

Chapter 8

United Kingdom from Bureau Professionalism to New Public Management?

Ewan Ferlie and Gianluca Andresani

8.1 Introduction to the UK Case

UK Higher Education Institutions (HEIs) exhibit strong ideologies of autonomy and retain important sources of institutional autonomy when compared with other HE systems. UK HEIs hold Statutes from a non party political body (technically known as the Privy Council), which guarantees their institutional rights. Universities have internal control over faculty appointments and academics are not civil servants. Universities are not part of the Ministry of Education, although steered by it. Traditionally, the UK HE system has been steered indirectly through ‘buffer’ agencies as it was not a political priority for intervention (compared with, say, schools and hospitals) and the doctrine of academic freedom was respected in the policy arena. It is commonly argued within the sector that it is ‘special’, insulated from outside macro forces and shaped by traditional internal and academically led dynamics. But is this pattern badly dated? Has the sector undergone progressive managerialisation since the 1980s? This national case study argues that powerful outside forces – including public sector wide reform strategies – have shaped the UK HE system over the last 30 years. We argue that these reforms have had more than the superficial impact often predicted.

This paper takes a historical perspective on the evolution of the UK HE sector. Part 1 describes the pattern pre 1980. Part 2 focuses on the mid 1980s–1997 period, where important policy shifts were evident towards the NPM mode of steering elaborated in the introductory chapter. Part 3 asks whether there has been a shift since the election of New Labour in 1997 to a governance style steering pattern. Part 4 considers two tracer issues: doctoral training and research. The conclusion argues that there is a hybrid mode apparent, but one with a strong NPM component. We here acknowledge an earlier source paper (Hartz et al., 2005).

E. Ferlie

Director, CPSO and Head of School of Management, Royal Holloway University of London, UK

G. Andresani

University of Hull, UK

8.1.1 UK Context and Some Definitions

Political and legal institutions: The UK is a majoritarian Parliamentary system where the ‘winner takes all’ and there is no Proportional Representation in Parliamentary elections. One party usually wins a majority of seats and there is no tradition of multi party coalitions. Political power is concentrated in the Cabinet of leading Ministers drawn from the ruling party. The revising Chamber (the Lords) is unelected, lacks legitimacy and is therefore weak. The UK has usually been seen as a classic unitary state with high political concentration in London. After 2000, this pattern changed with devolution to Scotland and Wales. The new Scottish and Welsh assemblies had devolved powers over HE so that Court (2004) sees HE policy as a ‘policy lab’, which tests the processes of devolution. There is a tradition of common law rather than a specially designed body of administrative law found in Continental jurisdictions.

Political context: From 1945 to 1979, both main parties (Conservative and Labour) were largely committed to the post war settlement of the mixed economy and the welfare state, This was challenged by more radical Conservatives, who came to office under Mrs Thatcher in 1979. The Thatcher government tried to reform what they saw as a large and bloated public sector ‘from above’. They challenged the presumption of growth in HE with a new ‘value for money agenda’. Following successive defeats, the Labour Party moved back to the centre in the 1990s, reinventing itself as ‘New Labour’ under Tony Blair. New Labour won the 1997 election and has been in power ever since. There is a debate about whether New Labour have abandoned or retained Thatcherite policies. Reform to the machinery of government was an important policy domain for both the Thatcher and Blair governments. Public sector reform was a policy domain not left to technocrats but displayed a pattern of strong leadership ‘from above’, led by ideologically informed politicians, often imposed on a resentful public sector and its professional groupings.

Key Characteristics of the UK HE system: The UK HE system has historically been based on individual Universities rather than single disciplines (unlike France). There are now about 120 HEIs in the UK (Universities UK, 2005). This number has grown substantially over the last 40 years. There was until the 1980s a small and elite University system funded by a national agency, the University Grants Committee (UGC) complemented by more vocational provision in locally based Colleges, accredited by a second agency (the Council of National Academic Awards or CNAA). The CNAA accreditation system was detailed as these fledgling institutions were seen as in need of tutelage. The UGC (then its successor bodies, namely the University Funding Council and the Higher Education Funding Council) was a ‘buffer’ agency responsible to the Department of Education but which sought to remove departmental micro control from the Universities. The system has historically been planned rather than market led. HEFCE operates as a central planning body for the allocation of Undergraduate Approved Student Numbers to each institution. Universities are fined if they diverge markedly from target numbers. The overseas and postgraduate markets are not regulated and are of increasing importance as a ‘market facing sector.’

Local colleges were incorporated as Polytechnics in 1965, leading to the so called binary system where the Polytechnics formed a second sector alongside the old Universities. They were subject to more detailed local government based governance

and displayed more assertive internal management. Their heads were less likely to be academics and more likely to be professional managers. This binary divide was a major feature of the UK system between 1965 and 1992. In 1992, the Polytechnics were incorporated by new legislation as Universities in their own right – being removed from local government control – so the binary system formally ended. With the Thatcherite policy of ‘efficient expansion’, student growth was concentrated in the polytechnic sector as it offered lower unit costs. New systems of sector wide quality assurance (QA) emerged to replace the old CNAAs’ tutelage. One interpretation of this development was this reflected the dominance of the old Polytechnics in teaching (by contrast, research showed a pattern of old University dominance).

There is as yet only one privately funded UK University (Buckingham), which offers only a few vocational subjects. However, many publicly funded Universities charge market rates for vocational degrees (such as the MBA) so private fee money has been increasing. Publicly funded research is organized by the various Research Councils (e.g. Medical Research Council; Economic and Social Research Council). Councils utilize extensive peer review by academics on proposals submitted.

There are now about 150,000 total academic staff in the UK system (Universities UK, 2005) and 2,247,000 students in 2003/4 (up from 1,547,000 in 1994/5). The fastest rates of growth are in part time undergraduate degrees and full time postgraduate degrees, and the latter is now a major sector. The number of international or non Home or European Union (HEU) full fee paying students increased from 98,000 in 1994/5 to 199,000 in 2003/4 and provides an important (but volatile) private income stream. The growth in the Chinese student market has been significant, but concentrated in certain subjects such as Management. The UK spent about 0.8% of GDP on public expenditure in HE in 2003/4; as opposed to an OECD average of 1.0.

Financing a massifying system has posed difficult policy problems and underfunding was a chronic problem of the 1980s and 1990s. UK HEIs are financed by a grant from HEFCE, which is voted by Parliament. Until 1986, this took the form of a block grant, but since then the Teaching and Research components have been separated out and subjected to greater scrutiny. Non HEFCE funding became important as the UK slowly moved towards a mixed pattern of financing. As well as their HEFCE teaching grant, Universities receive tuition fees from HEU UG students (previously at an annual level of £1,000, but now increased to a maximum of £3,000). The OS and PGT sector fees are unregulated and much higher. Student loans replaced student grants in the 1990s and are paid back by the graduate once their income level has reached a minimum. Some Universities are developing an income stream in technology transfer, although on a small scale basis. These changes to student financing were politically controversial, opposed by the student union (National Union of Students), but forced through by politicians.

8.2 Pre NPM System – Steady Growth and Professionalized Bureaucracy

The old system was dominated by professionalized bureaucracies where academic control over work practices coexisted with a dense administrative (but not managerial) apparatus. It reflected Mintzberg’s ideal type of the professionalized organisation

(Mintzberg, 1979). Micro change at departmental level was pervasive; but macro change across the system rare. There was little interference in questions of 'academic freedom'. The old Universities did not need ministry approval for curricula, which were instead shaped by internal academics and external academic examiners (but the Polytechnic sector demonstrated tighter control over teaching via CNAA validation).

The policy was one of growth (from a small base) funded by the taxpayer. Students were supported financially by grants rather than loans and were not liable to fee payment. After the Robbins Report (Robbins, 1963) on the expansion of higher education, student numbers increased and a group of new Universities (e.g. Warwick) was created to stimulate system growth. The role of the UGC was that of a modest (Shattock, 2003) 'system builder', creating a common framework for pay and conditions and reducing 'excessive' inter HEI differentiation.

UK Universities were affected by the student protest wave of the late 1960s and the early 1970s. This led to calls for the reform of curricula and internal governance, with demands for participation from students and junior faculty. An unintended consequence was a public backlash against student protests, which fuelled the hard line policies of the Thatcher governments. This was linked to their dislike of the growth of the critical social sciences in this period ('too many -ologies'). For the first time, the Universities faced an unsympathetic government, which felt that they had been feather bedded for too long.

8.3 The NPM Period, 1979–1997

From the early 1980s onwards, NPM style ideas were applied to the HE sector as in other UK public services (Ferlie et al., 1996). NPM reforms in HE started with contained changes in the early 1980s to reduce public subsidy and ensure value for money but escalated by the late 1980s into more macro reforms (Reed, 2002). The late 1980s were a critical period in UK HE as many reforms went on to demonstrate higher resilience (e.g. quasi markets; corporate governance reform) than originally expected.

The new Thatcher government's resolve to reduce taxes and public expenditure applied in the university sector as in other public services. Tight spending targets were set by the Treasury. There was a new efficiency and value for money agenda imposed on the HE sector. The first HE policy decision by the newly elected Conservative government in 1980 was to increase the tuition fees of overseas (non EU) students to three times the fees for Home and EU students. This reduced the UK taxpayer's traditional subsidy of foreign students and in the longer term provided Universities with a new and autonomous income stream.

In 1981, the UGC overturned the policy of continuing growth and announced severe expenditure reductions in University funding. This proved a severe shock to some badly affected Universities (e.g. Salford), forcing them to develop commercial streams of income (perhaps as intended). University funding was cut by 15% (Deem et al., 2007: 44). There was pressure put on Universities to increase their income streams from non core services (such as Conference income). Entrepreneurial and powerful

Vice Chancellors emerged at local level in some Universities (e.g. Salford and Aston) to push through this ‘survivalist’ agenda in the face of staff opposition.

The Jarratt Report (Jarratt, 1985) mimicked the ideas of the 1983 Griffiths Report (Griffiths, 1983), which had introduced general management into the NHS. Jarratt heralded a policy shift away from academic collegiality within the old University sector. It advocated devolution of budgetary control from the centre to smaller units; stronger corporate governance and more directive Vice Chancellors to act as Chief Executive Officers. Enhanced managerial capacity led to an acceleration of departmental mergers and closures in the late 1980s (Deem et al., 2007).

8.3.1 Mid 1980s: The NPM Takes Off

While these were contained interventions, by the mid 1980s the scope of NPM reforms accelerated in HE as in other policy domains. The Thatcher government had been reelected with a big majority in 1983: some reforms were more popular than predicted and now there was a growth of ambition. The Treasury (Ministry of Finance) was unconvinced that it was getting value for money in relation to output from research funding which appeared as a ‘black hole’ with no real accountability. So a separate R funding stream was devised, allocated through the Research Assessment Exercise introduced in 1986. RAE will be considered in more detail later as a key tracer issue.

After another election victory in 1987, the third Thatcher term sought to reform social policy functions still held within the public sector. There was a flurry of legislation in the late 1980s, which affected HE as well as other public services. The 1988 Education Reform Act (ERA) made a number of NPM style changes to HE. It removed the polytechnics from local authority control (the opposition Labour Party was strong in many urban areas) so they became ‘independent corporations’ post 1992, with more appointed business representatives on their Boards and less staff representation. Strong VCs who saw themselves as career managers (Deem et al., 2007) emerged in the post 1992 ‘New Universities’, imposing radical top-down reform on reluctant faculty. The ERA also provided for a more directive and business led Universities Funding Council to replace the ‘hands off’ UGC. The early UFC phase (1988–1991) represents a failed attempt to introduce a quasi market in HE through an auction system of the allocation of student places. Nearly all institutions came in at the guide price and the experiment was abandoned. However, the quasi market reemerged in the third Blair term with variable tuition fees.

In the early 1990s, HE policy moved back towards ‘efficient expansion’, as in the White Paper (Cm 1541) ‘Higher Education: A New Framework’, and then the Further and Higher Education Act in 1992. It was hoped that greater competition for funds and students between HEIs would increase cost effectiveness. A key change was the setting up of quality assessment units within the Funding Councils to advise on relative quality across HE institutions. There was a tension between the internally controlled QA units emerging within HEIs and the external regulatory apparatus (Power, 1997), which increased in power in the 1990s. Building on these

initial QA units, the Quality Assurance Agency for Higher Education was set up in 1997 as an integrated quality body across the Funding Councils. QAA conducted external reviews led by academic assessors (so retaining some peer review) and came to overall judgements based on a points system which were made public (e.g. on the QAA website) in order to inform potential students. QAA encouraged the development of more explicit subject based benchmarks and programme specifications to formalize traditionally tacit knowledge about course design. Unlike RAE, teaching quality scores were not directly related to HEFCE funding but were an important piece of information made available to prospective students.

8.3.2 Overall Interpretation of This Period

The period saw a substantial increase in NPM style steering of HEIs, albeit with important elements of continuing peer review and clan control. Many shifts observed within HE replicated those in other public services. Both RAE and QAA sought to change core academic working practices in the domains of research and teaching respectively and had real impact (Power, 1997: 100). Both interventions used publicly available ranking systems to engage in explicit performance measurement and made traditionally tacit judgements made within the academic profession about quality explicit.

There was a substantial move away from a professional bureau model to NPM style steering, albeit with continuing local variation and retention of elements of peer review. Generally, inter HEI relationships moved to overt stratification and competition, driven by RAE and competition for student recruitment. There was a reduction of democratic or collegial oversight in the name of managerialism (e.g. removal of the Polytechnics from democratic influence; empowerment of Vice Chancellors).

8.4 Post 1997: A Post NPM or Governance Period?

8.4.1 Political and Ideological Shifts

The Labour Party reacted to this period of Thatcherite hegemony by distancing itself from its legacy of the 1970s and reinventing itself as a market friendly party. In 1997, New Labour was elected after a long period of Conservative rule (1979–1997). A ‘modernising’ political philosophy had been developed in the mid 1990s to support New Labour ideologically (Giddens, 1997). New Labour pledged itself to renew social democracy but also to move beyond the ‘false dichotomy’ of the Old Left and the New Right. There was to be triangulation of position and policy between these two extremes within the new doctrine of the ‘Third Way’. This was a period of strong intellectual influence over the core of New Labour.

A post NPM paradigm of public sector management emerged, drawing on this new ideology and discourse. Newman (2001) captures the key themes of this network governance narrative: leadership (rather than top down management) joined up government, management through collaborative networks, the encouragement of learning organisation based approaches within the public services and evidence based policy. Public services managers were charged with tackling problems of ‘social inclusion’ and social inequity, for example, by ensuring fair access to key life chances including admission to elite Universities (admission tutors in Oxford University unexpectedly found themselves under intense political and media scrutiny).

At the same time, the Treasury under Gordon Brown increased its dominance over domestic policy making, agreeing contracts and reform objectives with spending departments such as HEFCE in exchange for increased public funding (‘the modernisation agenda’). Targets were set and monitored centrally. So, dominant elements of the New Labour coalition remained wedded to key NPM instruments such as contracts, performance measurement and management. Funding levels for HE increased with a substantial injection of public money. There was an end to the historic decline in the student unit of resource apparent and new long term investment in science.

In the late Blair period, there was disappointment with the pace of reform: money had been provided; but modernisation not always taken place. Weaknesses of the network governance form were apparent: long timescales; high transaction costs; few clearly identified implementation structures and incremental forms of change. Local networks were populated by producers rather than consumers. Policy tilted back to quasi markets with underlying principles of greater consumer choice, more provider diversity including the entry of private sector providers and competition.

8.4.2 Changes in Political Institutions

The first Blair government (1997–2001) moved away from the classic UK Unitary State. There was a shift to multi level governance with devolution for Scotland and Wales (the new elected assemblies there had delegated powers over HE used in 2005 to prevent or modify the tuition fees being introduced in England). Court (2004) traces the intense burst of HE policy making that took place in Scotland and Wales in the late 1990s, often with strong Executive or Assembly involvement. HE was highly visible in the political spotlight in these devolved regimes: ‘they want and expect more from their HEIs’ (Court, 2004). In addition, aspects of HE policy were very slowly being moved ‘upwards’ to the EU level as the Bologna process of harmonisation of HE within the European space developed momentum, although Bologna has not been a visible policy priority within UK HE.

The English regional tier of government developed with the creation of Regional Development Agencies in the late 1990s. They were to increase regional growth and decrease inter regional economic and social variation. These bodies remained appointed rather elected and as such remain invisible, lacking democratic legitimacy. RDAs see their regional Universities as playing a critical role in economic growth

and are important sponsors of the so called ‘knowledge transfer’ stream of University activity. RDAs in less buoyant regions (such as in the North) have considerable sums of resources available for capital and revenue investment in ‘their’ local Universities. RDAs seek to connect Universities to joint activity with local businesses. Small streams of income were also made available to support local and regional knowledge transfer activity within the new Higher Education Investment Fund (HEIF). The development of these linkages is consistent with the network-governance narrative introduced in Chapter 1.

8.4.3 Shifts in the Higher Education Policy Mix?

The Blair governments developed a policy mix towards HE, which was not confined to one policy priority or one governance narrative. Often policies seemed in tension with each other or even contradictory. So how did the HE policy mix evolve under Blair? First, there was a new emphasis on social inclusion and fair access, which marked a sharp break from the Thatcher period. Alongside a new policy to increase the UG age participation rate up to 50%, there was emphasis on widening participation initiatives and using financial incentives to HEIs to encourage applicants from ‘cold spots’, or geographical areas with low rates of participation. A new set of comparative performance indicators was compiled and made public in relation to the social class basis of admissions by HEI (consistent with old NPM techniques). This publication of comparative performance data led to the public ‘naming and shaming’ of poorly performing HEIs.

Other inherited policies underwent evolution. QAA continued as before in the 1997–2001 but there was then a revolt by the Vice Chancellors in relation to the escalating bureaucratic burden facing HEIs. This successful revolt suggested a loss of confidence in QAA by the academic field. There was a transition in the 2002–2005 period to a ‘lighter touch’ model of QAA, which recognized that the HEIs themselves would play a key role so that QAA should now ensure that effective institutional processes were in place at local level. The tone also became more developmental and less inspectorial. Review would also be concentrated in locales which gave cause for concern within a risk management approach (HEFCE, 2001c). This was a rare example of deregulation and debureaucratization, specifically of the passing of lead audit responsibility back from a central agency to HEIs themselves. This was a partial unwinding of the ‘audit society’ (Power, 1997) which is a prominent perverse effect within NPM reforming.

Other HE policies continued from the pre 1997 period in a stable manner or even accelerated. RAE was repeated in 2001 and will be run again in 2008. The 2008 RAE is even more selective, as it aims to identify and protect research of truly international quality. The flow of private capital and so called Private Finance Initiative money into the HE sector accelerated after 1997, providing the resources for new infrastructure such new student residences or academic buildings (the value of PFI deals across all UK public services rose from a total value of £667 million

in 1995 to £7.6 million in 2002; Hodges and Mellett, 2004). This addressed problems of crumbling infrastructure after decades of under investment. Venture capitalists moved into the HE sector, putting deals together which provided for Universities to assign them long leases in exchange for new buildings. The University would then pay the venture capitalist a market rent (say 6% annually) over a 30 year period, after which time the University would reclaim the lease and the asset (which may of course be dated by that time). These deals provided for major investment, were pushed through by some Vice Chancellors, although they were strongly opposed by the public sector trade unions (e.g. large scale PFI project at the University of Hertfordshire, Guardian, 1.10.02). It is curious that the New Labour governments made a greater use of such a 'privatising' policy than the Thatcherite governments. It could be that the Thatcherite policy agenda was more orientated to cost containment than new investment and that for New Labour, private finance was a pragmatic 'off balance sheet' mechanism which got new resources into the sector without increasing public debt.

From the late 1990s, strategic alliances, networks and consortia emerged between neighbouring HEIs (e.g. the White Rose consortium in Yorkshire, the Bloomsbury Consortium in central London), encouraged by HEFCE as a 'system steerer.' HEFCE was worried there were now too many universities in the UK and that some consolidation was needed. This was a potentially important shift from competition to collaboration within a network governance model, but we need to assess how deep and durable these alliances are. Court (2004) suggests that network governance may be more strongly developed in Wales, with relatively small HEIs and a desire to keep provision across Wales. Wales and Scotland have more collectivist political cultures where quasi markets were less welcome as a policy instrument than in England.

8.4.4 The 2003 White Paper and 2004 HE Reform Act

The first Blair government did not develop an overarching vision of how the sector should evolve. A more global view was developed in the second term (2001–2005), provoked by the financial issues posed by massification which meant that previous financial frameworks were unaffordable. The 2003 White Paper ('The Future of Higher Education') (Department for Education and Skills, 2003) elaborated the government's diagnosis of how the HE sector should develop. The novel rhetoric suggested a 'freer' HE system, albeit one which was still steered by government in critical areas (p24):

The Funding Councils have been trying to retreat from micro management and develop more sophisticated risk management systems, which target interventions on most at risk HEIs to unwind over elaborate control systems. However, these risk management systems themselves escalate into new bureaucracies. New policy priorities trigger the creation of novel regulatory agencies (e.g. the Office of Fair Access oversees 'fair admissions' in those HEIs which sought to raise the tuition fee above the old level to £1,000 up to the new maximum of £3,000). An interesting development in HE finance policy was the stress on developing non state funding streams. A Task

Force chaired by Eric Thomas, Vice Chancellor of the University of Bristol, looked at expanding voluntary giving, taking American Universities as role models.

The 2003 White Paper combined two different policy streams. A novel strand emphasised social inclusion as a policy theme. Unequal access to HE is seen in New Labour political discourse as an issue of social justice which is conveyed in very non Thatcherite language which is worth quoting:

this state of affairs cannot be tolerated in a civilised society. It wastes our national talent; and is inherently socially unjust. We know that the roots of inequality run deep – in the education system, social class differences show themselves from the very early years. We are tackling them throughout the education system and beyond, knowing that the most important factor in getting access to higher education is earlier results at school or college. But we cannot allow this to be an excuse for failing to take decisive action to improve access to higher education.

Despite the rhetoric of HEI autonomy, new performance measurement, league table and management systems were developed to pressurize HEIs in this domain (p73) of social inclusion.

A second policy stream promoted the globalisation and marketisation of UK HE. HE is seen more in terms of national competitive advantage than as a mode of personal development. The rise of OS student numbers from the late 1990s onwards (especially from China and now India) is significant, reflecting the globalisation of UK HE. Some UK Universities have formed strategic alliances with Chinese Universities and a few have opened campuses in South East Asia.

The 2004 Higher Education Act followed on from the White Paper. The Act's most politically contentious clause was the introduction of UG HEU tuition fees at a higher level of up to £3k per year. This was opposed by the National Union of Students but eventually enacted into law. HEIs were to offer bursaries and also put satisfactory arrangements in place to ensure fair admissions in return for the extra funding. These arrangements had to be signed off by a new regulatory office (OFFA) nationally. HEIs could opt to charge less than the £3k per year and a very few have done (mainly new universities) with a limited market emerging. These maximum fee levels are fixed in the short term but with potential to review them and they may increase within a few years. This would accelerate market forces as HEIs' ability to charge this higher fee is varied.

The White Paper states that the right of an institution to award degrees (Degree Awarding Powers) should be 'modernized'. DFES (2004) 'Renewable Degree Awarding Powers' (Discussion Paper) further proposed that to protect the reputation of UK degrees, more safeguards in terms of review and reaccreditation were needed. To achieve DAP, a HEI needs to meet the standards set by an external auditor (QAA) and be periodically reassessed. Intriguingly, para 11 refers to organisations seeking DAP from outside the traditionally funded public sector. The same processes for DAP could be applied to them, perhaps with additional risk management safeguards. The College of Law was the first non publicly funded institution to be awarded DAP in its own right in 2006 and others will follow. This important policy lever could be used to increase student choice, provider diversity and market forces in HE.

There were significant Human Resource policy developments. The Leadership Foundation for Higher Education was set up in the New Labour period to support a wider range of significant initiatives such as team development and succession planning. It reflected a sense that senior leadership was often weak in the HE sector. Given its significant financial support from the Funding Councils, it remains accountable to them to ensure value for money. There was an attempt to address wider issues of leadership rather than narrow ‘management’ but as many Vice Chancellors remain concerned with deficit reduction and RAE performance management, NPM management styles remain in many HEIs. A national pay modernisation process was implemented at local level (2004–2007). The overall pattern was a slow move to a more market orientated single spine system replacing a complex array of former scales with more local flexibility and payments for personal ‘contribution’. A few HEIs (Imperial; Nottingham) left national payscales.

The late Blair period included reforms of the corporate governance of HEIs (Buckland, 2004) as a revival of a NPM style agenda. Lambert’s (2003) proposed Model Code of Governance encouraged more compact Boards with strategic oversight. They would replicate the functions of private sector boards through audit, nomination and remuneration committees. Buckland (2004) sees this as an attempted (yet inappropriate) capture of HE governance by the UK business world. Shattock (2006) refers to local experiments in more ‘business like’ HE governance structures at Imperial and Manchester.

8.4.5 Commentary on the 1997–2007 Period: Quasi Everything? (Exworthy et al., 1999)

Developments in HE policy sit within broader public sector wide reforming during the Blair governments. In the early Blair period (1997–2002), there was a retreat from quasi markets, a turn to network governance (such as strategic alliances and collaborations) but a continuing reliance on NPM instruments such as performance measurement and management. In the later Blair period, there was an erosion of the earlier governance narrative and a revival of aspects of the NPM narrative, notably quasi markets and corporate governance reforms. However, NPM ideas co exist with other reform streams such as network governance and equity/social justice. There are tensions or even contradictions between different policy streams: for example, the Lambert Review (2003) of university/business cooperation was critical of the tendency of RAE to strip out research funding from lower performers.

There is little evidence of democratic engagement in HE policy making in England. In Scotland and Wales, the growing importance of local assemblies and politicians in HE policy, notably the intense policy review process around student finance, is evident and could lead to more democratic involvement in HE policy and governance.

There is a novel rhetoric around a radically ‘freed up system’ but still to be translated into concrete policy. It implies a radical diminution of the steering role of the Funding Councils: at present they still maintain strict control over UG

Approved Student Numbers. While one regulatory agency is cut back (QAA); another emerges to take its place (OFFA). Risk management systems promise a lighter touch for low risk HEIs but develop into new instruments of control and audit. The very gradual extension of DAP to non publicly funded institutions is a major policy instrument which could extend diversity and choice in the longer term, albeit highly concentrated in more vocational subjects.

8.5 Tracers Issues

8.5.1 *Research Policy and Funding*¹

As already mentioned, the major reform in research policy has been the Research Assessment Exercise. Each academic Department has been explicitly assessed in successive RAE exercises (1986–2008) on a subject specific basis. Departments are awarded a sum of research support (so called Quality Related funding) commensurate with its grading. For top rated departments, QR funding represents a major part of their public funding and going down a grade leads to major financial problems. These gradings are placed in the public domain (from 1 to 5 and a top rank of 5* in the 2001 RAE), influencing perceptions of quality. QR funding has been withdrawn from medium ranked departments (Grade 3) and concentrated in the highest ranking departments.

By the mid 1980s, the Treasury was concerned about poor transparency and accountability in its allocation of research funding. The idea of introducing the RAE came from the UGC, through the initiative of its Chairman, Sir Peter Swinnerton-Dyer (Kogan and Hanney, 2000: 96) and had some support from the scientific academic community as a response to the long term erosion of the universities' scientific research infrastructure (Tapper and Salter, 1993: 15). The aim was to allocate resources in a fair but not egalitarian way and to protect high quality research. Some see it as a mechanism designed "to sustain academic values and academic control in a context where the state was making new demands on research and higher education and seeking to impose its own structures for quality assurance upon them" (Henkel, 1999: 105). This policy was supported by powerful elements in government and the elite academic scientific community who advocated greater research selectivity (Tappern and Salter, 2004: 15) and removal of funding from less research intensive HEIs.

Basically the RAE is a formalized peer-review process (McNay, 2007: 184) conducted by disciplinary panels in about 70 units of assessment. Each academic department provides a submission with information on the quantity and the quality of research. The department also provides information on numbers of all academic and support staff, studentships, research students, and on amounts and sources of external funding. It also submits a narrative describing the department structure, the scientific strategy for the future and indicators of research achievements. Each member of research active staff nominates four publications and indicators of peer esteem.

¹ We acknowledge Felipe Camerati's contribution to this section.

With this information, the panel members evaluate the performance of the different research units using criteria determined by each panel within a general framework. There have been continuing adjustments of the RAE in successive rounds but these are generally only “minor”, “technical changes” or adjustments (Morgan, 2004: 462; Doyle and Arthurs, 1998: 461; McNay, 2003: 2; Tapper and Salter, 1993: 12). An important change has been an increase in the time period between RAE rounds from 3 years in the 1980s to 7 years in the 2000s. This has reduced transaction costs but also made it more difficult for upwards moving departments to secure more QR funding quickly. Panel members are generally senior academics respected in their fields. There have been repeated attempts to increase the presence of non academic (‘end user’) members, with little success so far.

Despite some support in the scientific community (especially in elite science) and taking on elements of a peer review process, the RAE is a strong NPM style policy instrument. Its impact on institutions, departments and individual academics alike has been strong. The RAE has led to more emphasis on institutional management of research locally (McNay, 1999: 195). Institutions have focused on their research missions (McNay, 1997, para 5), restructuring research “to conform to RAE units of assessment, or increased the size of research groupings specifically to increase their presence in the RAE” (McNay, 1997, para 6). Yokoyama (2006: 18) suggests vice-chancellors have become more managerial in respect of departments which have not performed well. Poorly performing departments are at greater risk of closure. The RAE exerts strong effects on individual careers. Yokoyama also found an increased emphasis on the appointment of researchers with a good RAE profile. Moreover, these trends were found even within universities with a strong collegial culture. HEIs have taken steps to ‘identify the tail’ and exclude poorly performing staff, with consequent effects on their careers.

These trends, coupled with the end of the division between polytechnics and universities in 1992 (leading to an increased number of submissions and competition within the system) and the inflation of RAE grades, impaired the *legitimation* of the allocation process according to some (Tapper and Salter, 1993: 13; Tappern and Salter, 2004: 21; Roberts report, 2003, para 30). Since the 1989 RAE round, there has been an inflation of RAE grades, with over half (55%) of all active research in 2001 being conducted in departments rated 5 or 5*, while in 1996 there were 31%. Moreover, in 1996 there were 20 departments rated 5 or 5* and in 2001 there were 39 (McNay, 2003: 8; Morgan, 2004: 465; Roberts report, 2003, para 157).

After the 2001 round, a review was carried out by Sir Gareth Roberts. This report suggested solutions to problems thrown up by earlier rounds, such as: the effect of the RAE on the financial sustainability of research; games-playing; a high administrative burden; the need to recognize collaborations and partnerships; the training and development of researchers; the need to recognize various aspects of excellence in research (including value added to professional practice, applicability, and impact within and beyond the research community); the ability to recognize enterprise activities; interdisciplinary and multidisciplinary research; poor discrimination in the current rating system, especially at the top end (Roberts report, 2003, para 67).

Minor reforms have been carried out, for example, to encourage submissions of categories of people excluded in previous exercises. One can submit less than four

outputs but justify the reasons (disability, maternity or paternity leave, long-term projects, etc.). Also the assessment of multidisciplinary research has been facilitated through use of special advisers and through cross-reference to other sub-panels. The submission guidelines now pay attention to applied research and on allowing people with this kind of research profile to be submitted. One of the most important recommendations is still to be implemented, namely the use of metrics to help panellists in their judgements. Metrics will be applied to the assessment of Science, Technology, Engineering and Medicine (STEM) subjects after the 2008 RAE. It was noted that in science subjects that RAE results correlated strongly with proxy indicators such as research income. In June 2006 the DfES and the Higher Education Funding Councils published their proposals on the reform of research assessment and funding. For STEM subjects, they advocate a metrics system based on research grant income. This system should be less expensive to run, more objective and lighter in terms of the administrative burden on the system. Metrics measures have encountered strong opposition in the social sciences and humanities and traditional peer review will survive in those fields.

8.5.2 Other Research Policies

While RAE is the dominant policy, there are two other strands of research policy which should be mentioned. A longstanding policy is the encouragement of links between science and industry to promote the knowledge based economy and economic growth. As early as the 1990s (Chancellor of the Duchy of Lancaster, 1993), 'science' foresight programmes were set up which were designed to predict and manage forthcoming developments in scientific fields and to foster collaboration between academics and firms. Industrial policy moved beyond competition policy to 'new growth' solutions designed to accelerate technological and economic change in key fields (Proudfoot, 2004). These policies were promoted by the Department of Trade and Industry rather than the Department of Education, so that there was an additional central ministry now seeking to steer the academic science field. This framework led to an attempt to align science with economic growth, seen also in the development of technology transfer policies and offices and the creation of university spin outs in such fields as biotechnology. Initial impact was low but some Universities learnt how to respond to early problems and increase scale (see Proudfoot, 2004 on the evolution of the Oxford bio technology cluster). Lam (2007) argues that the downsizing of traditional corporate R and D labs led knowledge based companies to construct closer ties on a strategic basis with a small number of key academic institutions. They fund university based research institutes. These macro trends then affect scientists' careers and identities, for example, 'entrepreneurial professors' emerge as key linkers. The Lambert Review (2003) revisited these themes, also considering how applied research might be paid for by private firms.

A second new research policy is a recent stress on *inter institutional cooperation* to create critical mass across clusters of HEIs within particular subjects. This policy is consistent with a more 'hands off' network governance approach. The 2003 White Paper proposes:

to encourage the formation of consortia, provide extra funding for research in larger, better managed research units and develop criteria to judge the strength of collaborative work (p32)

Direct control over such collaborations is not expected:

Collaboration ... cannot be imposed top down. So we do not have a blueprint for particular sorts of collaboration – we want to encourage them to grow organically over time. (p29)

Such collaborative arrangements may be fruitful for small subjects under pressure (such as physics or chemistry) where regional networks can maintain provision or for devolved jurisdictions (such as Scotland) developing a territory wide strategy for strategic subjects.

Finally, the public Research Councils (e.g. Medical Research Council) remain key funders of academic research. These research institutions have remained relatively stable, with their budgets increasing substantially since 1997. Academics continue to apply for grants to their relevant Research Councils with proposals which are still assessed by peer review. Despite more emphasis on relevance and user involvement, in practice academic peer review has so far remained dominant. One shift has been away from purely investigator led research to more thematic programmes which provide an overall specification against which proposals are assessed (e.g. the Economic and Social Research Council recently commissioned a programme of research in Public Services against a brief prepared by the Programme Director).

8.5.3 Discussion of the RAE

How are we to assess the impact of the RAE which we argue has been the major NPM style instrument used to steer the UK academic field? The RAE is longstanding, powerful in its impact and highly controversial. For example, it has been strongly criticized by the University and College Union.

The RAE has had a disastrous impact on the UK higher education system, leading to the closure of departments with strong research profiles and healthy student recruitment. It has been responsible for job losses, discriminatory practices, widespread demoralisation of staff, the narrowing of research opportunities through the over-concentration of funding and the undermining of the relationship between teaching and research (UCU web site)

The RAE has been seen as leading to increased division within the academic profession as HEIs increasingly devise exclusion criteria and identify non research active staff. A non returned academic may well have a higher teaching load so that RAE 'bites' at the level of the career of the individual academic. Research 'stars' enjoy power in the transfer market, which exists between HEIs in the run up to, RAE exercises; while non performers face pressure to improve or exclusion (Henkel, 2000). RAE has been criticized for its emphasis on research over teaching, generating an institutional bias against a teaching based agenda. Teaching and administrative tasks are then loaded onto junior academics whose careers are yet to be established (Harley et al., 2004: 335). There are potential issues of discrimination and exclusion from the RAE submission of scholars who are young, women or members of a

minority ethnic group (Tapper and Salter, 1993: 17). The concern is that some groups have suffered from RAE game-playing, particularly women who have for example taken maternity leave. RAE has been criticized for fossilising the present pattern of stratification. The top of the hierarchy does not shift substantially from one RAE exercise to another and it appears to be difficult for new players to break through. The transaction costs of the RAE 'industry' are high (Power, 1997), so that the auditing of research displaces doing research. The RAE has been criticized for discouraging interdisciplinary, practical/professionally related or Mode 2 research (Curran, 2000: 394; Tapper and Salter, 1993: 17; Taylor, 2006: 4). RAE panellists seem to rank outputs in leading academic journals more highly than applied research (May et al., 2006: 47). Institutions such as the Royal Academy of Engineering (2005: 3) who represent practice connected fields claim RAE style peer review is a good way of assessing only Mode 1 research.

Supporters argue that RAE has usefully caught the 'tail' of non research active staff and pressured HEIs to engage internally in more active research management practices. It has been a fruitful combination of peer review and explicit measurement but in the end it is the judgement of senior academics that creates the rankings. It has helpfully concentrated resources in departments likely to produce a 'pay off' in terms of research outputs of the highest quality. UK HE operates in an international market place where the production of internationally excellent research is a critical advantage which policy needs to acknowledge. RAE has produced a culture in which young scholars are more likely to receive effective mentoring and become research active. RAE has helped identify, protect and celebrate research excellence in a public sector system which might otherwise converge on a mediocre mean and which offered too few incentives for high performance. It should be recognized that HEIs can rightfully have diverse missions so that some HEIs will be better employed on valuable but not research centric objectives (e.g. widening participation; business facing universities). The removal of QR funding from these latter HEIs rightly steers them to their 'appropriate' missions. RAE transaction costs have been damped down by the move to a longer time period between RAE cycles and now the projected move to metrics. About the only point of agreement between these two camps is that RAE is a top down policy with high impact.

8.5.4 *Doctoral Training*

Padron's (2006) study of the governance of UK doctoral training found many indicators of NPM style steering. We here acknowledge Padron's work. These instruments of governance emerged late, as it was not until about 2000 that the UK State sought to manage doctoral training directly. Numbers of students had been small; however, numbers increased in the 1990s and their contribution to sustaining the science base was more recognized. For a long period (1965–2000), the main role of the State was to provide the finance for studentships via the Research Councils. Students applied directly to Councils with their projects and the support of a supervisor and these

applications were subject to peer review. The key relationship was between the student and the supervisor, albeit with the financial support provided by the Councils. So the key supervisory relationship was at this stage personalized, tacit and professionalized. The Funding Councils were not interested in non Research Council funded Ph.D. students nor in assessing the wider training package offered by the host HEIs. So there was a relatively modest steering role, although Research Councils began to monitor 4 year completion rates as a performance indicator (the target is currently 70% submission within 4 years). Performance indicators have now become more important in scholarship allocation. Research Councils' allocation of scholarships to departments is informed by a formula, which includes RAE score, completion rates and volume of Ph.D. students. The ratio of Ph.D. students to faculty is a performance indicator considered within the RAE assessment exercise as one aspect of a Department's research standing, as is the number of Ph.D. studentships.

Various reports (Harris Report, 1996; Dearing Report, 1997; Roberts Report, 2001) have led to significant shifts in policy towards doctoral training. The State increasingly sought to influence the structure and behaviour of HEIs as well as the supervisory/supervisee relationship. Doctoral programmes have increasingly been incorporated within QA reviews following the Harris Report (1996) which argued that there should be a Code of Practice so that only HEIs with: suitable research infrastructure; a suitable supervisory environment; and good information for students should accept research students. This was part of stratification of the HE system and protection of research intensive institutions. The QAA's code of practice has been extended (2004) to include a section on doctoral students. Starting from 2006, the periodic institutional audit of departments has also considered doctoral programmes. The QAA Code pays particular attention to issues of research environment, training and supervision.

Dearing and Roberts were concerned about the gap between the experience of the Ph.D. student in the University and the world of work. They wanted more emphasis on preparation for the job market and the development of 'transferable skills' to support the knowledge based economy. Research Councils were invited to respond to these recommendations in 2002. Now, each HEI receives a training budget proportional to its Research Council scholarships and delivers a compulsory Research Development Programme for these students. In some HEIs, this funding led to the setting up of Doctoral Schools to deliver these programmes on a supra Departmental basis. The so called Ph.D. CASE programme (which involves joint sponsorship with an industrial partner) is another lever to encourage contact with industry.

So central agencies now define institutional aims and targets in relation to doctoral training programmes. They have monitored performance and linked it to funding. It has sought to connect the HE system with the knowledge based economy. The centre shapes the HE field through Research Council scholarship funding and also QAA. Aims are linked to a formula based funding system for Ph.D. scholarships. However, the funding for RDP is lump sum and HEIs can manage it at a micro level as they see fit. These are strong indicators of a NPM style approach. The other face of NPM is more micro flexibility within a strategic framework set by the centre. The introduction of a formula based allocation system to Universities diminishes the transaction costs associated with an individual Ph.D. application and gives Universities more flexibility at a local level.

While the NPM paradigm seems strong in the doctoral training arena, there are a few indications of a network governance approach as well. There has been criticism of a lack of a 'joined up' approach between Research Councils. In 2001, all Councils signed a 'Joint Statement of Skills Training Requirements for Research Students' and there has been increased emphasis on cross council collaboration. HEFCE also uses its Strategic Development Fund monies to help collaboration between HEIs, and this may include joint work around doctoral training.

8.6 Concluding Discussion: A NPM Rich Hybrid?

Our first conclusion is that there is evidence of a long term track of HE sectoral change, led by powerful reform ideas as well as purely tactical policy responses. The UK HE system in 2007 is significantly different from that of the 1980s: larger; more managed; more internationalized; more market driven. So the sector is engaging with long term processes of substantial rather than superficial change. Some of the reforms launched in the mid/late 1980s have 'stuck': RAE, QAA, internal markets and corporate governance reforms are good examples of enduring NPM style policy instruments. There is a major move away from the old pattern of bureau professionalism and academic capture of HEIs towards NPM steering. The UK has long been seen as an index case of NPM (Ferlie et al., 1996): we conclude that the HE sector is part of the general rule rather than an exception.

While we are clear what the UK case is moving away from; what is it moving to? How do the explanatory archetypes of the first chapter relate to the UK case? The NPM narrative is strongly present in both tracers of doctoral training and research management as well as the macro NPM reform ideas alluded to above. But it is also a hybrid with some turn to a network governance model, especially in the early Blair period. Even in RAE, there is an important role for peer review characteristic of a professionalized system. So, there is a hybrid mode but one in which is NPM rich. Our assessment may be sensitive to time period. An assessment made in 2000 could have rated the impact of the network governance narrative as higher than in 2007. There may even be a shift back to NPM modes of governance recently with a revival of quasi markets and corporate governance reforms. Also, the very little evidence of a strengthening of mechanisms for local accountability (as part of a 'Neo-weberian', project for the democratisation and revitalisation of the State; Andresani and Ferlie, 2006) in England contrasts with a different pattern that emerges in the new devolved jurisdictions of Scotland and Wales. There is also a post NPM policy rhetoric emerging of greater HEI freedom but yet to translate into concrete policies. HEFCE continues to seek to steer the HEI field closely in such currently high profile policies as widening participation and the development of more business facing courses and HEIs, using traditional instruments of special funding streams and 'naming and shaming' in public league tables.

How does this analysis compare with other recent studies into the steering of UK HE? Hood et al. (2004) concluded that UK HEIs are steered by various mechanisms

within a hybrid form. The extent of what they termed the traditional mutuality based mode had declined (but was still present) and that of oversight and competition (both of which are NPM orthodox) had increased. Reed's (2002) analysis of the role enactment of key HEI managers (such as Heads of Departments) found them balancing principles of professional collegiality and an increasing emphasis on managerial control. Deem et al. (2007: 189) conclude that the NPM discourse has become institutionalized throughout the sector and that no other significant project or thoughtworld is apparent.

Our conclusions are similar, albeit slightly more optimistic than that of Deem et al. Over the 1979–2007 time period, we conclude there has been a substantial and long term shift from bureau professionalism to NPM principles in the steering of UK HE. This is not a pure shift and we can detect hybrid influences, but it is a shift of substantial significance and scale. We detect some but weak influence from the network governance paradigm. A potential post NPM policy rhetoric is emerging but yet to be enacted in practice. There are possible non NPM alternatives but they are yet to be realized. At present, a NPM mode of governance is as important in the steering in UK HE as it has been in other UK public services. Far from being an exceptional sector, HE confirms the general UK rule of high NPM impact.