

European Commission
Directorate-General for Economic and Financial Affairs
Economic Policy Committee

**Efficiency and effectiveness of public
expenditure
on tertiary education in the EU**

**ANNEX : COUNTRY FICHE
UNITED KINGDOM**

**Joint Report by the Economic Policy Committee
(Quality of Public Finances)
and the Directorate-General for Economic and Financial Affairs**

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Brief characterization of the tertiary education system

1. Main features

1. The United Kingdom is comprised of four constituent parts, England, Northern Ireland, Scotland and Wales. There is a system of devolved Government in force whereby each constituent part is responsible for its' own system of Higher Education, that of England is the responsibility of the British Government. Unless expressly stated all comments apply equally to the whole of the UK.

2. The UK has an internationally excellent HE sector which is a central part of our national and international success and we consider it key to long term growth for the UK. Government does not directly control Higher Education; Higher Education Institutions (HEIs) are autonomous bodies with individual missions and priorities. They attract funding from Government; student tuition fees and private sources. We have rising student numbers (an increase of 24% in the last decade) and an increasing world share of citations and high impact research papers. There are high levels of reported satisfaction both from students and employers. Now around 50% of young people from every social class aspire to go to university – a huge change from the 1960s when only 5% went to higher education. Our Higher education sector is meeting the growing national and international demands for high quality research and teaching, knowledge transfer, regional and sub-regional economic development; international cooperation, and cultural influence in the 21st century. We have doubled investment in research. World class research activities enable institutions to develop and deliver high quality teaching and learning and to attract international funding

i) Structure

3. Higher education institutions include universities, higher education colleges and a small number of university colleges. Higher education institutions are diverse, ranging widely in size, mission and history.

(ii) Access

4. All major higher education institutions are autonomous bodies and each determines its own admissions policy and requirements. Entry is competitive and specific requirements are set for each course. In most cases, entry requirements are specified as GCE A-levels or equivalent qualifications. However, most institutions also welcome applications from mature candidates who have had appropriate experience but may lack formal qualifications.

The Higher Education Act 2004 allowed institutions in England to set variable tuition fees for new students of up to £3,000 per year from 2006/07, with any increases linked to the level of inflation. The maximum tuition fee for 2008/09 is £3,145. Similar arrangements exist in Northern Ireland. In Wales, higher education institutions are able to charge fees of up to £3,145, as in England, but students both living and studying in Wales currently pay only

£1,255, the rest being met by a non means-tested fee grant of £1,890 paid directly to the institution. However, these arrangements will change from 2010 (6).

(iii) Qualifications

5. In the UK (including Scotland), academic qualifications at this level are not national awards, but are granted by individual institutions, many of which have the power to award their own degrees and qualifications. Degrees and other qualifications offered by higher education colleges without degree-awarding powers are validated by external bodies such as a university or national accrediting body.

6. Qualifications and titles vary between institutions. Qualifications may include higher education certificates and diplomas, foundation degrees, bachelors degrees, bachelors degrees with honours, and higher (postgraduate) degrees, such as masters degrees and doctorates. Undergraduate programmes leading to bachelors degrees with honours (usually known as honours degrees) form the largest group of higher education programmes. Typical courses leading to an honours degree last for three years (if taken full-time) although some courses are longer.

7. In England, Wales and Northern Ireland, a five-level framework has been developed to provide a clear structure to higher education qualifications and to promote consistent use of qualification titles.

The data table has been updated where possible. A few caveats should be borne in mind:

- The teaching figures have been updated using UNESCO-OECD-Eurostat UOE returns. In order to arrive at calendar years we have taken the simple average of the two years straddling it and divided this by the average population/1000 as at 1 Jan 2006 and as at 1 Jan 2007.
- The PISA scores refer to different major domains and are thus not comparable over time. PISA 2000 tested reading as a major domain; 2003 mathematics; and 2006 science. In addition, the UK PISA 2003 score was adjudged to be biased by the OECD and was only reported below the line, i.e. it really ought not to be compared with results for 2000 or 2006 or against other country results for 2003. The supplied for 2000, 528, differs from that in the OECD report, 523.

8. The expenditure figures do not tally exactly with UOE returns: the first line (total expenditure on tertiary education institutions as a percentage of GDP) gives figures which differ from Education at a Glance (consistently slightly lower). The updated figure for 2006 of 1.29% is thus likely to be a slight over-estimate compared with the source used in the template table

1/ TEACHING	United Kingdom										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Academic staff per 1000 inhabitants relative to the average	:	1.45	1.47	1.5	1.51	1.53	1.57	1.55	1.63:	1.62:	:
Number of students per 1000 inhabitants	33.1	35.5	34.4	35	37.8	38.4	37.6	38	38.9	38.6:	:
Number of students (graduate and post-graduate) per 1000 inhabitants	:	:	:	:	:	:	:	:	:	:	:
<i>From public institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private government-dependent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private independent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
Ratio of students per academic staff	:	24.5	23.4	23.3	25.0	25.1	23.9	24.5	23.8:	23.8:	:
Number of graduates per 1000 inhabitants	7.97	8.11	8.56	9.33	9.48	10.1	9.95	10.51	10.69:	10.92:	:
Ratio of graduates per 1000 academic staff	:	5.6	5.8	6.2	6.3	6.6	6.3	6.8	6.5:	6.7:	:
Standardized recruiter view indicator (graduates' employability as perceived by recruiters)	:	:	:	:	:	:	:	1	:	:	:
Standardized peer view country indicator (quality perceptions among peers)	:	:	:	:	:	:	:	1	:	:	:
PISA scores	:	:	528	:	:	(523):	:	:	:515	:	:
Average total time spent by students in order to obtain a BA degree	:	:	:	:	:	:	:	:	:	:	:
Average total time spent by students in order to obtain a MA degree	:	:	:	:	:	:	:	:	:	:	:
Remuneration of a tenured university professor with 10 year seniority	:	:	:	:	:	:	:	:	:	:	:
2/ RESEARCH											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Publications per 1000 inhabitants	0.71	0.73	0.77	0.82	0.83	0.86	0.89	0.92	:	:	:
	1998-2002	1999-2003	2000-2004	2001-2005	2002-2006	2003-2007					
Quality of research (position in the ISI citation index)	4.75	4.79	4.86	5	:	:					
% of research done in cooperation with industry	:	:	:	:	:	:					
3/ EXPLANATORY FACTORS FOUND RELEVANT FOR EFFICIENCY											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Main categories of composite indicator											
Funding Rules Indicator	:	:	:	:	:	:	:	:	:	5.5	:
Evaluation Indicator	:	:	:	:	:	:	:	:	:	7.7	:
Staff Policy Indicator	:	:	:	:	:	:	:	:	:	10	:
4/ EXPENDITURE											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total public expenditure on tertiary education institutions as a percentage of GDP	1.05	1.02	0.99	1.03	1.09	1.08	1.06	1.31	1.29:	:	:
Total expenditure per student (€)	:	:	:	:	:	:	:	:	:	:	:
Private expenditure on tertiary education institutions as a percentage	:	:	:	:	:	:	:	:	:	:	:

of GDP												
Total expenditure on education as a percentage of GDP	4.77	4.57	4.64	4.65	5.20	5.34	5.25	5.45	5.91:	:	:	
Private expenditure on education as a percentage of GDP	:	0.84	0.78	0.83	0.91	0.97	0.95	1.25	0.72:	:	:	
Funds from non-public sources as % of total income (fees, earned income, investment, other)	:	:	:	:	:	:	:	:	:	:	:	
Tuition fees as average of the cost of tuition	:	:	:	:	:	:	:	:	:	:	:	
Percentage of funds received by private government-dependent institutions from public sources	:	:	:	:	:	:	:	:	:	:	:	
Total public expenditure on grants, loans, and other programmes to cover education and/or maintenance of students (universal programmes / by categories such as merit or socio-economic status)	:	:	:	:	:	:	:	:	:	:	:	

Source: Eurostat, OECD, UOE and Member States.

2. Structure of institutions and funding arrangements

9. Throughout the UK, higher education is characterised by a high level of diversity and autonomy. Institutions vary in size, in income portfolio, and in balance between research and teaching activity. All have in common autonomy from the State. Universities are not considered to be part of the public sector for national accounting purposes. Funding is paid by a Funding Council at arm's length from Government. Government's role is to set overall funding totals and priorities (e.g. through its annual grant letter (e.g. the balance between teaching and research funding; the relative importance of fair access policies), but has no role in determining detailed allocations to individual institutions.

3. Governance and regulatory framework

10. Higher Education institutions (HEIs) are autonomous bodies with their own governance arrangements. There are conditions of public grant that are set by the Funding Council as a requirement for the ongoing receipt of public funding. These tend to be 'light touch' and to be about the proper use of public funds, and quality rather than an attempt to determine institutional strategy.

4. System's strengths and weaknesses

11. The strength of the UK's higher education system rests in its autonomy. Government provides support and encouragement to higher education institutions (HEIs) on national priorities. HEIs themselves are responsible for the quality and standards of their academic awards and educational provision. In England, as in Scotland, there is a system in place for external quality assurance. The Higher Education Funding Council for England (HEFCE)

<http://www.hefce.ac.uk/> has a statutory legal duty to secure provision for assessing the quality of education provided by the HEIs that it funds. HEFCE discharges this duty through a contract with the Quality Assurance Agency (QAA) – which provides external audit of institutions’ own quality arrangements and also works with the sector on a range of quality enhancement and assurance measures. Similarly, the Scottish Higher Education Funding Council discharges its statutory duty for assessing and enhancing the quality of higher education in Scotland through QAA Scotland, the Scottish office of QAA. HEIs also work with a very wide range of professional, statutory and regulatory bodies to assure the quality, and where relevant the content of their programmes. For instance some professional bodies as well as auditing quality of provision will work proactively with institutions on course content, to ensure that the course meets the requirements for that profession e.g. medicine.

12. QAA Scotland has worked closely with the Scottish Funding Council, Universities Scotland and the National Union of Students Scotland on developing an enhancement led approach to quality in the Scottish higher education sector. The resultant Quality Enhancement Framework has five main elements:

- A comprehensive programme of subject reviews that are run by institutions themselves.
- Enhancement led institution-level review, which involves all Scottish higher education institutions over a four-year cycle.
- Improved forms of public information about quality, based on addressing the different needs of a range of stakeholders including students and employers.
- A greater voice for student representatives in institutional quality systems, supported by a new national development service.

A national programme of Enhancement Themes, aimed at encouraging academic and support staff and students to share current good practice and collectively generate ideas and models for innovation in learning and teaching. The same arrangements for quality assurance operate in Wales, where the statutory duty falls to the Higher Education Funding Council for Wales (HEFCW).

13. HEIs are responsible for determining their own incentives for academics, course content (except where that must be agreed with relevant professional, statutory and regulatory bodies) and delivery, the level of teaching load associated with different courses, and any specific qualifications that are required of the academics. The Government has supported teaching in HE for instance by encouraging institutions to reward and recognise good teaching, but also supporting the establishment of the **Higher Education Academy** <http://www.heacademy.ac.uk/> which supports the HE sector in providing the best possible learning experience for students. Through HEFCE and via the Teaching Quality Enhancement Fund we have supported developments in teaching and learning in England – such as the development and implementation of learning and teaching strategies in HEIs; establishment of 74 Centres for Excellence in Teaching and Learning (CETLs); establishing the Higher Education Academy; and the National Teaching Fellowship Scheme which

recognises and rewards individual practitioners who have demonstrated excellence in learning and teaching.

14. HEIs determine their own programmes of initial training, continuing professional development, and qualifications for their staff. But, since 2006, the training of teachers in HE has been framed by the UK Professional Standards Framework – proposed in the Government’s 2003 Higher Education White Paper.

15. The Framework, developed by the Higher Education Academy working with the sector, forms the basis of training for all HE teaching staff. It sets out nationally defined criteria for expertise in teaching and supporting learning in HE. The majority of HEIs offer a Post-graduate Certificate in teaching and learning (or equivalent) and the overwhelming majority of these are accredited by the Higher Education Academy.

Outcomes show the strength of the UK HE system.

- Student satisfaction has remained high with 80% and over of final year students saying they were overall satisfied with the quality of their teaching and learning experience since 2005 (in the National Student Survey).
- Degree outcomes have remained high with the proportion of 1st and upper 2nd class honours degrees awarded by English HEIs remaining broadly constant at 60-62% over the last four years (05/06 to 08/09).
- We maintain very good completion rates for first degrees - non-completion rates have fallen from 15.8% in 1997/98 to 13.4% in 2006/07 (OECD statistics show that the UK ranks 3rd of 27 countries).
- We also have high graduate employability, with 86% of full-time first degree graduates from English HEIs whose destinations were known are in employment and/or further study. (Destination of Leavers from Higher Education in the United Kingdom Survey - Academic Year 2007/08; published July 2009).

16. Statistics on graduate destinations for those Scots who left a Scottish Higher Education Institution at the end of the 2007-08 academic year were published on the 8th December 2009. The data show that 68.7 per cent of Scots postgraduate and first degree qualifiers from 2007-08 were in positive destinations six months after qualifying.

‘Destinations of Leavers from Higher Education 2004-05’ report, published by the Higher Education Statistics Agency (HESA) on 3rd September 2009, showed that:

- 90% of UK domiciled graduates were in employment three and a half years after graduating, a further 6% were in further study or training, 2% were unavailable for employment and 3% were assumed to be unemployed.
- Of UK domiciled graduates in employment, 72.3% were employed in graduate level
- Occupations 6 months after graduating compared to 81.1% three years later.

FutureSkills Scotland survey of Scottish employers found that more than four in every five Scottish employers who recruited a recent graduate considered them well prepared for work

- 81% of graduates (three and a half years after graduation) were in graduate jobs compared with 72% six months after graduation. (Destination of Leavers from Higher Education Institutions Longitudinal Survey of the 2004/05 cohort; published August 2009).

The latest stats show that working age people in Scotland with degree-level qualifications have a much higher employment rate than those that don't - 87.9 per cent compared to 70 per cent (Labour Source Survey, ONS).

- The average earnings of graduates are significantly higher than non-graduates. For the average graduate, the lifetime earnings premium is estimated to be comfortably over £100,000 (net of tax and in today's valuation) than a similar individual who completed their education with 2 or more A levels.

17. UK system has shown itself as flexible and adaptable to changing circumstances e.g. expansion whilst still retaining quality. Future challenges will rely on HEIs showing continuing adaptability through delivery of ever more diverse and flexible forms of higher education, to reach even more diverse groups of student, such as those already in employment.

18. There is also an increasing shift towards increased support for science, technology, engineering and mathematical (STEM) subjects in higher education. This is in line with the Government's 'New Industry, New Jobs' and 'Higher Ambitions' agendas, which recognise the importance of high level STEM skills for the UK's future economic and intellectual prosperity. HEFCE run a £350 million support programme for Strategic and Vulnerable Subjects, and STEM courses receive the most support for activities to increase demand under this programme. HEFCE are also developing a national HE STEM programme to run from August 2009 until July 2012 with a budget of £20 million, to attract students to STEM subjects at HE. HEFCE have also recently announced the decision to use £10 million of their existing budget to support universities in adjusting the balance of their provision towards STEM subjects. Similarly in Wales, in the 2009 Higher Education Strategy *For Our Future* emphasis on the contribution of Higher Education to economic buoyancy is one of two central pillars of Government policy (the other being the role of higher education in underpinning social justice). *For Our Future* followed and complemented the 2008 strategy and programme *Skills That Work For Wales*, which has led to a number of changes in policy, emphases and funding to drive skills identified as relevant to Welsh economic growth.

19. These new initiatives build on a long running Government programme to increase the numbers of STEM skilled people at all levels of the education system, and on trends showing increasing numbers of young people opting for STEM subjects at HE. Since the introduction of the Science and Innovation Investment Framework in 2004, there has been a 10% rise in

the number of entrants to all STEM first degrees (there were 192,095 in 2008/09, relative to 174,500 in 2004/05), a 26% rise in entrants to all STEM masters courses, (65,595 vs 52,235) and a 28% rise in entrants to all STEM PhDs (14,265 vs 11,135). Entries to key STEM subject first degrees have also risen since 2004/05 – 28% rise in Maths (8940 vs 6990), 22% rise in Chemistry (4465 vs 3665), 17% rise in Physics (3555 vs 3030). In Wales, additional weightings for STEM subjects in the HEFCW funding arrangements accompanied a 10% rise in enrolments on undergraduate STEM programmes between 2003 and 2008. Future policy in Wales will enhance the focus on STEM further.

20. While recognising that there has always been some activity between employers and the HE sector the Government is keen to encourage even more contact as a means of addressing the high level skills this country needs for its future prosperity. Since 2008 it has invested £148 million in supporting a partnership approach to grow the market for workforce development in high level skills co-funded by employers. HEIs will work closely with business, to make real progress in responding to the skills needs of employers and their staff. Through this pilot funding, HEFCE has targets to support 5000, 10000 and 20000 new co-funded entrants in 08/09, 09/10 and 10/11 (some 8,000 were achieved in 08/09), as well as general infrastructure development and facilitate wider employer engagement activity. ECF activity to date has helped HEIs explore how best to respond to this new market, and Government are keen to test how to grow such provision beyond this initial exploratory 3-year period. The principle being to help HEIs see the potential for this work and encourage future growth in this area.

21. In Wales, the need for close employer-HE links formed a central plank of the HE strategy *For Our Future*. It recognised that both HE and businesses/employers need significantly higher awareness of each others' needs and strengths, as well as the benefits accruing from closer and more systematic linkage. This includes not only workforce development but, in HE, programme design, and content development, and what HE can offer businesses in terms of innovation and product development.

To support this, and as part of *For Our Future* action is currently underway in Wales to develop a shared all-Wales portal through which businesses and employers can access information and advice on the range of programmes, support and services provided by higher education providers in Wales.

Explanatory factors for efficiency

22. This fiche is based upon publicly funded HEIs in the UK. Private provision accounts for a relatively small part of the HE market - there is one private university in England (University of Buckingham) which receives no teaching grant but its students remain eligible for government assistance with student support.

1. Staff Policy

1.1. Hiring/Firing

See 1.2 below

1.2. Wages

23. Higher education institutions are completely autonomous from Government in this respect – they are responsible for **all** staffing matters including recruitment, retention, dismissal, terms and conditions/contracts, pay etc. The majority of institutions currently voluntarily participate in national negotiations (UK wide) on pay, but they still retain flexibility about making decisions about where staff will be on the national pay spine and whether and national pay agreements will be implemented. Government plays no part in this.

2. Output flexibility

2.1. Course content and exams

24. As described above institutions have complete autonomy around course content, design, delivery, student performance evaluation and innovation in pedagogical practice. They work with a range of internal and external partners in these areas. Many institutions will work with subject expert academics, employers, and a range of professional, statutory and regulatory bodies when developing and evaluating courses. HEIs funded by the Funding Councils are also subject to external quality assurance arrangements – audit of their own QA arrangements by the Quality Assurance Agency which publishes its findings (this also applies in Wales). All HEIs use a common set of tools, called the Academic Infrastructure, to underpin their work on quality and standards. The Academic Infrastructure includes: the Framework for Higher Education Qualifications (describing the standards represented by each qualification), Subject Benchmark Statements (setting out how those standards apply in different subject areas), a Code of Practice (precepts and guidance about the management of academic quality and standards), and Programme Specifications (information about each programme of learning and its intended outcomes). Government supports innovation in pedagogy, for instance through supporting the Higher Education Academy's work with HEIs,

supporting use of ICT and e- learning and more flexible forms of provision (shorter courses to provide specific training to employees, Foundation Degrees, compressed honours degrees etc).

2.2. Offer of short studies and other diversifies studies

25. Being independent, autonomous bodies Universities offer a wide range of provision. While the bulk of their teaching still revolves around three year, full time degrees in England, Wales and Northern Ireland, and typically four years in Scotland, the Government has been seeking an expansion of more flexible provision to encourage more people to consider HE as an option e.g. meeting the needs of employed workers and that of their employers. Agreement of the exact nature of the provision is between the University and student / their employers but can be part-time, on the employers premises, lead to credits for future HE involvement, weekends, etc. It really is up to each and every University to decide how much they wish to engage on this issue.

26. An example of major 'new' type of HE provision in England is the Foundation degree (FD). If taken full-time, these are two-year higher education (HE) qualifications that are broadly equivalent to the first two years of a degree. They were jointly introduced by HEFCE and the UK Government in England in 2001-02, and set against a background of declining numbers of Higher National Certificates and Diplomas (HNC/Ds). FDs were intended to meet future skills needs, particularly at the technical and associate professional level as well as to expand access to HE.

27. FDs offer clear progression routes to completion of an honours degree with an additional one or two years study. They can also lead straight to a job. The twin aims of FDs were to:

- provide higher education that would meet employer demand for higher technical skills
- attract a wide variety of students and employees to develop their skills to drive the economy forward.

Since their start in 2001 there have been nearly 100,000 enrolments onto foundation degree courses and they are now an established part of the English HE Landscape.

28. In Wales, Government policy is focused on encouraging the expansion of the number and range of short programmes, recognising that for many, especially those in the workforce, the traditional 3 year degree programme is not appropriate or not wanted. The stated aim of policy is to maximise the number of people able to experience and benefit from higher education, while recognising that the nature of the experience will differ radically from the traditional HE model. Government funding, via HEFCW, will be used to drive this change in HE in Wales.

2.3. Student choice

29. Yes higher education institutions offer a range of courses within a study programme which students can choose. There will be both flexibility and rigidity in HE dependent on the nature of the course, and the institutions own practice in this area. For example, a course with heavy involvement from a professional body might be more rigid in terms of timings and structure of content choice. However, these are matters on which HEIs have discretion. Timings of choice will also be down to the HEI and the sector will support a wide range of options – e.g. with course choices ‘in’ programme or at defined points in the academic calendar. Many courses are now modular and will have a choice of modules available before the start of each academic year.

30. Tertiary education institutions admit part-time learners, distance-learners, and learners with professional experience (outside the usual enrolment requirements). There is a diverse student population in HE and a wide-range of provision for full-time, part-time and distance learners. Institutions will also admit students, normally mature, based on their professional experience, in place of or as well as their academic qualifications. Admissions decisions are for HEIs themselves. In 2008/09, 44% of all UK domiciled undergraduate entrants to UK HEIs were part-time (324,300 out of 744,800)

31. HE caters to life-long learning – students of all ages participate in HE and can access it at various points of in their own lives. Institutions decide who to admit to their courses and many will consider individuals without formal qualifications, as they may have relevant professional experience or have taken relevant pre-HE courses to enable access. There are various measures taken across the UK to create opportunities for flexible learning paths in higher education to encourage participation by under-represented groups, mature students, people in employment, the unemployed, retired adults, returners to work and part time students:

32. Some HEIs offer flexible learning pathways, for example distance and work-based learning. These are mainly vocational courses (for example, business studies, computing, law, sport science). In the academic year 2008-09, there were approximately 850 students at 8 English HEIs following flexible learning pathways. Outside of such pathfinder activity there are many learners following work based learning and flexible forms of HE.

33. The flexible methods of delivery include accelerated honours degrees, work-based degrees, accelerated part-time degrees and degrees delivered by distance, e-learning or "blended" learning (involving some distance learning and some learning on campus). The flexible methods attract students from non-traditional and under-represented backgrounds, including students who would not otherwise have entered HE.

34. Entry requirements into programmes are determined by HEIs and flexibility with regard to entry requirements is at the discretion of institutions. Many make decisions about admissions that recognise the impact of particular circumstances, e.g. health or wider educational background. Some HEIs have partnership relationships with schools and colleges to help widen participation and many operate schemes which make flexible offers to students who engage in a programme of additional activity or learning.

35. The Joint Forum for Higher Levels aims to promote better understanding between the further education and higher education qualifications frameworks in England, thereby encouraging lifelong learning and its recognition. Lifelong Learning Networks (LLNs), supported and funded by HEFCE, bring together together HE and FE institutions across a city, area or region to offer new progression routes into HE for vocational learners.

36. In Wales, there is an expectation that FE and HE institutions will work ever more closely together, including through FE-HE merger to deliver higher education in more accessible locations, and enable people to progress to higher education through a range of pathways vis school, FE programme, or the workplace. The regional dimension to planning and delivery of HE in Wales (see 6.2 below) will underpin this.

37. Modular structure of many programmes facilitate greater participation from different types of students. They are module-based and credits can be awarded for particular modules and transferred to courses at other institutions at the HEIs' discretion, or students can take modules, take a break from study and recommence study according to their life circumstances.

38. The two national qualifications frameworks that operate in England, Wales, and Northern Ireland, are the Framework for Higher Education Qualifications (FHEQ-EWNI), and the Qualifications and Credit Framework (QCF) for the Further Education and vocational sectors. The HE credit framework for England (published in August 2008) which promotes consistency in use of credits across the sector, will help to remove some barriers to the development and operation of the flexible learning paths.

39. Scotland has its own, integrated credit and qualifications framework, SCQF. The SCQF brings together all Scottish qualifications into a single unified framework. It gives every qualification a level and credit value. It has the capacity to recognise all forms of learning.

40. To support greater flexibility and lifelong learning, the SCQF Partnership has developed guidelines for the recognition of prior learning (RPL). The purpose of the guidelines is to:

- provide guidance to learning providers across all post-16 education and training sectors in Scotland on managing the process of recognising the prior informal learning of learners within the context of the SCQF
- provide a set of core principles and key features that will enable users of the SCQF to have confidence that there is consistency in approaches to recognising prior informal learning
- support the practice of recognising prior learning as part of the lifelong learning agenda in Scotland.

41. The guidelines are not prescriptive, but are intended to encourage a range of approaches to RPL across the sectors to take into account the needs and goals of different learner groups. They centre on the core principles that should underpin all RPL provision and provide guidance to providers on the key features of the RPL process.

42. HEIs will admit students of other disciplines (at times ‘conversion’ courses might be used to aid this type of cross subject movement), but the student will have to pay full fees and will not receive student support if they intend to pursue a course which is equivalent to or lower than the qualification they already have.

43. The HEI decides what criteria it will use to determine admission onto its programmes, including formal qualifications, professional experience, conversion course requirement, or anything else such as informal training. Institutions will have policies around Accreditation of Prior Experiential Learning.

2.4. Numerus clausus

50. Some subject areas (especially those connected to the major public sector professions) will have national parameters around the number of the student population – connected to the outflow into the profession. An example is that of nursing where the Department of Health commissions a specific number of nursing places which then comprise the total amount of all tertiary nursing places.

44. There is a level of institutional autonomy in this area but some subject areas (especially those connected to the major public sector professions) there are controls on the number of an HEI can recruit. The numbers are controlled to align with the outflow into the professions e.g. medicine, teaching etc. For other subjects, the Funding Council’s set broad parameters for the number of undergraduate “home” students an HEI can recruit. “Home” students are those ordinarily domiciled in the UK or other parts of the EU. There are no such parameters for the number of postgraduate students or students, at any level, who come from outwith the EU.

2.5. Regional/ European/ global mobility

The table below shows the numbers and percentage of UK domiciled students who study outside the region in which they live.

UK Domiciled ⁽¹⁾ Enrolments by Location of Study
UK Higher Education Institutions
Academic Year 2008/09

Country of domicile	English HEI	Welsh HEI	Scottish HEI	N Irish HEI	% studying outside home country
England	1,613,065	33,755	22,145	1,025	3%
Wales	31,980	69,690	670	55	32%
Scotland	27,660	565	149,850	140	16%
Northern Ireland	15,390	490	4,680	41,430	33%

Source: Higher Education Statistics Agency (HESA)

Notes: Figures are based on a HESA standard registration population & have been rounded to the nearest five.

⁽¹⁾ Excludes those domiciled in Channel Islands & Isle of Man who are normally included as UK domiciled.

UK Domiciled Enrolments by Term-Time Accommodation
UK Higher Education Institutions
Academic Year 2008/09

Term-time accommodation	Enrolments	% of known
Institution maintained property	220,515	12%
Parental/guardian home	306,105	17%
Other	76,155	4%
Not known	392,625	22%
Not in attendance at the institution	15,860	1%
Own residence	404,435	23%
Other rented accommodation	311,190	18%
Private-sector halls	41,335	2%
Total known	1,768,215	100%
Missing	258,870	

Source: Higher Education Statistics Agency (HESA)

Notes: Figures are based on a HESA standard registration population & have been rounded to the nearest five.

a) There are many reasons why students live at home while studying. Some do so for financial reasons, others for practical or personal reasons. Mature students and part-time students, who may have part-time jobs, are not able to be as mobile as other students and may have to study locally to their home and work.

b) The type of accommodation students live in is largely a matter of choice. While many universities and higher education institutions offer student accommodation for all or a large

proportion of 1st year students, not all want this, and may therefore rent privately, live at home or if they can afford it buy a property. There isn't a clear cut explanation for choices around living at home or choosing student residential accommodation. Students might choose to live at home due to family commitments, work commitments (e.g. mature students who live, work and study in the local community), cultural traditions, finances or a range of other reasons. And others might choose to move away to study for similar reasons i.e. they might not have family/work commitments, they might have more expectations about moving away to study etc. HEIs often provide a range of student accommodation and will give priority access to First Year students, disabled students and often international students.

45. HEIs in the UK are autonomous bodies and set their own admissions criteria. Students can transfer between programmes and HEIs wholly at the discretion of individual HEIs, in line with their academic criteria, requirements and procedures. There is centrally held data on transfers.

Data from the Higher Education Statistics Agency (HESA) shows that 2.8 per cent of entrants to full-time first degree programmes in 2007-08 were at a different institution in 2008-09.

Transfers will be dependent on the accepting institution's requirements, limits will be connected to these requirements e.g. recognition of qualifications, experience, prior academic achievement, and student places in the HEI/on the course. Institutions will have policies around Accreditation of Prior Experiential Learning recognition of academic credit.

46. Data are collected on the basis of domicile of student and not the country of prior study. In the academic year 2008/09, there were 117,660 students at UK HEIs from other EU countries and 251,310 from outside the EU. These account for around 4.9% and 10.5% respectively of all UK students.

47. The decision to admit students, whether domestic or from other MS, is the responsibility of each admitting HEI, in accordance with their own entrance requirements and procedures. There is no centrally held data on the length and average cost of the recognition procedure.

What is the degree of openness to teachers and researchers who have obtained their qualifications in other Member States? What is the average length of the procedure of recognition of diplomas and its average cost?

48. The same answer as to the question in respect of the decision to admit students. Answer for question above: Staff recruitment is entirely a matter for HEIs themselves. Academia is a global labour market so there is a flow across international borders of academic staff but decisions about recognition of qualifications is for HEIs. We have limited central information about average length of the process or cost. Evidence from HEFCE shows that 5825 of the permanent academic staff in English HEIs are from Western Europe or Scandinavian countries. Also the British Council runs a staff mobility program:

49. Erasmus and Erasmus Mundus present opportunities for exchanges with full recognition of the studies carried out, as do a number of initiatives on governmental and institutional level. HEIs have their own bi- and multilateral arrangements in place with HEIs in MS and beyond.

3. Evaluation

3.1. Institutional evaluation

51. Public funding to HEIs for Research is highly selective on the basis of research excellence as assessed by researchers' peers. This is done through complementary processes for Research Council grant applications for projects and block grants to HEIs. The majority of HE Funding Body block grants are allocated on the basis of periodic (every five to seven years) national assessments of departments' research outputs since the last assessment, with additional elements of the block grant to support research with charities and business and the supervision of post graduate research students. The last Research Assessment Exercise (RAE) was conducted in 2008, and involved 15 main panels and 67 sub-panels, corresponding to broad subjects, in total comprising 1,000 panel members. Panel members are academics or expert users of research active in that discipline, many with international experience, nominated by over 1,300 subject associations and other stakeholder organisations.

52. The results of the last RAE, announced in December 2008, confirmed the dominant position that universities and colleges in the United Kingdom hold in international research. Those results demonstrate that 54 per cent of the research conducted by 52,400 staff submitted by 159 universities and colleges is either 'world-leading' or 'internationally excellent'. Quality profiles for each departmental submission of research activity made by higher education institutions are made public. The RAE will be succeeded by the Research Excellence Framework (REF) as the new system for assessing the quality of research in UK HEIs, it will for the first time include an explicit element on the impact of past excellent research on the economy and society.

53. Many HEIs carry out research as well as teaching of students. Those HEIs (including the research intensive universities) are also subject to the national arrangements in place around quality assurance, as described in section 4.

54. Higher education institutions themselves are responsible for the quality and standards of their academic awards and educational provision. In England, there is a system in place for external quality assurance. The Higher Education Funding Council for England (HEFCE) has statutory duty to secure provision for assessing the quality of education provided by the HEIs that it funds. HEFCE discharges this duty through a contract with the Quality Assurance Agency (QAA) – which provides external audit of institutions' own quality arrangements and

also works with the sector on a range of quality enhancement and assurance measures. Higher education institutions also work with a very wide range of professional, statutory and regulatory bodies to assure the quality, and where relevant the content of their programmes. For instance some professional bodies as well as auditing quality of provision will work proactively with institutions on course content, to ensure that the course meets the requirements for that profession e.g. medicine.

55. Many institutions will work with subject expert academics – wherever they are based (national or international) and employers also when developing and evaluating their courses. Institutions will have a regular cycle of course quality assurance/evaluation and the current national QAA process in England is based on a 6 year audit cycle (with a check at the 3 year point and mechanisms built in for more ‘intervention’ if it is required). Students can also input into the QAA audit process with written submissions and a new development for England is that a student will also be part of the external audit team. QAA audit reports are published via the Agency’s website. In addition, a network of External Examiners periodically advises on the appropriateness of an institution’s academic standards.

56. In Scotland, Enhancement-led institutional reviews are carried out on a four year cycle. The External review teams include an international expert and a student representative. The enable students to take an active part in the Quality Enhancement Framework, including external reviews, SPARQS (student participation in quality Scotland), run by NUS Scotland, assists and supports students, students' associations and institutions to improve the effectiveness of student engagement in quality processes and provides advice to the further and higher education funding councils in Scotland and institutions on good practise in the engagement of students in institutions' quality processes.

57. On a national basis all final year students can take part in the National Student Survey – which asks for their views on their teaching and learning experience – around 60% of final year students take part. The results are available alongside a range of other information about quality on the Unistats website, which is open to the public and allows prospective students to compare and contrast HEIs on a range of quality related factors. Institutions also run their own student surveys to inform improvements to their practice.

4. Funding rules

4.1. Public funding

58. For teaching activities in universities, public funding is channelled through the Funding Councils. The rules for funding evolve over time, but in essence funding levels are proportional to levels of student recruitment, with allowances for additional cost factors such as the higher costs of recruiting and retaining students from low socio-economic backgrounds, differential costs depending on study intensity, differential costs associated with subjects.

The Councils operate on a block grant basis, leaving institutions with freedom to decide on how to deploy resources.

59. Funding for research is provided by a dual support system, under which universities have access to two streams of public funding for research. In one stream are the Higher Education Funding Councils (HEFCs)¹ funded by the Department for Business, Innovation and Skills (BIS) and the Devolved Administrations. HEFCs provide core funding for university research, paying for the costs of staff, premises, libraries and central computing. Funding allocation is determined using the periodic Research Assessment Exercise (RAE), the most recent of which took place in 2008². In the second stream are the seven UK Research Councils³. This stream provides funding for specific research projects and is administered by BIS. Allocation is determined by peer reviewed applications to the relevant Research Council.

4.2. Impact of quality assessments on funding

60 The results of quality assessments have an impact on funding decisions. See 4.1 on Research Assessment Exercise The ultimate sanction for continuing unsatisfactory quality for HEIs funded by HEFCE is withdrawal of that funding – HEFCE has a ‘Policy for addressing unsatisfactory quality in institutions’. Institutions in England that demonstrate unsatisfactory management of the quality of learning opportunities and/or of academic standards (as established by the Quality Assurance Agency for Higher Education's (QAA's) audit or review processes) over an extended period, beyond the standard time allowed for the production and implementation of an action plan. It will be triggered: if an institution receives 'no confidence' judgements in two successive QAA audits or reviews; if an institution does not make sufficient progress on an action plan made following a 'no confidence' judgement; or if an institution is unable to agree such an action plan within a reasonable time frame. There are separate arrangements in Scotland.

4.3. Private funding

4.3.1. Tuition fees and/or households

61. We cannot give a detailed response to this section as the role of student tuition fees is currently subject to review. In England, an Independent Review of Higher Education Funding & Student Finance commenced 9 November 2009 and is expected to report by the autumn of

¹ The Funding Councils are England - Higher Education Funding Council for England (HEFCE); Scotland - Scottish Funding Council (SFC); Wales - Higher Education Funding Council Wales (HEFCW); Northern Ireland - Department of Education, Northern Ireland (DELNI).

² <http://www.rae.ac.uk/>

³ Arts and Humanities Research Council (AHRC); Biotechnology and Biology Research Sciences Research Council (BBSRC); Economic and Social Research Council (ESRC); Engineering and Physical Sciences Research Council (EPSRC); Medical Research Council (MRC); Natural Environment Research Council (NERC); Science and Technology Facilities Council (STFC).

2010. <http://hereview.independent.gov.uk/hereview/> We cannot pre-empt what the Review might recommend – Any changes implemented following the Review would come into effect in the academic year 2011/12 at the earliest.

4.3.2. Business, other

62. Institutions take income from a range of sources, and the balance between public and private funding has shifted towards private in recent year.

63. The HEI sector receives direct funding from the private sector. Data is not, however, kept which distinguishes between the varying types of private sources of revenue. It is not possible therefore to apportion the contribution between industry, charities and private benefactors. Available data does, however, establish that private sources of revenue have grown more quickly than public sources. In 2006, private funding accounted for 35 per cent of national investment in higher education, compared to 32 per cent in 2000 and only 20 per cent in 1995.

4.3.3. Grants/loans

64. There are separate student finance packages for full time students, and part time students, and the arrangements differ in each of the UK administrations (section 6.2 details the changes being introduced in Wales from 2010).

- In England, the package for **full time** students consists of non-repayable maintenance grants and bursaries, and repayable student loans for tuition fees and living costs (2010/11 figures given).
- A Maintenance Grant of up to £2,906. The full amount is payable to eligible students with household income under £25,000, less to students with income between £25,000 and £50,020. It is not repayable.
- A Bursary worth a minimum of £329 (many universities are offering substantially more). It is payable to eligible students receiving the maximum Maintenance Grant and paying maximum tuition fees. It is not repayable
- A Student loan for Fees to cover full fees charged up to £3,290. It is payable to all eligible students. It is repayable.
- A Student loan for living costs, worth up to £4,950 for students living away from home, more for students studying in London, and less for students living with their parents. It is payable to all eligible students. It is repayable.

In Scotland the package of living costs support for **full-time** students is as follows:

- Maintenance loans are available, depending on whether the student is studying at home, of up to £4,107 or away from home, up to £5,067. Maintenance loans are means tested dependant upon household income.
- A non-repayable Young Students' Bursary (YSB) of up to £2,640 is also available for dependant students under 25, with household incomes of up to £34,195. YSB replaces part of the maintenance loan.
- A non-repayable Independent Students' Bursary (ISB) of up to £1,000 will be available for those with household incomes of up to £34,195. Independent students with no benefactors are also eligible. ISB replaces part of the maintenance loan.
- An additional loan of up to £785 will be available to all students with household incomes of up to £22,789.

The package for **part-time** students is not the same as the package for full-time students, and consists of non-repayable Individual Learning Account (ILA) grants towards the costs of Higher Education courses.

- An ILA200, worth £200 for eligible part-time students studying a course that is less than 40 SCQF credits per year.
- An ILA500, worth £500 for eligible part-time students studying a Higher Education course, Professional Development Award (PDA) or Continuing Professional Development (CPD) at SCQF levels 7-11* and complete at least 40 SCQF credits per year.

65. To be eligible for ILA support you must be 16 or over, an ordinary resident of Scotland, earning £22,000 a year or less. The course and learning provider with which the learner wishes to use ILA funding to cover must be a registered with ILA Scotland.

- A Fee Waiver scheme can provide students with help with fees if they are unemployed or on a low income and are studying a programme that is credit-bearing at higher education level (level 7 and above of the Scottish Credit and Qualifications Framework).

Note on PCDLs below, these are available to part-time and full-time;

- Students may apply for a Professional Career Development Loan (PCDL) between £300 and £10,000. A PCDL is a deferred repayment bank loan to help pay for vocational training, leading to employment in the UK, the EU or the EEA (European Economic Area). It enables students undertaking vocational courses of up to 2 years to apply for a loan from one of the participating banks to cover their expenses. The course must be vocational and can be full time, part time or distance learning. The loan can cover up to two years of learning or up to three years if the course includes work experience. The individual begins repaying the loan within one month of

stopping their course. You can order an application pack and receive further information and advice by calling 0800 585 505 or by going to www.direct.gov.uk/pcdl

* SCQF level 11 has been included for the part time free grant for academic year 2009-2010 and will be suggest to review

Full time

66. Full time students can be charged a tuition fee of up to £3,290 in 2010/11. But no full time student has to find the money to pay their tuition fee either before or during their studies. Instead students can choose to take out a Student Loan for Tuition Fees to cover the full cost of their studies. This doesn't have to be paid back until the student leaves university and is earning over £15,000.

Similarly, any money a full time student borrows as a Student Loan for Living Costs

- In Scotland the commitment to widening access is underpinned by tuition fees being paid on behalf of all eligible full-time Scottish and EU students undertaking a first full-time higher education course at an institution in Scotland, regardless of their income or that of their parents or spouse. Therefore 'access' to higher education is not dependent on income or personal financial circumstances.
- The main intervention that the Scottish Government has to directly influence participation in Higher Education is through targeted, means tested student support:
- All main living cost support for full-time students is income assessed, offering loans for the majority of the student population and replacing a proportion of those loans with bursary support for young students from low income families.
- Supplementary support is targeted to minimise the impact of particular personal/geographical circumstances which may cause a financial barrier to a student entering full-time higher education i.e: Away from Home Allowance reflected in living cost support, Disabled Students Allowance, Lone Parent Grant, Lone Parent Childcare Grant, Care Leavers Grant and Travel Expenses.
- Students who study part-time are generally assumed to be self supporting through part-time employment. Support for this group of student is focused on fee support through fee waiver, ILA 500 and Career Development Loans. The Disabled Student's Allowance is also available.

67. In addition both Discretionary and Childcare Funds are available for both full and part time students to help with the costs of childcare and for those who find themselves in financial difficulty and at risk of dropping out.

5. Impact on Employability

68. Quantitative information: differential in unemployment rates among tertiary education graduates relative to individuals with upper-secondary attainment

Those whose highest qualification is at tertiary level and above have better employment rates (85% compared to 72%) and lower unemployment rates (4.4% compared to 8.0%) than individuals with upper secondary qualifications (LFS Q4 2009)

69. The Higher Education Funding Council for England's (HEFCE) workforce development programme provides approximately 70 employer engagement pilots including employer co-funding projects and three High Level Skills Pathfinder projects. Sector Skills Councils are actively involved in the development of Foundation degree frameworks. Foundation degrees are flexible higher education qualifications involving work-based learning to develop higher level application as well as technical and practical skills.

70. Flying Start and Flying Start – Make it Happen offer programmes to encourage graduates and students, to think about becoming self-employed or starting up a business. They consist of an inspirational day, follow up programme and 12 months of mentoring support.

71. In response to the recession, the government created an Office for Graduate Opportunities (OGO) within BIS in April 2009, to provide help for help new graduates who were not able immediately to find employment. OGO has been working with other stakeholders, to maximise the opportunities available to new graduates to gain experience of work and to boost their work based skills, and to ensure that graduates know about these options.

- BIS is on track to deliver 24,000 internships by September 2010:
- More than 16,000 vacancies (mostly paid) have been advertised through the Graduate Talent Pool since launch in July 2009.
- Up to 10,000 internships under Backing Young Britain, which will be delivered by universities in collaboration with FSB.

- Universities are offering internships, help to start a business; intensive support with job-search, CVs and interview techniques as part of £50m fund to help individuals and businesses hit by the recession;

- And they are working with local employers, supported by Federation of Small Businesses, to provide highly skilled internships in small businesses and in growth sectors– like:
- University of Surrey offering 5-month internships in collaboration with local companies as preparation for a career in the UK biopharma, biotechnology and life science industry.

- The universities of Warwick and Birmingham working together to offer internships in a range of local companies;
- Anglia Ruskin and the University of Cambridge Institute for Manufacturing offering 12 week internships with small companies.

- Around 4,000 full time and around 50,000 part time/short term volunteering placements are available for young people, which may be suitable for graduates.
- BIS is contributing towards funding for 500 overseas volunteering places with Raleigh for 2009/10 graduates from low income backgrounds.
- Raleigh, BIS and graduate each contribute £1000 per place.
- 3 months overseas, with training and follow up.
- First group returned before Christmas 2010. Last group will be recruited by end March 2011.

Graduate Opportunities Wales

72. GO Wales offers a range of services to help students, graduates and businesses in Wales support and benefit each other. Funded by the Welsh Assembly Government and managed by HEFCW, its activities include work placements, work experience, funding for training, the Graduate Academy and an online database of jobs in Wales.

It offers significant flexibility, more so than other equivalent UK schemes:

- it is open to graduates regardless of the year of graduating
- it offers a range of experience - including placements with SMEs, large firms, private sector and public sector organisations

(Wales) Knowledge Transfer Partnerships (KTPs)

73. Wales has been particularly successful in building relationships with business through KTPs.

These are funded together with the UK Technology Strategy Board (TSB). Each partnership employs one or more recently qualified people to work in a company on a project of strategic importance to the business, whilst also being supervised by the HEI. The programme offers benefits for both the business and the HEI and has been an effective means of building links between academia and business.

74. In line with the recommendation from the 2007 HM Treasury Sainsbury Review on Science and Innovation, the Welsh Assembly Government is expanding KTPs in Wales with the introduction of flexible mini-KTPs and overseas KTSs (as part of the Academia 4 Business scheme).

6. Recent and planned reforms of the tertiary education system

6.1. Description of recent reforms

75. There have not been any major recent reforms of the system of Higher Education. The British Government, on 3 November published a strategy for HE in England: *Higher Ambitions: the future of universities in knowledge economy*. The framework sets out the priorities for the Government's approach to higher education over the next 10 years and focuses on 6 themes:

- How we will ensure that all those who have the ability to benefit can get access to higher education.
- How we will support universities in making a much bigger contribution to economic recovery and future growth.
- How we will strengthen the research capacity of our universities, and its translation into economic impact.
- How we will guarantee that students enjoy excellent teaching while at university, and ensure that universities can benefit from competing to attract students on the basis of the excellent service they provide.
- How we will further strengthen the role of universities at the heart of our communities and shared intellectual life, and as one of the key ways in which we engage with the world, and the world with us.
- How we will ensure that our universities continue to maintain excellence, even under tighter public financial constraints.

76. This document is also a key part of Government's response to a wide ranging report on Fair Access to the Professions Which highlighted issues of social mobility. A university education is the key to greater social mobility and Government is keen to do more to give bright young people from lower income backgrounds a serious chance of universities such as Oxford and Cambridge. Higher Ambitions set out the need to get universities established as economic players – as part of the response to the economic situation and responding to employer needs. As part of future strategic direction for universities we will be giving priority to funding for key subjects including sciences; getting businesses more involved in designing courses providing work placements and part-time study options for staff; and promoting relationships between businesses & universities so that course content doesn't stagnate.

77. This is a long-term strategy which aims to build upon existing strengths. There are many recommendations to follow up. Some of these are for Government, some are for the Funding Council and Research Councils, but most are challenges for universities. Work has already begun on implementing these recommendations and we will regularly assess our progress against the agenda Higher Ambitions provides.

An important aspect of the Higher Ambitions framework is about making sure that students have much better information before they choose courses – both about what they’ll be taught & employment prospects. Our goal remains for at least 50 percent of 18 to 30 year olds to enter university. We have made great progress in the numbers of people beginning a three year degree at 18 or 19. But the challenge for the next decade is to offer a wider range of study opportunities – part-time, work-based, foundation degrees and studying whilst at home – to a greater range of people. So we will encourage the expansion of routes from apprenticeships and vocational qualifications to higher education. And offer more higher education in Further Education Colleges

We look to Universities to redouble their efforts to contribute to the economic growth our country needs. Universities that spot the economy's future growth areas will benefit.

<http://www.bis.gov.uk/policies/higher-education/shape-and-structure/higher-ambitions>

Recent reforms in Scotland

78. New Horizons, the 2008 report of Scotland's Universities Taskforce, sets out a new relationship between the Scottish Government, the university sector and the Scottish Funding Council. It will be underpinned by a new set of roles and responsibilities which the Taskforce believes will play a key role in delivering a Smarter Scotland with the highly skilled, creative and innovative workforce needed to deliver prosperity for the people of Scotland in the 21st century and which will enable the university sector to continue to be nationally and internationally competitive in the face of global challenges.

79. New Horizons recommends that:

Scotland's universities should become a key economic sector in their own right; In return for the substantial public funding they receive, universities must clearly demonstrate that Government funded activities are aligned with the Government's Purpose; Existing Scottish Government funding will be streamed into a more flexible General Fund for mainstream activity and a Horizon Fund to provide new opportunities and incentives; SFC regulation should become “lighter touch” to give universities greater autonomy; and A new Tripartite Advisory Group should be established to advise on these new funding arrangements.

New Horizons includes three challenges from the Scottish Government to universities:

- Scottish universities must demonstrate that they use the funds they receive from the Scottish Government to support activities which are well aligned with the Scottish Government’s Purpose, its economic and skills strategies and its other policy frameworks.

- Learning provision in universities must become more flexible (if it is to respond to the changing needs of students) and more capable of being delivered by closer and differing institutional collaborations and structures.

- Universities contributing more directly to Scotland having a world-class knowledge economy by embedding a culture of engagement between themselves and the Scottish micro, small and medium sized business base."

- The consultation paper "Supporting a Smarter Scotland" was launched on the 15th of December 2008. The paper set out a number of options as to how HE student support could be improved with the additional £30m which the Government provided to begin the transition from loans to grants in 2010/11. The paper also provided an opportunity for the Government to have an in depth discussion on the real issues facing students in these tough financial times
- The decision on how to allocate the additional £30m for student support was arrived at with the support of the National Union of Students. From 2010/11, the Scottish Government will:
 - for the first time, match the income levels of those younger and older students with the lowest incomes, each will receive £5,852 a year; and
 - increase the maximum level of the income assessed student loan by £442, benefitting 75,900 of eligible students: and
 - introduce student support for those over 55 studying in Scotland; and
 - introduce a grant for independent students of up to £1,000; and
 - provide £2m for childcare support to students with childcare needs; and
 - increase the additional student loan from £605 to £785 and extend this to independent students.

6.2. Planned reforms (or reference to ongoing policy debate)

80. The most significant recent reform in England has been the introduction of variable tuition fees in England and Wales for full-time undergraduates starting in 2006, with a cap placed on the fee that can be charged. These arrangements are currently subject to an independent review of higher education funding and student finance which will consider that will report to Government later this year. The review will take account of a wide range of perspectives and will consider the student support system as well as the balance of contributions between students, employers, graduates and taxpayers.

81. Areas of distinct approaches in Wales

http://wales.gov.uk/topics/educationandskills/policy_strategy_and_planning/feandhe/forourfuture/?lang=en

Strengthened emphasis on accountability for public investment in HE at the expense of autonomy

For Our Future, the Higher Education Strategy and Plan for Wales (published November 2009) is directional and clear - particularly in relation to instructing the Higher Education Funding Council for Wales. Thus while Higher Ambitions calls on “HEFCE to lead a debate with institutions about alternative funding options” related to Matched Funding mechanisms, *For Our Future* advises HEFCW to identify methods of deploying funding methodologies to promote flexibility and diversity in delivery; deliver a focused and employer-led expansion of part-time and work-based higher education; and encourage systematic collaboration to exploit technology.

This has been confirmed in the 2010-11 remit letter to HEFCW which makes clear demands on the use of capital funding, and sets an increasing proportion of grant to shift to “strategic implementation”.

Governance review of HE in Wales

82. *For Our Future* introduces a Welsh Assembly Government co-ordinated review of HE governance to ensure fitness for purpose. There is no similar activity in the DBIS document. A key part of the review will be how governing bodies hold management to account for the institutions’ strategic planning, financial management and quality of student experience through proper oversight, scrutiny and account. The review will also consider whether there should be a mechanism for appointing independent members of governing bodies of HEIs by a body other than the institution.

Regional dimension to planning and delivery

83. *For Our Future* establishes an overarching requirement that higher education providers in Wales operate as a collaborative national HE system to maximise course choice and quality; enable individual providers to build distinct missions and strength; combine to minimise overlap and duplication; and to build national critical mass and competitiveness in research.

84. Within this framework, funding is to be committed to underpinning a regional dimension to planning and delivery. This will deliver greater opportunities for more local access to higher education, through combining the strengths, availability and accessibility of FE and HE providers working together. It will play a significant role in workforce development, and business links. The regional dimension will also contribute to improved progression of people into HE from school, further education and work based learning. Altogether, the regional dimension will play a significant role in overcoming the stark disparity in HE participation and skills levels across Wales.

Stronger emphasis on FE/HE collaboration

85. The Assembly Government has adopted the “Transformation” agenda to streamline post-16 education and training (sub-HE). The engagement of higher education institutions in the Transformation agenda is vital to providing progression routes to level 4 and higher education. This has already resulted in one HE-FE merger in Wales. *For Our Future* makes clear that FE and HE collaboration and combination is key to promoting access and progression to HE by many more people in Wales.

Establishment of Research and Development sector priorities

86. Welsh Assembly Government Ministers have agreed the future focus for EU Structural Funding investments and other Welsh Assembly Government expenditure in R&D, Innovation, Commercialisation & Knowledge Transfer.

87. The agreed future priorities provide greater focus on a smaller number of niche areas for Wales to ensure that future work will contribute maximum positive effect in creating the knowledge economy Wales needs. This also gives Wales the potential to maximise the impact of future strategic investments. This prioritisation is designed to enable HEIs to build critical mass by increasing their capacity to develop ambitious high-quality collaborative bids in our key areas of research strength. National excellence is no longer good enough- the way forward for Wales is to identify in what areas it can have world-class expertise.

The sectors are:

- Digital economy (ICT).
- Low carbon economy (including climate change mitigation).
- Health and biosciences.
- Advanced engineering and manufacturing.

88. It is also recognised that Wales has expertise and capacity in key cross-cutting themes, which impact a wide number of sectors, such as optoelectronics, engineering printing technologies, product design and rapid prototyping, visualisation, advanced materials and information communication technology.

89. Appropriate investment in R&D, innovation and skills – both sector specific and management and leadership - is important to ensure that businesses in Wales have the skills and new and improved products, processes and technologies required to be competitive in the future. The Welsh Assembly Government is creating a network of Research Centres in Wales and ensuring that the research undertaken increasingly leads to commercialisation and economic impacts as reflected in the priorities set out in *For Our Future*.

90. The Welsh Assembly Government, working with HEFCW, has also established the Reconfiguration and Collaboration Fund to strengthen the Welsh HE sector by promoting

collaboration between institutions in key areas, including research so that Wales can punch above its weight in its key priority areas.

Student Finance in Wales

91. Statutory Student Finance arrangements in Wales will change from 2010/11. The Tuition Fee Grant will be phased out. Under this system Welsh domiciled students (and non-UK EU students) studying in Wales received a non-means tested annual grant of just under £2,000. The following system will be introduced for new-entrant students:

- **Fee loan**, to cover variable fees, up to £3,290 depending on domicile of study.
- **Assembly Learning Grant or Special Support Grant** – up to £5,000.
 - full amount available to those with household incomes up to £18,370; partial grants up to household income of £50,020.
- **Maintenance loan** – three rates depending on whether the student is living at home while studying (H) £3,673; living away from home & studying in London (L) £6,648; or living away from home and studying elsewhere (E) £4,745. *25% of the loan is subject to income assessment. For all cohorts, lower amounts apply to final year students.*

Partial graduate debt write-off

92. Another new feature of student finance to be introduced in 2010/11 is that the Assembly Government has made a commitment to write off up to £1,500 of student loan debt for continuing Welsh domiciled students who take out a maintenance loan in academic year 2010-11 from Student Finance Wales. For students entering study under the new system, and who take out a maintenance loan from Student Finance Wales from academic year 2010-11, The Assembly Government will write off up to £1,500 of student loan debt at the point at which any individual has to start making repayments, irrespective of where he or she has studied in the UK.