena, which may also filter into the thinking of the parties through their internal policy reviews. The parties, therefore, perform the function of transmitting policy ideas by placing them in the mainstream of the political agenda. At the same time, as the struggle over variable fees has illustrated, they provide a framework within which policy conflict can be expressed, although it is to be expected that an agreed party line will emerge long before legislation is placed before Parliament.

The input of Parliament and its committees into the policy-making process has a formal constitutional basis. However, as has been analysed, the policy potency of Parliament is severely curtailed by the fact that it has limited ability to act independently of the Executive. Invariably the consequence is the extraction of concessions (usually at the margins) and the issuing of reports that are more likely to have an impact upon policy formation in the long-term than in the short-term. In other words Parliament at best reshapes the edges of policy, whilst governments incorporate the recommendations of committee reports if they can do so and blandly sidetrack them if they cannot. But, as the current debate on metrics and research assessment demonstrates, the tide can turn.

It has been an intrinsic argument of this book that the funding council model of governance encourages the incorporation of the key interested parties into the policy implementation process. It is a question of conforming to the established value system, seeking legitimacy for your policies, and recognising that regulatory practices require the resources and expertise of the regulated if they are to function effectively. In recent years the system-wide sector interests of higher education in Britain have started to fragment. In part this is a response to the devolutionary process but it also reflects deep-seated fissures in British higher education such as perceptions of status, contrasting institutional goals and different sources of income. What has emerged is the development of pressure group politics with policy networks (constructed out of different interests) seeking to determine both policy goals (the variable fees issue provides a good example) and their implementation (the quality assurance morass vividly illustrates the point).

Just as it is possible to separate out analytically different stages in the policy-making process, so *the politics* of policy-making has different levels. At one level there are the state structures that have formed the core of the opening part of this book. This involves examining how different segments of the state apparatus, containing political and bureaucratic dynamics, interact to shape policy formation.

The second level encompasses pluralist struggle which sucks in a range of institutions that surround the state and, although they are incorporated mainly at the level of policy implementation, they can exert an influence that also changes policy goals as was clearly demonstrated in the field of quality assurance (although this effective political attack clearly struck a sympathetic chord within government circles). Moreover, these institutions are repositories of policy ideas that can be drawn upon as circumstances change. Finally, there is undoubtedly room for the individual agents so beloved of the higher education policy research. Their input undoubtedly adds some local colour to the analysis but how much it increases our understanding is another matter.

Until comparatively recently British higher education policy research focussed mainly upon the UGC (with perhaps a genuflection to the research councils) coupled with a strong espousal of the theme that universities were autonomous institutions (the academic mantra!), with the implication that they controlled their own futures. Of course the reality was very different: the universities worked within the framework of the UGC's quinquennial development plans (although planning was far too strong a description) and their annual allocation of public resources. However, and more significantly, they functioned within the context of a strong traditional understanding of the idea of a university and the purposes of higher education. They were only autonomous institutions in the sense that they were not controlled by the state but rather their development was dependent upon internally generated academic values.

With the UGC going into planning mode (in the 1980s), and then the rise of the aggressively regulatory state (since the creation of the funding councils), the state and quasi-state have directed the development of higher education and intruded upon institutional autonomy. How great one considers that intrusion to be is a matter of judgement. It is certainly not a planning model. If it were, there would have been intervention from the Funding Council (as has happened in Scotland) to regulate departmental closures. The fact that chemistry has been saved at the University of Sussex owes little to external intervention and much to internal politics. But under the policy guidance of the Department (clearly expressed in the annual grant letters) a veritable plethora of performance indicators have been put in place, research is assessed, the quality of the teaching and learning process measured, and the widening participation agenda imposed across the whole of the higher education sector. And this has been accompanied by a persistent pressure to guide institutions towards adopting what is considered to be an appropriate model of good governance. We may not have planning and, given the unwillingness to restructure the distribution of academic programmes (at least in England), we do not have strategic development. But we have the language of business – students as customers and consumers, higher education as a marketable product and even total quality management – but no more than a managed market. The higher education institutions are the creatures of a state that lacks vision but knows how to regulate. But ironically, with competent leadership and management, institutions – even if despising the regulatory framework – may find this situation gives them

more autonomy than models of governance that imagine they can promote rational planning, strategic development or the alleged blessings of the market.

WHO WILL HAVE THE POWER?

Two interrelated ideas have been central to this book: that the theoretical interpretation of developments in higher education policy has to be related to specific historical contexts, and that the governance of higher education in Britain has become more complex over time. This book is set within the framework of the economic and political crisis that bedevilled the British state in the 1970s – economic decline matched by persistent government failure. In relation to higher education the outcome was a structure of governance that, whilst increasing state control, fragmented policy responsibility. If this pattern is to change then it will be in response to pressures that reposition where higher education stands on the boundary between state and society. Although it is foolhardy to predict the future, it is possible to identify those pressures, some already active, which will impact upon the current model of governance. And the likelihood is that the model will become more, rather than less, complex over time.

Within the time frame of this book the British system moved into the era of mass higher education and, even though in England we have yet to meet the target of a 50% participation rate, we can expect only moderate future expansion (indeed for the 18–21 age group participation is likely to level out, even decline). It was evident that a mass system of higher education was not going to be funded by the state at the same relatively generous level as the prior elite system. The move towards transferring at least part of the costs of higher education from the state to the student was inexorably set in motion. A convenient financial strategy was also interpreted as a principled move: as beneficiaries of higher education students should bear a proportion of its costs, and it was socially inequitable for the state to underwrite what was essentially the middle-class consumption of a desirable social good. What has developed, and not only in relation to student fees, is an attempt to lessen the reliance of British higher education upon state funding.

This shift towards private funding can be expected to expand steadily over time (although the state's input does not necessarily decline, it becomes a smaller percentage of total expenditure). Although the state's right to control the governance of higher education, and thus to steer its development, has a wider authority than its financial input, if in relative terms its financial input declines then that authority is weakened. More directly, the authority of the central state has been undermined by devolution, although – ironically – this may well have brought the Scottish and Welsh higher education institutions more firmly under political control. But devolution has been accompanied by a stronger emphasis upon the need for universities to foster closer links with their local communities. This can take the form of working with Regional Development Agencies to promote officially sanctioned projects or it may simply represent a number of small-scale moves to

generate income by providing local services, with a particular emphasis on links with the commercial/business community interests.

Market pressure (for example, the incentive for institutions to vary their fees if certain of their programmes fail to recruit the anticipated student numbers) will have an increasingly significant impact on institutional governance. Do universities need to be more tightly managed? Can collegial models of governance adjust to the new circumstances? Will universities have to embrace decentralised models of governance should they become no more than loose federations of competing interests? It is even more difficult to interpret how the market will impact upon system governance. Although the central state's financial input will decline relatively (varying in importance from university to university) higher education does have a somewhat increased political salience, which makes it more difficult for governments to relinquish their input into the policy-making process. In this context it is difficult to imagine that the regulatory state will disappear but it is possible that it will become more sophisticated.

It appears as if we are in the process of moving towards a research assessment mode that will be based more on metrics than peer review. Perhaps a lighter-touch research assessment model to complement the lighter-touch quality assurance model will soon be in place. But, not surprisingly, the key issue is how this will impact upon the distribution of resources. If the allocation model is going to move in this direction it will require the support of a sufficiently large consensus of institutional interests. The state is very unlikely to impose upon HEFCE (and because research assessment is conducted on a UK-wide basis Scotland and Wales will need to come into line) a model that is going to alienate universities with an established powerful research base.

The widening participation agenda, which makes up a critical component of the regulatory state, poses different problems. The review in 2009 of the variable fees regime is going to be critical. It will have repercussions for the move towards market funding and will also be a significant landmark for evaluating progress on widening participation. If there has been little or no progress what is the government of the day going to do? Conceivably it could sustain the strategy of the regulatory state but set clear targets and impose financial penalties upon those institutions that fail to meet them. Given the manner in which the regulatory state has operated up to now (exhortation and limited financial rewards), not to mention the traditional value system that embalms university admissions, this would be a radical move. Alternatively, we may see a quiet abandoning of the 50% target (already widely perceived as meaningless), a stronger stress upon the importance of post-secondary school training other than higher education (a move the Conservative Party has already embraced), and recognition that universities fulfil national needs in different ways. In this context the ideological commitment to the idea of higher education as an economic resource can be sustained, but there would be significantly less stress upon the role of higher education in promoting social equity (which was essentially a convenient theme around which New Labour could build policy bridges within the party).

The pressures upon higher education governance that have been considered so far – the rise of the market, embedding institutions within their regional and local communities, and a political redefining of the regulatory state – are all essentially internally driven. But increasingly higher education issues seep over national boundaries with important policy implications. Within the United Kingdom itself the fees issue has divided national governments but also has forced them to recognise that their own policies have to be cognisant of developments in other parts of the UK. Likewise, members of the European Union have to be sensitive to policy developments in other member states.

Regardless of the fact that nation states may regulate their higher education systems to protect them from international competition (with restrictive regulations becoming an issue for the WTO), universities – especially elite universities – increasingly face global competition: for the brightest undergraduates, for postgraduates prepared to pay very high fees for professional training, for research students who want to be in institutions that are at the cutting edge of their disciplines, and for faculty who bring with them distinguished careers and thus the promise of enhancing your institution's reputation. For institutions within this segment of the market the questions are whether they can construct forms of institutional governance that enable them to compete effectively on the international stage, and whether this will be reinforced by their national system of governance.

At the global level the long-term pressure appears to favour deregulation but at the European level we may be witnessing the re-invention of the regulatory state as the European Higher Education Area takes shape in response to the Bologna Process. For Kohler the three key regulatory mechanisms are quality assurance, accreditation and the recognition of study programmes, and he claims that: 'Europe has already covered a considerable distance on its way towards establishing a "quality culture" which tries to embrace these aspects and to link them to form a coherent concept and to establish apt mechanisms, while giving rise to a genuine "quality culture" as the main objective' (Kohler, 2003: pp. 329–330). And this is an agenda that does not have to be achieved on the basis of hard legislation for as Furlong notes, 'The Bologna Declaration may best be regarded, in Elsa Hackl's phrase, as public international soft law ... This does not mean that signatories may not feel obliged for practical reasons to fall in with the co-ordination, but it does mean that the reasons for doing so are not directly related to legal compliance' (Furlong, 2005: pp. 54–55). But Furlong notes, reinforcing a point made forcefully by Tomusk (2004: pp. 89–91), that the Bologna Process could turn into a harmonization project led from above by the European Commission.

Whatever the international pressures may be, the future governance of higher education in Britain is going to be shaped by the interaction of internal and transnational dynamics for change (each with their own internal national and regional differences). Thus if the models of governance reflect where the system of higher education is located on the boundary of state and society then it has to be remembered that in future the understanding of those concepts will be that much more complex. Thus, for example, Scottish higher education will need to be cognisant

of developments in England, aware of the Bologna Process (perhaps in a form increasingly defined by the European Commission), and sensitive to the fact that if some of its universities wish to compete effectively at the international level then it is the Ivy League universities that are the real competition. In this context perhaps the best that can be hoped for is a system of governance that allows institutions to define their own purposes and is sufficiently robust to accept that there will be failures as well as successes. But this is a high-risk strategy, and regardless of how the accommodations between the external and internal dynamics for change are arrived at, it is difficult to imagine that national governments will want to abandon entirely the regulatory state model. For European nations, including the United Kingdom, the political and cultural past will not be lightly abandoned.

CONCLUSION

It is always possible to argue that the governance of British higher education, like the development of the system itself, is at a watershed. But, in view of the current internal and external pressures, this claim has some substance. This book has argued that the governance of higher education in the United Kingdom has come more decisively under the control of the state since the 1988 Education Reform Act, which has meant more political control of the policy-making process and in particular the formation of policy goals. But there is no certainty that this trend will prevail, perhaps in part due to changes (above all the move towards variable fees) that the state itself has set in train. Moreover, there is no hiding from the external pressures, whether they are in the form of a regulatory European presence or international competition.

Already there is a growing debate about the evolving structural character of British higher education (stratified or diverse, a fragmented or unitary system), its funding (the public/private mix), and its purposes (the balance between enhancing civil and democratic culture, serving the economic and social needs of the nation or following the traditional path of enhancing scholarship through teaching and research). A former Secretary of State, Charles Clarke, called for a 'great debate' on higher education to parallel 'the great debate' on schooling initiated in 1976 by the then Prime Minister, James Callaghan (Thomson, 16th May 2003: p. 1). Inevitably discussion of the purposes and direction of higher education will draw in questions about the governance of the system. What is to be the balance between the state and the universities in determining the development of higher education? And what role are the intervening institutions, including those belonging to the quasi-state, to play in this process of change? The view presented in this book of 'who has the power' has rarely used the language of control, but instead has drawn upon less definitive terms: influence, boundary change, guidance, steering, shaping and – on occasions – planning and autonomy. And the way the system is evolving it seems as if in the future it will be even more difficult to locate where power lies and measure precisely the policy impact of that power.

ACRONYMS

ABRC	Advisory Board for the Research Councils
AHRC	Arts and Humanities Research Council
AUA	Association of University Administrators
AUT	Association of University Teachers
CDP	Committee of Directors of Polytechnics
CHERI	Centre for Higher Education Research and Information
CMU	Campaign for Mainstream Universities
CNAA	Council for National Academic Awards
CPS	Centre for Policy Studies
CRD	Conservative Research Department
CUC	Committee of University Chairmen
CVCP	Committee of Vice-Chancellors and Principals
D/E	Department for Education
D/EE	Department for Education and Employment
DES	Department for Education and Science
D/ES	Department for Education and Skills
DTI	Department of Trade and Industry
ERA 1988	Education Reform Act 1988
EU	European Union
GDP	Gross Domestic Product
FHEA 1992	Further and Higher Education Act 1992
HEA	Higher Education Academy
HEFCE	Higher Education Funding Council for England
HEFCW	Higher Education Funding Council for Wales
HEIs	Higher Education Institutions
HEPI	Higher Education Policy Institute
HEQC	Higher Education Quality Council
HEROBC	Higher Education Research Out to Business and the Community
HESA	Higher Education Statistics Agency
HEIF	Higher Education Innovation Fund
IEA	Institute of Economic Affairs
JFC	Joint Funding Councils
JPG	Joint Planning Group
LSE	London School of Economics
MASN	Maximum Aggregate Student Numbers
NAB	National Advisory Body
NATFHE	National Association of Teachers in Further and Higher Education
NCIHE	National Committee of Inquiry into Higher Education
NUS	National Union of Students
OECD	Organisation for Economic Cooperation and Development
OFFA	Office For Fair Access
OST	Office of Science and Technology
OxCHEPS	Oxford Centre for Higher Education Policy Studies
PAC	Committee of Public Accounts

PCFC	Polytechnics and Colleges Funding Council
PQA	Post-Qualifications Admissions
PSHE	Public Sector Higher Education
QAA	Quality Assurance Agency
QAC	Quality Assessment Committee
RAE	Research Assessment Exercise
RCA	Research Capacity Assessment
RDAs	Regional Development Agencies
RQA	Research Quality Assessment
SCOP	Standing Conference of Principals
ScotChem	Scottish Universities Chemistry Alliance
SDP	Social Democratic Party
SED	Scottish Education Department
SFC	Scottish Funding Council
SHEFC	Scottish Higher Education Funding Council
SRHE	Society for Research in Higher Education
STEM	Science, Technology, Engineering and Mathematics
Supa	Scottish Universities Physics Alliance
TQEF	Teaching Quality Enhancement Fund
UCAS	Universities and Colleges Admissions Service
UCCA	Universities Central Council on Admissions
UFC	Universities Funding Council
UUK	Universities UK
UCU	University and College Union
UGC	University Grants Committee

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