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THE LEGACY OF 1981: AN ASSESSMENT OF THE LONG-TERM IMPLICATIONS OF THE REDUCTIONS IN FUNDING IMPOSED IN 1981 ON INSTITUTIONAL MANAGEMENT IN UK HIGHER EDUCATION

1. INTRODUCTION

In the last 25 years, UK higher education has undergone fundamental change. Key developments have included:

- The movement from a highly selective, elitist system to one based on mass participation, prompting a significant reduction in the unit of resource per student and changes in the methods of student finance. In particular, the UK has moved towards the introduction of fees for undergraduate education.
- Increasing accountability in the use of funds, including a strong focus on 'value for money' and new transparency in resource allocation with consequences for institutional management. New financial arrangements have challenged the traditional autonomy of UK institutions.
- The emergence of increasing selectivity and quality-related funding, especially in research, with major consequences for institutional diversity and the interrelationship of teaching and research.
- Increasing commercialisation of university activities, including a new awareness of market forces and of the need for generating alternative sources of finance.

Against this background, the year 1981 is widely recognised as a turning point. A period of growth and expansion had come to an end and had been replaced by cuts in expenditure. 1981 is also seen as the start of other, deep changes in the direction, organisation and management of higher education, both in government and within institutions. Maurice Kogan and Stephen Hanney describe 1981 as a 'year of drastic policy change'; an interviewee in their study of reform in higher education states that "July 1981 was the crucial date. Before then, there was very little government policy for higher education. After 1981, the Government took a policy decision to take policy decisions, and other points such as access and efficiency moves then followed" (Kogan and Hanney 2000: 87). For those working in the system at the time, the shock was enormous. There were fears that not only would jobs be lost but that whole institutions would close; a period of crisis management commenced. Of

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longer term significance, many of the key changes in UK higher education towards the end of the twentieth century are often traced back to the cuts in 1981 and to their impact on universities.

Over 20 years later, with all the benefits of hindsight, how significant was 1981 in shaping UK higher education as it exists today? Research has been undertaken to examine the priorities and internal management of individual institutions. The result is a study of policy implementation in higher education, the extent to which that policy has short-term and longer term implications, and the extent to which it has both planned and unplanned consequences. In particular, the research aims to assess how significant were the financial cuts in 1981 on the development of UK higher education and to what extent are the changes which were prompted at that time still an influential factor in university management.

To this end, it is helpful to examine first of all the views expressed by the universities themselves soon after the cuts were announced. In 1983–84, the UK government through its Department of Education and Science (DES) funded a research project looking into the response of universities to the financial reductions announced on 1 July 1981. This project took the form of a number of case studies, covering nine different universities. Institutions were asked to consider the impact of the reductions in 1981 compared with other changes which had occurred in the preceding period. In particular, they were asked to identify the consequent changes in academic planning and resource allocation procedures and to describe other policy implications, especially examples of 'good' and 'unsatisfactory' management practice; reference was to be made to academic departments, academic related services, administration and central services, buildings and estates, student amenities and welfare and non-government income. Using the reports compiled at this time, it is possible to consider in each of the nine universities concerned to what extent the changes which were introduced in 1981 continue to influence their operation in 2003.

2. BACKGROUND

In attempting to answer this question, it is necessary to look back at the period immediately before 1981. The 1960s and early 1970s was a period of unprecedented growth in UK higher education. In 1961–62, the number of full-time and sandwich students in universities stood at 113,000 and the total number of higher education students was about 192,000. The government's acceptance of the Robbins Report in 1963 resulted in a 'policy led' expenditure programme for higher education which funded a decade of expansion during which the number of full-time and higher education students more than doubled to 453,000 in 1971–72. University numbers increased by 63% to 184,000 during the 1962–67 quinquennium. As Clive Booth (1982: 33) has emphasised "… the Robbins Report secured a niche for higher education in the [government's expenditure] plans from which it was able to withstand onslaughts on public expenditure during the late 1960s and the early 1970s" with the result that, not only did resources accompany the increases in

student numbers, but the 1967–72 quinquennial settlement provided for a 10% increase in student unit costs.

This optimism continued with the 1972 White Paper *Education: A Framework for Expansion* which included further projections of growth. However, in reality, the 'golden age' was already coming to an end. The government assumed that, because student numbers would be expanding through the l970s, it would be possible to increase efficiency in terms of tightening staff:student ratios and reducing unit costs whilst maintaining academic students. Thus, the White Paper envisaged some 30% growth in full-time student numbers in universities over the 1972–77 quinquennium, with recurrent grants falling by 2% in real terms per student. There were other warning signs of things to come, with the government beginning to offer advice, at this stage in very broad terms, about subject mix and discouraging the development of whole new departments.

There followed a period of very significant change, even before 1981. In 1973–74, the economic crisis prompted by international cuts in oil production resulted in significant cuts in government expenditure. This included half the increase in recurrent expenditure for the universities for 1974–75 and for the subsequent years of the 1972–77 quinquennium. Under these pressures, the quinquennial planning system effectively came to an end. 1975–76 was another very difficult year in financial terms. At this time, therefore, universities became accustomed to dealing with financial stringency. However, most universities saw such requirements as a temporary measure; Shattock and Rigby (1983: 10) commented as follows:

> With the benefit of hindsight the UGC and the universities should have paid more attention to the events and public statements of the 1974–75 crisis. Many universities set up wide-ranging economy committees to find ways of reducing expenditure … But only one university of the number we have studied fundamentally amended its planning and resource allocation structure as a result of the crisis. In retrospect the pressures of 1974–75 look rather like a profound warning to the universities which the universities did not heed.

Further important shifts in government policy were presaged from 1977–78 when the government decided that a higher proportion of university general recurrent income should be obtained from fees and a smaller proportion from the Exchequer grants. At this time most full-time students were in receipt of mandatory awards from local authorities which covered fees and maintenance. The shift towards fees was in effect a transfer in the burden of funding from central to local government. Nevertheless, part of the rationale was that funding should follow the student, an early acknowledgement of the power of student demand in shaping higher education finance in the UK.

In 1979, following the election of the Conservative government led by Margaret Thatcher, government support for overseas students was withdrawn, replaced by guidance to universities to charge fees to cover full tuition costs to such students. For many universities, the implications were very serious, requiring further savings and staff economies. However, there were further important consequences. In particular, many universities rapidly adopted new ways of working in order to attract international students, including specialist marketing and a new awareness of competition on the basis of fees as price rather than cost.

Thus, before 1981, universities had become familiar with the pressure on funding, even if their managerial arrangements may not have been prepared for the shock of 1981. This is significant, however, because, in responding to the DES research project, many universities pointed to the 1970s, rather than 1981, as a crucial time in which they began to develop their academic planning procedures. Many of the universities studied had academic plans in place and contingency financial plans; the emphasis, however, was on academic planning rather than overall strategic or corporate planning, and on the short-term rather than any longer term vision.

3. THE CUTS OF 1981

The late 1970s were a time of nervous foreboding; Edward Parkes, who became Chairman of the University Grants Committee, immediately identified 'symptoms of malaise in the university system'. There were many signs of an imminent change in fortune for higher education and for particular universities, but little action was taken and many clung to a mistaken view that things would get better. After 1979, such complacency was shaken forever. Soon after the change in fees policy for international students, the government announced a cut of 8.5% in the recurrent grant spread over 1981–82 to 1983–84, bringing the total cut since 1979 to about 15%. In December 1980, the government announced a reduction of £30 million (3.5%) in the recurrent grant for 1981–82, rapidly followed in May 1981 by a further 5% for 1982–83 and 1983–84.

The University Grants Committee (UGC) took the lead in implementing these reductions, ignoring those who argued that the Committee should have resigned rather than follow the government line. It emphasised that no universities should be closed but that courses and whole departments should be reviewed; student numbers would be reduced accompanied by a shift in the balance of student numbers towards the sciences. Letters were sent to individual universities providing detailed advice on the closure of particular activities or the expansion of others, and asking for a full response on the action to be taken, including the staffing implications.

The cuts announced in 1981 varied widely between institutions. In the DES study under consideration, the reductions in grants varied (see table 1).

Table 1. Reductions in institutional grants 1981

Institution	*%*
Bath	3
Heriot-Watt	13
Sheffield	14
Hull	20
Sussex	21
Aberdeen	23
Stirling	27
Aston	31
Salford	44

Taken together with the withdrawal of funding for international students, universities overall lost 13–15% of their total income over the period 1981–84.

4. THE IMPACT ON UNIVERSITY MANAGEMENT

In responding to the DES research project, universities outlined how they had gone about planning for the new financial scenario with which they were faced. The reductions in funding prompted many important changes in management practice. To what extent are these changes still a factor in university management? Do the cuts of 1981 continue to exert an influence in UK higher education?

Several key points emerged, upon which the universities concerned have now commented afresh:

- The importance of high quality management was emphasised in 1984 in order to overcome institutional inertia. This included both day-to-day control and resource management, but also a new emphasis on leadership, especially for the motivation of staff, the maintenance of morale and the capacity to provide long-term vision. It was increasingly recognised that, in selecting a new vice-chancellor, universities needed to look for a leader and a manager; an outstanding academic record continued to be important in order to ensure credibility within the academic community but it was no longer the prime or sole determinant in securing an appointment. At the same time, the universities indicated the need to balance such central leadership and direction with the development of decentralised structures which provided incentives and encouraged initiative and entrepreneurship. The role of the vice-chancellor was increasingly to provide the overall vision and direction, but also to create an environment within which this could also flourish. It was the explicit recognition of these roles and, in particular, the need to be proactive in their pursuit, which made such an impact on institutional management immediately after 1981.

  Today, the universities concerned continue to recognise the importance of such leadership. Most still see this as one of the most crucial changes consequent upon the cuts of 1981, especially within those universities most adversely affected. The cuts required universities in filling senior appointments to look for skills of management and leadership as well as academic distinction. This necessity continues today. To this end, universities now devote very significant effort, not least through the use of ‘head hunters’ to secure the ‘right’ appointment. Many new pressures and demands have emerged, but there is no doubt that events in 1981 and immediately thereafter placed new expectations and responsibilities on the role of the vice-chancellor or principal in UK universities which have continued to the present time. No longer simply *primus inter pares*, the vice-chancellor began to emerge as a ‘Chief Executive’ and as an ‘Accounting Officer’, directly responsible for the management and direction of their institutions.

It is unlikely that this was the deliberate outcome of the 1981 cuts in expenditure, but it was a vital and enduring part of the response of universities. A new emphasis was placed on leadership, management and responsibility. The extent to which individuals were equipped to undertake this role varied, of course, and concerns about the quality of institutional leadership remain today. Such concerns, in part, have prompted the recent establishment by Universities UK of the Leadership Foundation, a body charged with improving management in higher education.

- The need for a critical evaluation of an institution's portfolio of subjects and courses resulting in a plan which emphasises selectivity in the use of resources was also clearly identified in 1984. Many universities for the first time began to use performance indicators in order to compare academic performance between different departments and, where possible, with external comparators. As a management tool, benchmarking began to emerge in many universities. Information was often imperfect and techniques for analysis were still emerging, but universities were forced by financial stringency to face a key fact which had always been known but whose consequences had always been suppressed, namely, that standards and quality varied both between and within institutions. It is interesting that, in response to the 1981 cuts, universities in 1984 were commonly using terms like 'evaluation' and 'selectivity', ahead of the first Research Selectivity Exercise or the formal assessment of teaching.

  Today, the universities studied continue to pursue such policies, but they attribute these requirements to the impact of teaching and research assessment, the effect of market forces and the need to build on strengths. For those involved in responding to the 1981 cuts and still in senior management, there is a strong view that the forces for selectivity in the 1990s and more recently are much more powerful than existed after 1981, mainly because of the public nature of assessments and performance indicators. The Research Assessment Exercise, Teaching Quality Assessments, 'league tables' in the national press and the vagaries of student demand are all seen as key factors in driving selectivity; few people draw a conscious, direct link with 1981.

  The 1981 cuts in expenditure compelled universities to examine critically their portfolio of activities with a view to reaching management decisions on whether to maintain, develop or run down particular areas. This differed from what went before when there had been a common assumption that universities could ride the storm and everything would be better in the end. However, the response to 1981 in most universities remained an essentially internal exercise; institutions retained the view that 'they knew best' how to respond. Today, whilst such views remain strong and institutional autonomy continues to be a cornerstone of the higher education system, many decisions are effectively driven by external judgments and assessments. It takes a strong management supported by a large, diverse and discretionary funding base to pursue alternative policies.

- The development of strong, cohesive management teams, with clearly defined responsibilities and capable of high levels of effort and imagination is a characteristic of the universities surveyed in 1984. Universities had traditionally been run by individuals, often working in isolation and without any clear management framework; the autocratic baronial, professional head of department, who went his (and it was almost exclusively his) own way, is, perhaps, a cartoon character, but is not without some substance. Such individualism could no longer survive. Universities began to develop a corporate identity in response to the changing external environment. At the same time, the role of non-academic managers also began to change. The need for specialist advice, especially from accountants and registrars, began to promote the development of a new cadre of influential professional managers in an advisory role and increasingly as full members of the management team.

  As with the importance of leadership, the universities surveyed still adhere to this view. They regard 1981 as important in this development. However, they also point to some interesting differences in motivation. In 1981, the motivation was either to help in the dissemination of change within the university or to provide a political counterbalance to the vice-chancellor (and thereby help to achieve the acceptability of proposals). Today, universities point to the need for particular skills among their senior managers, in teaching or research, or in areas such as human resources or technology transfer. The priorities today have clearly changed from those existing immediately after 1981.

- The use of new computer-based models for financial forecasting, student numbers and staffing projections, very few of which existed in the 1970s, began to emerge after 1981. Whilst such techniques helped enormously in universities in planning their strategies, this was a coincidence of timing, as computing power became greater and more accessible. At the same time, whether universities would have taken up such new technology so readily in the absence of the financial pressures is an open question which cannot be answered.

  Such methods are now fundamental to university management; indeed, they are taken for granted. The growth in computing power and its accessibility has led to an explosion in management information and data analysis. This was just beginning after 1981. However, the developments which followed cannot really be said to have been caused by the events of 1981 and immediately thereafter.

- The importance of internal communications and widespread consultation with staff at all levels and with unions, both staff and student, was emphasised by all the universities surveyed after 1981. Many institutions developed newsletters in order to convey decisions or to invite feedback regarding the implications of the 1981 cuts. This initiative was primarily driven by practical considerations, but it quickly began to reinforce the

emergence of the university as a corporate entity. The period after 1981 was also characterised by staff solidarity across traditional academic disciplines. In some universities, staff volunteered to take pay cuts in order to save the jobs of colleagues. Communications and consultation were clearly important in underpinning this community response. At the same time, the potential power and importance of communications as an activity to be managed in the same way as other activities began to be appreciated. Again, the role of the professional manager – the Director of Public Affairs or some similar designation – began to develop very rapidly.

Today, the universities concerned all reaffirm the importance of such communications. 1981 is still seen as something of a turning point, given the need to retain institutional solidarity in adverse circumstances. Information and communications are still important activities to be managed at the institutional level. However, there is also an interesting change in emphasis. The universities today also place a strong emphasis on the need for speed of movement and reaction in an increasingly competitive environment with the explicit recognition that such speed may preclude effective consultation. It is not clear, therefore, that the views expressed after 1981 and seen as crucial at the time retain quite the strength today as in the mid-1980s. This is reinforced by comments from universities about difficulties in securing staff involvement in the decision-making process. After 1981, 'involvement' and 'inclusivity' were encouraged and many staff responded enthusiastically; in 2003, such collegiality has been significantly eroded.

- The emergence of a real discipline of strategic planning in higher education can be dated from 1981. From the mid-1980s, compelled by the need to respond to the 1981 cuts, universities began to apply a more formal approach to planning as compared with the ad hoc approach hitherto. In 1984, universities referred to the application of a tight, step-by-step timetable, commonly a top-down, bottom-up, top-down procedure. This normally involved an extensive information gathering exercise preceding the top-down proposals, extensive consultation about the proposals and a willingness to give serious consideration to bottom-up responses, leading eventually to top-down plans for approval by senate and council.

  The universities studied continue to apply this approach to planning in broad terms. Various changes have occurred, including the requirement by the funding councils in both England and Scotland for institutional plans and operating statements. However, all the institutions trace the present methodology back to the period immediately following the 1981 cuts. For many of those responding, this was one of the key developments compelled by the cuts of 1981 and a major legacy to institutional management.

  The emergence of effective strategic planning was central to the implementation of the 1981 cuts. Universities were forced to review their activities and to prioritise for the future. Before 1981 universities had commonly planned their activities in isolation or in response to particular

demands. After 1981, it was necessary to adopt a more corporate approach to ensure the effective integration of academic, financial, estates and human resource planning; strategic planning emerged as an ongoing, cyclical process. Moreover, planning began to reach all levels of the institutions, with planning structures to be implemented at faculty or department level as well as at institutional level. Again, professional managers began to emerge to lead and coordinate the planning procedures.

- In their replies to the 1984 survey, universities also referred to their new recognition of the need to integrate resource allocation with planning. As part of this process, the universities emphasised the need to devolve funds to 'responsibility centres', which would have some discretion over the detailed use of resources and which would be accountable for the use of funds. Historical and expenditure driven resource allocation began to be replaced by income driven models. It is apparent that the days when internal resource allocation was the preserve of the vice-chancellor and a small group of colleagues, with decisions made behind closed doors without the need for consultation and/or justification, were now over.

  The use of devolved funding models is now commonplace within universities. At the same time, there has been a continuing shift from expenditure-driven to income-driven models. The 1981 cuts marked a crucial stage in this development, but the universities point to other important factors, including the Jarratt Report in 1985 and the wider development of new approaches to public management in the late 1980s.

- After 1981, all the universities emphasised the need to make positive efforts to promote the external image of the institution and, in particular, to secure additional income from non-government sources. Many universities moved quickly to develop alternative funding. In particular, consultancy income and the sale of services were encouraged from an early date.

  To the universities studied, this is seen as the single most important change in university management arising from the 1981 cuts. In 1980–81, 64% of total income to universities came from government through the block grant. However, the scale of the cuts imposed convinced universities that not only would the 'golden age' of the early 1970s never be restored but that new sources of income were essential for institutional survival. In 2001–02, the government block grant represents 39% of the total income to universities. In 1980–81, other sources of income represented 5% of total income; by 2001–02, this had risen to 19%. The universities concerned all date this shift from 1981. Interestingly, they refer not only to a shift in thinking and priorities at institutional level, but they also point to a change in the approach and attitude of academic staff, a new appreciation of costs (both direct and indirect) and of the need to generate external income; no longer could universities or staff be dependent upon government income. In particular, they also point to the need to exploit all the university's assets, including its estate, as well as its academic resources.

Like the changes in strategic planning, the emergence of a new funding profile for UK higher education was one of the most important consequences of the 1981 cuts. Harold Thomas (2001: 20) has commented as follows:

> The way in which institutions responded to their reduced grants can be seen as marking the passing from one age to the next. Institutions with cuts approaching the 40% level were faced with devising strategies for survival. Income generating activity, reduction in costs and a fundamental refocusing of activities were all employed. Even in institutions with reductions in grants at about the average level, the dramatic nature of the cuts forced changes in approach.

The search for alternative sources of income is now deeply engrained in UK higher education, but the specific priorities have varied by institution and over time.

- In the aftermath of the 1981 cuts, universities began to recognise a new role for lay members of Council. In responding to the DES research project, many universities pointed to the role of lay members in supporting a vice-chancellor and to their responsibilities in ensuring that universities work within the resources available and identify clear priorities.

  Today, the universities retain this view of the role of lay members although the Jarratt Report of 1985 and further guidance issued by the funding councils are seen as the main factors in this change. The universities also draw attention to many other 'qualities' necessary in lay members, most notably their role in networking and fundraising.

- Finally, the universities surveyed in 1984 all refer to the importance of a financial reserve, to act as a buffer against change or to help buy time while change is implemented.

  Such attitudes are still prevalent among university managers. The same reasoning is provided, although there is a new emphasis on the use of reserves to provide investment funds. This reflects a change of attitude since 1981. At that time, universities would have looked to the UGC and to government to fund new initiatives, including capital developments; in 2003, universities are accustomed to the need to fund such initiatives from within their own resources.

5. DISCUSSION

The financial cuts imposed by the government in 1981 clearly had a profound effect on the management of universities. A new style of management began to emerge, characterised by strong executive leadership, by the vice-chancellor and by senior management teams; by an emphasis on planning, including detailed competitive analysis, scenario planning and modelling, and selectivity; by a recognition of the need to encourage, but also to control, effective communications and information flows within institutions; and to seek new sources of external income. In responding to the savings required after 1981, universities were compelled to take an overview

of their activities, integrating their planning and resource allocation, and looking towards accountability and performance. Today, such procedures are taken for granted in most institutions and applied with varying levels of success; yet for most people working in universities in the early 1980s, this approach to management would have been unrecognisable. Was 1981, therefore, the crucial turning point that it may seem?

There is no simple answer. One view is that many of the changes stimulated in 1981 can actually be traced back to the 1970s; the problem was that 1981 suddenly increased the whole scale of change necessary. Interestingly, both in their response to the 1984 DES enquiry and today in responding to this project, universities look back to the 1970s as the start of this process. From that time, universities were forced to confront the need to make savings. Through the 1970s, universities were used to comparing their performance with a peer group of institutions. Whilst such analysis may have lacked the sophistication which came later with the expansion of computing power, the inter-university awareness and competitive instincts were already apparent before 1981. Similarly, an understanding of the impact of market forces was also present in the 1970s. The government began to shift funding from the block grant to fees from 1976, an early recognition of the power of the 'consumer' in the funding of higher education. The seeds for change in the management of universities, therefore, had already been planted in the 1970s and had germinated before the shock of 1981.

A second view is that many new pressures have emerged which have overtaken 1981 as a major factor in shaping institutional management. Looking back, with memories dimmed by over twenty years of change and development, there is, perhaps, a temptation to understate the importance of 1981 in shaping current arrangements in higher education. Most of those participating in this project see 1981 less as a turning point in the history of UK higher education and more as an important stage in a continuing process of change, which had begun before 1981 and which was to continue with increasing pace thereafter. Thus, the savings required in 1981 become less severe when viewed in the context of the ongoing 'efficiency gains' which were required from universities over the following twenty years. For those working in higher education today, the main factors influencing the development of institutional management are seen as the development of selectivity, especially the effect of the Research Assessment Exercise, and the pressures of external assessment, especially in teaching quality but also the informal pressures imposed by numerous 'league tables'. Most significantly, they also point to the pressure to grow. In the late 1980s this took the form of a funding model which effectively penalised those institutions which did not wish to expand. More recently, it reflects an emphasis on increasing participation in higher education. As a force for change in higher education management, this is a factor not evident in 1981 when many institutions, with UGC guidance, were looking to reduce, not expand, student numbers. Here, therefore, are several influences on management which cannot be traced back to 1981.

A third view is that there were many factors running through the period, with 1981 acting as a key point in institutional development, but not the only point in the process. Selectivity, for example, is one constant theme running through the period.

The 1981 cuts were applied by the UGC using differential quality judgments, effectively beginning the informal stratification of universities. Internally, within universities, selectivity had begun in the 1970s, refined and intensified in response to the 1981 cuts, and then accentuated by the impact of research assessment, beginning in 1986 but intensifying in the late 1980s and 1990s.

A second theme which runs through the period is one of transparency. A common response to the 1981 cuts was "why us?" or, rather, "why were we cut by x% and they were only cut by y%?" As a result, the clamour for justification began. At national level, this rapidly led to the new funding model applied from 1986–87 and to a fully transparent model from the 1990s. Within universities, management faced similar pressures. Never again would vice-chancellors and senior management enjoy the freedom to allocate resources at will as existed in the 1970s. Again, however, the impact of 1981 may be seen as part of a continuum rather than as a turning point.

The importance of effective leadership within institutions is now widely recognised. The case studies included in the DES research project show a wide range of styles, but they all show an acknowledgment of the problems facing a vice-chancellor or principal. In particular, they highlight the tension between managerial responsibility and the concept of a self-governing community of scholars. This tension, already apparent in the 1970s, became acute given the scale of savings required after 1981. The case studies show how vice-chancellors began to assert their power, fulfilling a leading role in creating the environment in which "excellence flourishes and in which mediocrity withers and dies" (Sizer, J. 1986, pers. comm.). What is significant is that these changes began to emerge in universities themselves, stimulated by the 1981 cuts; they were the result of internal debate and emerged as universities struggled to find a way forward. They predate the Jarratt Report and subsequent government pronouncements, especially the 1985 Green Paper *Development of Higher Education into the 1990s*. Universities were already developing the new style of management, based on leadership, accountability, performance and efficiency in the early 1980s. The pace and nature of change varied between institutions over time, as part of an ongoing process of change. 1981 was an important stage in this process; this importance should not be understated, but nor should it be exaggerated.

6. CONCLUSION

In their groundbreaking study of the impact of higher education reforms in Europe, Cerych and Sabatier (1986) exclude changes in management and decision-making structures from their analysis. However, they identify a three-dimensional framework for analysis: depth, functional breadth and level of change (1986: 244). Using the case studies developed in 1984 and now updated with hindsight in 2003, it is possible to assess the impact of the 1981 cuts on university management. *Depth of change* indicates the degree to which a new policy goal implies a departure from existing values and practices of higher education. As has been seen, 1981 cannot be seen in isolation, but looking at 1981 as part of a continuum of change in

management practice, the depth of change is very significant indeed. Fundamental principles were eroded, in some cases beyond recognition, including self-management within the academic community, replaced by new forms of professional management; the relationship between teaching and research, replaced by selectivity and different strands of funding; and dependence on government funding to support core activities, replaced by an emphasis on alternative sources of funding. *Functional breadth of change* refers to the number of functional areas in which particular policies have an impact. Again, the changes in the 1970s and the 1980s, of which 1981 was a crucial part, have affected every facet of university life. Emerging principles of performance and accountability have had an impact on all staff and all areas of activity, both academic and non-academic. *Level of change* indicates the target of the reform: the system, the institutions or a sub-unit. What is clear from this study is that the nine universities, whilst they may differ in detail, all report very similar changes and very similar responses. To this extent, change has been system-wide. Given that change in management style has been so all-pervasive, every level within institutions has been directly affected. Management priorities and approaches have changed at the level of the university, but also at the level of faculties, departments or research groups; even at the level of the individual, the emphasis on performance and cost has had a deep impact on the academic profession.

The changes in UK university management over the last thirty years have been profound. They combine all three dimensions outlined by Cerych and Sabatier. The scale and intensity of change in how universities run themselves cannot be doubted. 1981 was a crucial year in this process. However, many changes were already happening from the 1970s and further forces for change were to emerge in later years. The changes were deep and have changed the character of higher education in the UK, but they cannot be attributed entirely to the fallout from one year and one set of events. Rather, they reflect a continuum of change, which may vary in intensity and scale, but which is ongoing.

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