

AUTONOMY: THE VIEW FROM THE UK

GREG WADE || This article aims to provide an update on the changing political environment for higher education in England and the impact that this is having on institutional autonomy. The report highlights the considerable uncertainty and change in the political environment which could significantly alter the framework upon which existing institutional autonomy is based. The policy aims of the current UK Government have meant institutions facing challenging and demanding strategic decisions which, although difficult, have emphasized the importance of institutional leadership and management to the future of universities in a highly autonomous higher education system.

INTRODUCTION

Universities UK (UUK) is the representative body for universities in the United Kingdom. In view of the fact that the author of this article is a member of the UUK, it could be inferred that the premise of the article is to defend Britain, argue in favour of £ 9,000 university fees and to explain all that is happening in British higher education in a relatively short paper. This is hardly an easy task and beyond the scope of this analysis, which will consequently be partial and selective. It may, however, serve to initiate an academic dialogue as the British and German higher education systems are compared and contrasted.

AUTONOMY – BRITAIN AS AN EXAMPLE?

It is clear from the work of the European University Association (EUA) on the barometer of higher education autonomy that Britain has one of the most autonomous university systems in Europe, alongside Estonia. So if the question is how can effective autonomy be ensured, then the obvious answer is surely to become more like Britain. Whether this is an appropriate conclusion may become clearer once the current changes and challenges have been described. There are of course four different responses if the question is about autonomy in Britain, one each for England, Scotland, Wales and Northern Ireland. The focus of this article will be on the English scenario.

In England, all universities are strongly committed to institutional autonomy; it is at the heart of the country's governance. This view is encapsulated by four key themes. The first theme is that academics are the ones with the expertise to make academic decisions about teaching and research in partnership with institutional managers and leaders, they are also the ones who are most responsible for the delivery of quality. The second theme is that institutional managers and leaders in partnership with academic colleagues are the ones with the expertise to make strategic decisions, not the state. The third theme is that autonomy is about exercising choice in how the institution best delivers quality in terms of meeting the needs of research funders, students, employers, politicians and other stakeholders – it is contextual and negotiated. Finally, this choice is exercised increasingly in the context of the freedom of the market.

POLITICAL CONTEXT – HIGHER EDUCATION AS A POLITICAL ISSUE

Even just ten years ago, higher education was not a high-profile political issue. In discussions concerning the general election campaign, it had been a struggle to find issues and agendas that would make higher education the topic of important debate and discussion during a general election. With the advent of fees, higher education is

now a highly political issue which is rarely out of the news. The reason why the current coalition government abandoned plans to introduce higher education legislation is because it is a highly political and divisive issue that had the potential to seriously destabilize the government.

A selection of news stories regarding higher education that appeared in just one month, April 2012, demonstrates the varied and volatile nature of the political environment for higher education in England, an environment characterized by considerable change and uncertainty.

A private equity provider spent £ 200 million to take over a private college with degree-awarding powers. This constitutes an example of the considerable private sector interest in and resources that could be devoted to higher education and to competition with existing providers. A Scottish university was accused of exploiting English fee-paying students. This is only one example of the situation where the four different fees regimes in England, Scotland, Wales and Northern Ireland – that all relate to each other in different ways – make for a confusing and complex policy environment not just for policy experts but also for students and their parents when considering their choice of universities and nations.

An English university recently joined the American admissions system, and the increasing number of English students going to study abroad, in particular in the United States, is a regular news story. Increasing international competition and mobility are a significant aspect of English higher education.

The National Union of Students re-elected its president who is calling for mandatory teaching qualifications for higher education teaching staff, a minimum number of students on governing bodies and an insurance scheme to compensate students if their institution fails. These recommendations are being seriously considered.

POLITICAL CONTEXT – NEW GOVERNMENT, NEW IDEOLOGY

As with any incoming government that has recently won an election, there will be a strong ideological emphasis at least in the initial policies, as the election results will be seen as a vindication and endorsement of the political ideology of the winning parties.

A number of themes, arguments and policies have been outlined by or associated with the new government, many of which are relevant to higher education and to any dialogue with the government about the value of institutional autonomy. In their view, they have saved the country from bankruptcy and the reckless financial management and failure of the previous government. Any defence of the record of universities in terms of success and effective management and governance runs the risk of being associated with the previous status quo which according to the new government was a failure. The need to effectively manage public finances is the top priority for the new government. The austerity programme has involved difficult decisions and some very tough reductions in parts of the public sector. Through the introduction of fees the higher education sector is in a financially far better situation than most other parts of government and is expected to be both grateful for this and more able to deliver on government priorities.

It is not a key policy goal to support the continual growth in undergraduate numbers in universities through public funding. Views have been expressed to the effect that there may be too many universities, and that quality needs to be supported and protected but it is not a universal characteristic of universities, especially in terms of teaching.

There is a clear commitment to increasing competition and deregulation, and to decreasing protectionism and state intervention. The market is considered the best mechanism for delivering good teaching, student satisfaction and efficient use of resources, and more evidence is needed to support this. Both the views on variability in terms of quality and a commitment to market forces reflect a view that in order for there to be excellence there also needs to be failure, and in a market-based environment a university should be allowed to fail without the automatic assumption that the state would intervene. Finally, there is a strong commitment to the private sector playing an increasing role in higher education.

These are only a range of examples of government policy, ideology and enthusiasms which create the environment within which institutional autonomy has to operate and respond.

THE BRAVE NEW WORLD OF INSTITUTIONAL AUTONOMY IN ENGLAND

It is difficult to base this report on a precise description of all of the aspects of institutional autonomy in England because so many of them will be subject to considerable change.

The provision of a block grant by the Higher Education Funding Council for England (HEFCE) to institutions enabled both HEFCE to establish an accountability link with the institution as a whole, and granted the institution relative flexibility to make strategic spending decisions within the mechanism of a block grant. With the introduction of student fees, funding will shift from HEFCE to the Student Loans Company (SLC) determined by student numbers. By 2014-15 it is estimated that SLC funding will be the majority funding stream and only 15 % of university funding will be "public" funding. The controls and sanctions that HEFCE has in place such as threatening to withhold funding or fines will be increasingly less viable in this context.

The role of HEFCE itself will change from a "buffer body" that advises government and "steers" the sector to becoming the main regulator for higher education and a "champion" of student interests. It remains completely unclear what impact this might have on the role of HEFCE and how it relates to institutional autonomy.

As HEFCE provides grant funding to institutions, it is able to ensure effective accountability through a financial memorandum. As the grant disappears, this mechanism will need to be revised. As alternative, predominantly private providers increasingly enter higher education, accessing student support funding through the SLC only, the financial memorandum will not apply to these institutions, and HEFCE will need to seek alternative tools and controls if it is to fulfil its role as the main regulator.

In the past, it has been the view of the HEFCE that the option of allowing an institution to fail and go bankrupt would be too damaging to the reputation of the sector as a whole and to the experience of the students in the institution if it were ever allowed to happen. It has deployed resources to ensure that weak or failing institutions are taken over by stronger ones. The current government policy seeks to diminish this role for HEFCE (and it has less money to do this), and

indicates a greater willingness to consider allowing failing institutions to go bankrupt. This, however, has yet to be tested.

The regulatory framework that includes HEFCE, the Quality Assurance Agency (QAA) and the Higher Education Statistics Agency (HESA) and the processes they operate for accounting for public funds, ensuring quality and securing valid data have been built on the principle of close collaboration with the higher education sector. It is traditional for the chief executive of HEFCE to be a former Vice-Chancellor and for Vice-Chancellors to be members of its Board and committees. The QAA and HESA are both agencies owned by the higher education representative bodies. As the sector is expanded to include more private providers, it brings into question the basis of the regulatory framework which could be seen as designed around the self-interest of existing higher education institutions, exclusive and even anti-competitive. It also brings into question how the organizations themselves are governed.

The regulatory framework in relation to quality is operated on the basis of all institutions satisfying a threshold of quality and standards above which they can differentiate on the basis of excellence. On the subject of fees, a whole range of assumptions could be made about what the level of fee says about the academic standards and quality of student experience. This could undermine belief in a common threshold for all higher education provision.

The complexity of higher education could increase not only in terms of a range of new providers but also in terms of how they are organized and governed, for example ownership by international companies, and new forms of organization and collaboration between existing higher education institutions and private providers. Clearly identified responsibility and clear lines of accountability provide reassurance that institutional autonomy is being exercised properly; increasing sector and institutional complexity could lead to increased confusion.

In the past ten years at least, there has been ongoing growth in the overall number of undergraduates across the sector. The pressure on public finances combined with the impact of any increase in student numbers on the overall

student debt book and related charges mean that future growth will have to be at the expense of other institutions as there will be little overall growth in student numbers. This has implications for how collaborative and coherent the sector might be and it is being actively encouraged to compete by the government through measures to increase competition for highly qualified students and to encourage lower fee charges (the core and margin policy).

It is clear from this brief description of the changes and uncertainty surrounding key parts of the framework within which institutional autonomy operates in England that there is very little that could be described as a "steady state".

THE CHOICES AND CHALLENGES FOR HIGHER EDUCATION IN ENGLAND

Within this very uncertain environment, institutions still have to try to plan, to create some sort of certainty, and to identify some sort of direction. There is a whole range of decisions, many of them very difficult, that they have to make.

The first decision institutions have to make, obviously, is to identify a pricing strategy when the sensitivity of institutional target markets to various prices is relatively unknown. Two markets have been created through government policy: a free market for high-achieving entrants and a quasi-market for lower fee places (core and margin) which together represent just over a third of total student entry numbers. In modelling the potential results of any pricing strategy, there could be some institutions charging fees of £ 9,000 which would see a 10 % (+) increase in student numbers because they recruit a high proportion of high-achieving applicants, and some institutions with a £ 9,000 fee witnessing a 10 % (+) decrease as they do not recruit so many. There could also be some institutions charging £ 7,500 fees but with no increase in student numbers because they unsuccessfully bid for core and margin places, whereas others which charge a £ 7,500 fee would see a 5 % (+) increase because of successful core and margin bids. These decisions will require courage and self-possession in striking a healthy balance between risk-taking and security.

As integral as the pricing decision is the decision on branding and identifying the value

proposition for the institution. There could well be profound changes in student expectations relating to provision of information, contact hours, university facilities and future employment prospects. These could involve substantial challenges to institutional organization and culture. During a recent meeting with the former president of the student union in the university this author studied in as an undergraduate, the former president said that the students protested against setting fees any lower than £ 9,000 as they were worried about the reputation of the institution and their degrees if the "price" was cut.

Institutions need to identify which student markets they are targeting, whether they are going to adopt a broad strategy or focus on particular niches, and how they intend to manage the risks each approach entails. In the increasingly marketized English higher education system, the "middle market" of institutions adopting a broad strategy is expected to be crowded, more competitive and have a greater risk of failure.

The external environment for managing and delivering a university strategy is clearly becoming more difficult and complex. This increases the challenge of managing a university culture and improving the responsiveness of academics to agendas that they may not share being driven by managers they may not respect. A recent report from the Leadership Foundation for Higher Education "Academic Leadership: Changing Conceptions, Identities and Experiences in UK Higher Education"¹ found that most of the academics questioned in the survey were far more likely to consider colleagues and peers – whether alive and dead – as more relevant to their conception of academic leadership than either their direct managers or other managers and leaders in the university.

However, the challenges to English higher education are not going to diminish. The challenges to be both responsive and more efficient in all areas and activities are going to increase. In an economic environment where returns on investment are low and many investors are seeking safe havens for their funds, higher education in England could attract considerable interest. A private institution with taught degree-awarding powers, the College of Law, was recently taken over for £ 200 million. This equates to over

£ 30,000 per student. The entire HEFCE capital budget for all higher education in England for 2011-12 was £ 265 million which equates to roughly £ 100 per student. There is currently £ 500 billion in UK company bank accounts, over £ 1,500 billion in UK pension funds, £ 2,000 billion in global hedge funds and £ 8,000 billion in sovereign wealth funds. It would only take a fraction of these capital assets invested in English higher education to have a significant impact.

CONCLUSION

This outline of some of the challenges that English higher education faces may indicate whether any similarities can be drawn with German higher education; and it is a moot point whether the situation in the UK is to be envied or pitied. The UK Minister for Higher Education recently said that colleagues were coming from across Europe to examine what was happening in England. He did not say whether they were learning what to emulate or what to avoid.

Having claimed that autonomy is about choice, there is nevertheless a keen awareness in the UK of the constraints on this freedom of choice. There have been vigorous debates, and there is uneasiness and uncertainty amongst Vice-Chancellors about what is happening. Vice-Chancellors and their colleagues are having to make tough, hard and sometimes brave decisions, which could include the decision to fail. It is, however, very clear that these are institutions which will determine their future in such an environment. While this will entail considerable stress, there has been no suggestion that these decisions should be given back to the state. This is the one true test of the value of autonomy, it demonstrates the meaning of autonomy and the value that is placed on it in English higher education.

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- ¹ Leadership Foundation for Higher Education: Academic Leadership – Changing Conceptions, Identities and Experiences in UK Higher Education, Exeter, March 2012.