Understanding Governance and Policy Change in British Higher Education

Introduction

Professor Ted Tapper & Professor Brian Salter

Stripping them of their mystique, universities are responsible for delivering a particular social policy and, as such, they can be exposed to the political pressures that impact upon other areas of social policy. Over the past thirty years the pursuit of social goals in Britain has been increasingly influenced by the interaction of new political and economic inputs that have restructured the political economy of social policy **(1)**. The political inputs are:

1. The drive for policies that ensured institutions responsible for delivering social products would enhance their performance. The message was: We can/should do better!

2. The belief that performance was in part determined by the mode of governance, that social goals would not be achieved by simply throwing more money at the problems. There was an insistence that institutional governance could make a difference, there was no need to wait for broad-based socio-cultural change driven by public monies and state bureaucratic structures before the brave new could materialise. Institutional management at the grassroots level was seen to be more important than centralised state planning, although it could be argued that neither strategy really understood the impact of cultural milieu upon client behaviour.

Although these two considerations came to the fore in the 1980s (the Thatcher years), and have been central to government thinking ever since, it is important to note that

Callaghan in his famous Ruskin College speech (October 1976) sorrowfully alluded to the high level of illiteracy and innumeracy amongst school-leavers in spite of vastly increased educational expenditure **(2)**.

The reinforcing economic ideas are:

1. The desire to control expenditure on public services as a percentage of Gross Domestic Product (GDP).

2. The claim that social goals could be more readily achieved if the market (both to provide resources and to assist in service delivery) was more involved.

Not surprisingly, the combination of these economic and political ideas constituted a serious challenge to the prevailing model of social service provision in Britain — centralised, delivered by state bureaucratic structures, financed out of public monies, and with a seemingly infinite capacity to expand in size **(3)**.

To focus more specifically upon the social product known as education, it is evident that the entwining of the political and academic analysis of schooling has had a very important bearing upon changing how we think about the wider delivery of social policy. The work of Christopher Jencks in the United States appeared to deliver the political bombshell that schooling had at best a marginal impact upon reducing patterns of social inequality **(4)**. And it should be noted that Jencks and his colleagues based their conclusions in part upon the re-interpretation of British data. Whilst such findings may have given comfort to those on the political right who had long tired of state-sponsored social engineering, they were of little help to a Thatcher Government persuaded by the belief that the strong state could rescue the decaying British social order by revitalising the idea of personal responsibility so saving us from an

apparently ever more complacent bourgeoisie, an increasingly self-seeking and alienated working-class, and the growing threat of a malevolent under-class.

And then along came Michael Rutter. The importance of Rutter s *15,000 Hours* cannot be over-estimated. Whilst the social scientists could bicker ad nausea about the methodological strengths and weaknesses of the research, the policy-makers could take immense comfort from the claim that apparently institutions could make a difference **(5)**. The emphasis therefore was placed firmly upon the quality of institutional management. How could the development of that institutional governance be encouraged that would best ensure the fulfilment of desired policy goals? Over time, and haphazardly, a layered response took shape: the policy goals would be defined politically, the state apparatus (increasingly in the form of quangos) would construct the measures to ascertain whether those goals were being achieved (with particular emphasis upon improvements — or otherwise — over time), and institutional management was responsible for delivering enhanced performance. Note, for example, that failing schools were sometimes placed in the hands of a new head teacher. Perhaps the most controversial outcome was the development of performance indicators, accompanied by the growth of an audit/inspection culture across almost the complete range of social policy, designed to measure institutional outputs. The myriad of performance indicators is too well-known to comment upon at length: hospital waiting lists/times, pupil attainment levels in key-stage tests, access social profiles and retention rates in higher education, and the success of the police in bringing down crime — to give some emotive examples.

Patterns of Governance and Policy Outcomes: Responding to the New Context

The literature linking policy change and modes of governance has responded to the new context in contrasting ways **(6)**:

1.) By making general statements about the changing forms of governance,

2.) By concentrating upon changes in modes of governance within particular social policy areas,

3.) By undertaking a critical analysis of the measures constructed to evaluate policy change but not attempting to link the critique to issues of governance,

And most ambitiously, if most rarely:

4.) By attempting to link, sometimes consciously but more often than not implicitly, governance styles to policy outcomes (with Rutter s work providing the best educational example)

The broad focus on changing forms of governance has given rise to concepts like the new public management , system overload , the hollowing out of the state , government by quango , the purchaser/provider dichotomy , and policy networks . Some of this literature maintains that there was a crisis of the state: an economic crisis caused by the expansion of state expenditure as a percentage of GDP, coupled with growing political opposition to the increased taxation needed to underwrite the state s enhanced responsibilities. If state bureaucracies did consistently fail to deliver effectively, in spite of - allegedly - steady increases in real resources, then it is easy to see why a critique of the social democratic strategy for delivering social goals would emerge. Within this context it is not surprising that some forms of social expenditure (for example, the support for student grants or even expenditure on higher

education more generally) were more politically vulnerable than others (for example, the commitment to the NHS).

However, within the political science discipline the main reaction was not to analyse the fiscal crisis of the state - this was more the concern of the political economists — of the left and the right **(7)** - but rather to examine what new forms of governance were emerging or were likely to emerge. The most prolific British analyst of this development was Rhodes who not only examined the evolution of the national system of governance but also tied together relationships between national government and local government with the growing input of the European Union. And what was occurring within the United Kingdom found parallels in both the United States (the iron triangle literature which saw policy outcomes developing out of the interaction of Congressional committees, organised interests and the branches of the federal bureaucratic structure) and on the continent (for example, in Germany with the policy networks embracing organised interests, state bureaucracies and political parties — corporatism personified, which could be especially effective at the level of the Lander).

A popular academic text is one that examines the deconstruction of traditional bureaucratic state structures under pressure from the emergence of the new public management model (with the inclusion of national comparisons — New Zealand and the United Kingdom are favourite examples), demonstrates how the delivery of *particular* policies has changed in response to the creation of new structures/procedures, and shows how various parties within the policy process (for example: bureaucrats, pressure groups, trade unions and clients) have reacted to the

new model of governance **(8)**. The case study approach is therefore the second response to the emergence of the new public management ethos. Its essence is a mapping of the unfolding of the steady, almost inevitable, expansion of the new style of governance as it embraces one policy area after the next.

The accountability procedures, which are integral part of the new public management, have generated as much if not more reaction than the reformed structures and procedures per se. Many of the targeted professional groups have shown their opposition, which more often than not is most vocally expressed by their trade union/professional association representatives. It is not difficult to understand the opposition for the accountability procedures, whether by audit and/or inspection, imply the need for enhanced performance whilst requiring those under observation to reveal and justify their practices. Perhaps most threatening is the public nature of the process: the rush to publish league tables that place failing institutions (and sometimes failing individuals) in the spotlight. Regardless of the qualifications that may accompany such tables, lowly rankings have to be explained and cannot inevitably be explained away.

The point to emphasise is that accountability procedures are meant to ascertain whether changes to the decision-making process actually result in better policy outcomes. That is, are the systems of governance in fact delivering higher quality social goods more effectively? Presumably as far as government and consumers of social policies are concerned these are the key questions: consumers because they want an efficient service and governments because the want to enhance their political credibility and support. Thus, not surprisingly, much of the critical analysis is based

upon an assessment of the established performance targets: the appropriateness of the targets, the modes of measuring whether these have been met, and the broader consequences (with the focus upon unintended outcomes). Of course there is also a wider critique based upon the need to preserve professional responsibility, which is sceptical of the very idea of public accountability and the attendant audit culture. The linkage of management styles and strategies to institutional outputs in the work of Michael Rutter was, as we have noted, critical to both the academic and political debates on the effectiveness of the relationship between governance and policy outcomes. It is easy to show that in many fields of social policy new forms of governance have been introduced in the expectation of securing a more effective delivery of services and even different kinds of services. The problem that government faces is that policy ends are variegated and the achievement of certain goals may be accomplished at the expense of others. If the measures are not carefully monitored the statistics may give the semblance of meeting targets but which disguise the emergence of substantive failings in service delivery. Moreover, and perhaps most interestingly, institutional behaviour may be too creative/manipulative as strategies can be adopted that assist the meeting of targets but which undermine broader policy goals. The very dependence of the state upon independent institutional networks for the delivery of social goals means that it may be obliged to accept that its original aims are vulnerable to subversion. For example, what if all university departments are awarded outstanding research grades but the policy goal is to distribute research income selectively on the assumption that rankings will be clearly differentiated? Or is it an effective use of resources if operating theatres are closed because the hospital organises its affairs so efficiently that it runs out of money part

way through the financial year (perhaps an unintended — if purposefully constructed — policy outcome)?

Thus we have returned to the critical question of the tension between politically defined policy goals, the modes and means established for achieving those goals, and the adaptability of institutional behaviour in response to such pressures. A key problem for government within this matrix is its reliance upon the very professionals whose behaviour it intends to regulate in the pursuit of its policy goals. These professionals are ideally placed to undermine the policy intentions upon which regulatory mechanisms are created through their interpretation of how the rules are to be applied in practice, and, furthermore, through their control of institutional responses to the inspection/audit regimes. Indeed, some of them, drawn from particular networks, will have been integral to the actual construction of both the evaluative mechanisms and even the policy goals.

The Politics of Governance: the Case of Policy Change in Higher Education

In the light of these general observations on changes in the delivery of social goals, the purpose of what follows is to examine briefly contemporary developments in the governance of higher education in Britain (mainly with reference to England) as a prelude to developing an appropriate theoretical response. Whilst comparisons will be made with other areas of social policy, it is important to remember that there is no reason why the relationship between state and society should have evolved in ways that ensure the same pattern of provision for all social goods. It may be thought that a common template would emerge but societal institutions do not carry equal political

weight and, moreover, accommodations will have been made with governments of different persuasions and in contrasting historical circumstances.

Even a cursory perusal of the political history of British higher education would reveal the relative uniqueness of its mode of governance. As far as the pre-1992, that is the traditional, university sector is concerned the University Grants Committee (UGC) was for much of the 20th Century (1919 to 1989) the most important institution of governance. There is no need to reproduce in detail a story that has been retold on several occasions **(9)** but the main characteristics of this system of governance are so startling that they are worthy of brief enumeration: until 1964 the UGC, established in 1919 by a Treasury Minute, was placed under the auspices of the Treasury rather than the education department (in 1919 the Board of Education); it was controlled by a small group of senior university members and its primary function was to determine the distribution of public monies — an annual recurrent grant awarded within the context of a quinquennial planning cycle; and, although it could give general guidance on how it thought the university system should evolve, it showed strong respect for the principle of university autonomy — universities were independent corporate bodies that determined their own futures. Furthermore, it has frequently been claimed that — excepting its final days — the UGC operated a system of governance that required it to exercise its judgement as much on the basis of personal social contacts as of bureaucratic procedures.

It is not too far-fetched to perceive the UGC as an inbred and inward looking quango, accountable for the performance of the university system as whole but not responsible for the behaviour of any one university, which had the status of independent corporate

bodies. Equally, it is not unreasonable to argue that the governance of the university system under auspices of the UGC represented a model of the hollowed-out state in action. Indeed, it could be claimed that the state neither rowed nor steered, that it merely oscillated between benign neglect and frustrated rage. The political history of British higher education in the 20th Century has two main stories to tell: the demise of the UGC and with it the reformulation of the idea of university autonomy, and the wresting of control by central government over the public sector of higher education (the polytechnics and colleges of higher education, now often referred to as the new universities) from the local authorities. Thus the emergence of the current funding council model of governance was gradual: in 1982 the public sector was placed under the auspices of the National Advisory Body (NAB) with two funding councils replacing NAB and the UGC in the 1988 Education Reform Act (the Polytechnics and Colleges Funding Council and the Universities Funding Council), to be followed by the merging of these two bodies in the 1992 Further and Higher Education Act, at which time separate national identities were created within the new funding council structure.

The new model of governance is different from the traditional UGC model in two critical respects: the formal location of policy direction and the lines of institutional accountability — both very murky areas prior to the 1988 Education Reform Act. The Secretary of State for Education issues yearly memoranda of guidance to the Chair of the Higher Education Funding Council for England (following the style of previous memoranda, the latest version is entitled Higher Education Funding and Delivery to 2005-06) which have become longer over the years and offer increasingly more detailed guidance on both what policy directions the government want the Funding

Council to follow and, more frequently of late, recommendations on how they should be achieved. However, because the Secretary of State has formal responsibility for the direction of policy it does not follow that all policy initiatives emerge from within government, or that policies are approved without undertaking a wide consultation process, or that in the implementation process (which is very difficult for government to control) policy goals are never subverted.

HEFCE s central function is to find the ways and means of delivering these policy goals (having already made an input — variable in its significance - into their formulation), a role which it can only accomplish with critical inputs from both individual academics and their universities. For example, the Research Assessment Exercise is built around the idea that the quality of research output can be determined only by peer review and thus active, sometimes leading, academics dominate the assessment panels. In parallel fashion, the Quality Assurance Agency s teams were made up of academics (invariably not leaders in their field!) who undertook the inspections of the teaching and learning process and formed the judgements which resulted in the ratings.

If the funding councils are responsible to their political masters and universities work within boundaries established by the funding councils, then what happens to the idea of university autonomy? Evidently it is more constrained for it needs to be exercised within clearly defined parameters that are difficult to ignore. Thus, although research income gained through the RAE process was awarded as a block grant, there was concerted pressure (dating back to the 1980s when the UGC was still in existence) requiring the universities to develop research strategies that demonstrated how these

squared with the findings of the research assessment process **(10)**. Of course, under

the past rules of the funding councils, there has been considerable latitude for

universities to determine how they package their research submissions and there is

also the option of not making a submission. However, where the political pressure is

especially strong, as seen in the government s desire to increase and widen the social

basis of the undergraduate entry, the opt-out clause is apparently unavailable.

There is a certain irony in the fact that the governance of British higher education has

not evolved smoothly in a manner that reflects movement towards the hollowed-out

state model. In fact quite the contrary, over time the political control of policy

direction has become both more all-encompassing and more detailed. The funding

council quangos are essentially managerial bodies that work within the parameters

established by government. Similarly, whilst the universities may formally retain

their corporate independence, they have little choice but to work within the

framework established by the funding councils.

If the first lesson to be learnt in looking at higher education through a new public

management lens is that the state has *more* of a part to play in steering, and even

controlling, institutional behaviour, the second is that it is an inherently instable

model of governance. There is always room for tension in the relationship between

government and the funding councils, and between the funding councils and the

institutions to which they distribute tax revenues. Furthermore, given the fact that the

funding councils operate within different national settings, with somewhat different

political and cultural contexts, the funding councils can, and do, adopt different

practices, if not entirely different policies. The consequence is that, at least at the

margins, there is always the possibility of policy friction. Note, for example, the contrasting Scottish and English practices on financial support for students (as an example of national differences) and the peculiar oscillations on research funding for the English universities following RAE 2001 — the decision to create a 6* rating and then the machinations to determine who was worthy of the accolade (and additional funds). How else is the latter to be explained other than by the intervention of those policy networks within the university sector most vociferous in their advocacy of particular patterns of funding? Finally, there is the instability that must emerge when institutions compete for limited, earmarked, resources. It is increasingly difficult to think of the universities as constituting a system as they manoeuvre, sometimes in conjunction with other universities that share their market position, to ensure their survival. Paralleling the institutional tension is the greater potential for conflict amongst academics (for example, additional payments to faculty deemed to be of special merit), between academics and their universities as the latter struggle to cope with accountability mechanisms and balance their budgets, and between departments competing for scarce resources. The potential conflict between institutional autonomy and academic autonomy is very real.

The above observations on the governance of British higher education should not be taken as criticisms of its functioning but rather as an analysis of the way in which the new public management model enveloped the universities. If evaluation, in the sense of passing judgement, is ruled out what still remains is to explain the process of change, to understand what is taking place. Whilst this brief descriptive overview of changes in the governance of British higher education would find general favour amongst among those who have observed the process most keenly, there would be

little agreement on trying to understand those changes theoretically. This is not because there is a well-developed theoretical literature with deep internal schisms but rather because, except in the sense of offering commonsense and ad hoc explanations, the relevant literature is notable for its theoretical parsimony. As a vehicle for theoretical development, higher education is severely underused **(11)**.

Reformulating the Idea of the State

A recent text, almost as a badge of honour, claims: Our theoretical position will be seen to that of eclecticism. We eschew general hypotheses but look to political and other social theory to illustrate and help us to classify the experience undergone by higher education in the UK between 1975 and 1997 **(12)**. But this is an advance on much of the relevant literature, which is often descriptively historical in its approach and occasionally peppered with the insights of the informed insider **(13)**. Moreover, the literature is inclined to be highly evaluative: it wants to pass judgement on policy rather than to understand policy. This is not to disparage these approaches, which seem to be central to the analysis of social policy more generally, but rather to suggest that the study of *higher education* has not been taken seriously by the mainstream social sciences.

The absence of a strong political science interest in the governance of higher education (indeed of education more generally) is all the more surprising given the powerful input of other social sciences into the study of schooling. The sociology and psychology of education (not to mention the philosophy and history of education) are well-developed, if not especially prestigious, sub-disciplines. Moreover, they are sub-disciplines with theoretical depth. Psychologists ground their research in varying interpretations of learning theory (for example: Burt, Piaget, and Dewey), while for

sociologists the focus has been upon the role schooling plays in the process of social reproduction and social control. Accordingly, the sociologists draw upon a wide range of theoretical traditions, ranging from Marx to Durkheim (for example see the work of: Bourdieu, Bowles and Gintis, and Boudon). While the prominent, more narrowly defined, dominant British interest in education and social mobility has been powerfully expressed in the work of Halsey who is located firmly in the political arithmetic tradition established by Laurence Hogben at the LSE **(14)**.

In our own endeavours to explain changes in the governance of British higher education we have drawn upon the work of both Gramsci and Weber **(15)**. A central proposition is that the sustenance of established structures and procedures depends upon the maintenance of a supportive web of ideas. Consequently, if the attack upon university autonomy was to succeed then it was critical to undermine the idea that the central purpose of the universities was to transmit and extend knowledge as self-serving ends. New purposes had to be imposed upon universities in which others could claim a powerful stake. Increasingly higher education in Britain has been viewed in more utilitarian terms: to promote economic prosperity and to assist in securing politically desirable goals. To make the point concisely: higher education has become an instrument of the economic and social policies of successive governments.

If this inversion of Marxism, in which ideas rather than material conditions generate change, draws upon Gramsci, then the perception of the state as a rationalising bureaucratic force owes much to Weber. Undoubtedly the most extensive application of Weberian theory to the study of education is to be found in the work of Archer, and

in particular in her *Social Origins of Educational Systems.* Archer s theory postulates two main strategies for assertive groups to achieve change: restrictive strategies in which groups act politically to undermine the influence of dominant educational interests (a strategy that may mean the state itself enters the educational market), or substitutive strategies which commit powerful interests to the provision of alternative educational facilities that are subsequently legitimised by the state **(16)**. In structural terms educational systems manifest distinctive characteristics: unification, systemisation, differentiation and specialisation. Although sociological in its approach, Archer s work gives immense prominence to group political activity, recognises the important inputs that individual agents can make, and credits the state with a central role in orchestrating the change process. It is the stuff of politics! It is possible, as Deer has done **(17)**, to apply Archer s framework to understanding broad changes in the character of contemporary higher education systems (France and England). In contrast, in our work we have focussed more directly upon the governance of higher education and charted the course of political action in response to the state s orchestration of structural change. This is to provide theoretical direction in sharp contrast to the theoretical eclecticism of Kogan and Hanney and the empiricism of other dissections of British higher education.

Although contemporary developments in the governance of British higher education demonstrate that we have not moved smoothly from a state-controlled model to one dominated by the principles of the new public management (a transition more in tune with change at other levels of the educational system albeit with the complication that schooling remains essentially a locally provided service), nonetheless — as documented above — there has been a shift in the mode of governance. The question

is what changes in governance have accompanied the evolution of the funding council

model, and in what ways our theoretical position needs to be adjusted to

accommodate those changes. To list the pressures for change is *not* to think

theoretically but, at best, a descriptive precursor to theoretical construction.

We commenced with a strong commitment to the idea that the state s reformulation of

university autonomy was orchestrated by the central bureaucratic arm of the

educational state, the Department of Education and Science (DES) - currently

relabelled as the Department for Education and Skills (D*f*ES). On at least two critical

occasions in the history of British higher education the central department had

attempted to persuade government to place the UGC under its auspices rather than

that of the Treasury — 1919 when the UGC was launched, and post-1945 when the

Atlee Government seemed bent on extending and rationalising the state apparatus.

Besides seeming a logical development (the interests of education as a whole would

be under the auspices of a single department), such a move would have required the

universities to think more deeply about their relationship to the wider society for there

is little doubt that certain elements within the department were bent on making the

universities more responsive to national economic and social needs. But the irony is

that for quite some considerable time after 1964, when the UGC finally became the

responsibility of the DES, in fact very little changed. The UGC retained its

guardianship of the universities with marginal departmental or political interference.

What is evident, therefore, is that without a sustained political input the bureaucratic

dynamic for change would not be realised, but over a period of some fifteen years

(1964 to 1979) the political input steadily developed in a manner that provided this

support: the creation of the public sector of higher education to provide an alternative

model to the traditional university model; the 13 questions that Shirley Williams, as Secretary of State, posed to the universities in 1969 - to which they failed to construct a serious response; the increasingly critical tone adopted by the House of Commons Public Accounts Committee; and the government s decision to terminate its commitment to a quinquennial funding model in the light of the economic crises of the 1970s. The empirical evidence therefore demanded some early theoretical adjustment on our part, that is was essential to think of the political as well as the bureaucratic dimensions of the state.

The political pressure upon the governance of higher education came to a head in the Thatcher years and has to be placed in the context of the wider discussion of the delivery of social policy goals. Clearly a governance model, in the shape of the UGC, controlled by producer interests which distributed public monies in the form of a block grant with few demanding accountability mechanisms, and explicitly rejecting that it had the authority to intervene in the affairs of individual institutions was doomed to failure — in spite of a late flurry of activity designed to demonstrate its planning capabilities. What government required was a regulatory model that would deliver politically defined policy goals through competitive mechanisms of resource distribution. The system was not to be planned but rather individual institutions were encouraged to define their own goals and to seek, if needs be in the marketplace, the resources to accomplish them. The outcome may have been the continuation of governance by quango (the 1988 Education Reform Act gave rise to the funding council model of governance in higher education) but the key institutional relationships had changed beyond recognition.

Furthermore, it is scarcely surprising that contemporarily the emerging mass system of higher education should have greater political visibility, especially given Blair s clarion call Education! Education! Education! A mass system of higher education has inevitably generated more public interest than the preceding elite model with the issues of funding, access, and the quality of many degree programmes all stimulating political controversy. The consequence is a broader and more sustained political entanglement with governments having little choice but to shape the governance of higher education in a manner that they feel will best realise their policy goals and, hopefully - from their perspective - protect their electoral base.

The expansion of political interest has been accompanied by a fluctuating and more fragmentary pattern of institutional responsibility for the concerns of higher education. The Department of Education and Science has metamorphosed into the more prosaic sounding Department for Education and Skills, and currently much of the responsibility for the state s input into scientific research and development falls under the auspices of the Office of Science and Technology, which is part of the Department of Trade and Industry s (DTI) empire. Furthermore, if one of the central purposes of higher education is to sustain economic development then it is perfectly legitimate for the DTI to have a position on how this should be achieved. Moreover, it is widely believed that social policy at large is now strongly influenced by the Treasury as it seeks to secure value for money along with improved institutional and programme management, and allegedly the Treasury is unimpressed by the quality of higher education management **(18)**. And when the political stakes are very high fissures at the core of government can be discerned as witnessed by the apparent conflict between the Chancellor and the Prime Minister on the issue of top-up fees. It

almost beggars belief that the Chancellor of the Exchequer should be so moved by alleged biases in the Oxford admissions process that he felt the need to intervene publicly. As if this were not enough, we now have a system of higher education that is divided along national lines with the individual funding councils subject to the pressure of somewhat different political inputs. And perhaps it will not be too long before these national institutions have to respond to the expanding penetration of the European Union.

So far the focus has been upon the changing political context and the expanding state institutional pressures within which the governance of British higher education has to operate. But it is critically important not to overlook the increasing importance of the market in the funding of British higher education and the internal pressures that appear — almost inevitably — to result in greater institutional differentiation within a mass system. Mass systems of higher education are diversified systems and expansion has replaced the pyramid of prestige with both diversification *and* hierarchy. The market input takes the form of larger institutional inputs from, for example charitable bodies and firms, as well as steeper individual contributions, most noticeably in the payment of fees. The latter is a direct result of government policy whilst the former has received strong official backing and is consistent with the earlier Thatcher belief that social policy needs to be delivered and paid for by co-operative state-market initiatives. The enhanced role of the market has the potential to increase significantly the complexity of the governance of the HEIs: different interests within the university will seek to impose their own policy interests whilst others will search out private market deals (indeed even develop independent links with various players within the state apparatus) that they then expect their university to sanction.

The Concept of Policy Networks

To use Archer s structural concepts: British higher education has in recent years become a less unified and coherent system as it has become more differentiated and specialised, and, perhaps most significantly, as it has expanded almost exponentially. The question is how are we to understand these critical changes theoretically, in a manner that does not simply take refuge behind the presentation of a number of important political and socio-economic developments? At the core of all the changes is to be found the state and it attempts to put into effect politically defined public policies. Whilst undoubtedly there have been social and economic pressures for change these pressures have been manifested in their attempts to reshape the system of higher education through the state. For example, socio-cultural pressures may have intensified the desire for increased participation in higher education but the movement towards a mass system was politically driven. Furthermore, in the ideological and bureaucratic challenge to university autonomy the state was the key actor. The increased role played by market forces emerges out of political decisions driven by the belief that the state could not, and should not, continue to meet the full costs of undergraduate education in a mass system and, on the research front, by the desire to promote projects that would hopefully place Britain at the cutting edge of scientific and technological development. The decision to create funding councils with different national identities has been an equally obvious government initiative and, whilst the contemporary pressures for greater institutional diversification are complex, again it would be difficult to deny the central part played by the state **(19)**. There has been repeated political support for a more internally differentiated system coupled with funding mechanisms (earmarked resources for particular initiatives and,

possibly, a restructured RAE that will exclude some and place submissions in different pigeonholes) to encourage that diversity.

The state, therefore, institutionally differentiated though it may be, has to remain at the very core of our understanding of why the governance, and indeed the general character of British higher education, has evolved in the manner that it has. But what also has to be acknowledged is the fragmented, even precarious, nature of the state s hold upon the system of governance in higher education. Fragmented, because of the range of institutional inputs with the very real possibility of conflicting messages, and precarious, because of the evident chasm between policy formulation and policy implementation with the fragmented state lacking complete control of either. If these factors are coupled with the inevitable policy conflict generated by political visibility, and the still strong support for the tradition of university autonomy in many parts of the higher education system and indeed within the state itself, then the fragility of the funding council model of governance is easy to understand.

It is possible that one of two very contrasting scenarios will emerge to undermine radically the current model: there will be an attempt to impose upon the higher education system a planning model (with either the funding councils or departments as the planning bodies) or the state will steadily withdraw from governance and allow the institutions freedom of manoeuvre in response to market pressures. But the latter is a very unlikely scenario and, more realistically, the state is likely to remain actively involved both because it continues to be the principal provider of resources and because it will still be held responsible for policy outcomes even if it should lessen its control of governance. Consequently, we can expect some variant of the funding

council model to persist in which the universities retain formal autonomy but which they can exercise only within policy parameters established by government and put into operation by the funding councils (or parallel bodies). And of course the situation will become more complex at all levels of governance as the market becomes a more significant player.

However, whilst the state must remain at the core of understanding change in British higher education, the tensions and fragilities built into the mode of governance clearly indicate the necessity of placing political struggle at its very centre. When the UGC held sway within an elite system political conflict tended to be spasmodic, confined to a few interested parties and shielded from the public gaze. Now it seems to be continuous, to draw in a wide range of groups and to be very much in the public domain. The theoretical framework needs, therefore, a political dimension that supplements the idea of a powerful central state struggling to structure a mode of governance that will give it control of policy direction without destroying the legacy of institutional autonomy. The new public management model, with its focus on governance rather than government, can provide this dimension. The implication is that policy networks will emerge in response to a variety of factors: the wide dissemination of information, the broad policy consultation process, institutional involvement in policy implementation, and the need to learn from others how to respond to regulatory frameworks. The model contains an interesting tension: institutions are placed in competitive situations in which they have to act in their own best self-interest and yet, if they wish to influence how the model operates, they need to act with others to shape the governing structures and processes.

Policy network analysis, therefore adds middle-range political science theory to the macro-sociological approach that focuses on centralisation, bureaucratic rationality and the construction of new ideological themes. However, it is important to stress that while policy networks may be an integral part of the system of governance in higher education, it does not follow that they exercise much control over the direction of policy. This remains an issue for empirical investigation with — as the reaction to Rutter s work shows — numerous methodological hurdles to overcome. For example, literally hundreds of organisations are sent the post-mortem reports on the Research Assessment Exercises, and electronic technology enables all and sundry to offer evidence to committees of enquiry (the Roberts investigation into the research assessment process invited inputs via its website). But consultation, even incorporation in a policy network, is not the same as influence. It is important to stress this because policy network analysis should not simply be an interesting conceptual approach to investigating attractive case studies of change and conflict in higher education. Rather it needs to be integrated into a theoretical perspective.

The theory needs to incorporate an understanding of how state institutions and group interests interact to form policy networks, and to recognise that interaction invariably occurs at the instigation, and on the terms, of the state. For example, the dissemination of information as well as the opportunity to present evidence and offer opinions may be wide-ranging but direct institutional and personal involvement in the policy process, whether it be policy formation or policy implementation, is much more restricted. We need to know what criteria determine the membership of committees of enquiry, or of the RAE panels, or indeed how the Prime Minister s

Office selected those invited to No.10 to discuss top-up fees as the Blair Government sought to finalise its policy goals.

In terms, therefore, of higher education policy-making, although the governance of the system may conform to New Public Management principles, it is at best a modified pluralist model in which some inputs carry far greater political weight than others. In effect we are claiming that the state is in a position to organise the policy networks, to determine the role they play in the policy-making process. However, this is a precarious process that requires governments to tread carefully. As the passage of the 1988 Education Reform Act (ERA) demonstrated universities have friends in high places and the House of Lords brought about important modifications to the legislation not all of which were to the government s liking. Although it is some 15 years since the passage of the 1988 ERA, higher education continues to generate political interest (indeed greater political interest) at the very heart of the state. Note, by way of illustration, the swift reaction of the House of Commons Select Committee on Science and Technology to the general unease stimulated by RAE 2001. The consequence was a thorough and hard-hitting report that will play its part in the reformulation of the research assessment exercises. Moreover, although not all may be called upon to sup at the policy-making table, there are very few who are not in a position to assert the merits of their cause. Indeed, the proliferation of organised interests, operating in a policy arena with high political visibility, has made this more likely. What remains problematic is how effectively the particular interests can communicate their ideas and what weight, if any, their opinions carry. Can interests become part of a policy network that exercises real influence?

Few governments purposefully seek political conflict and there is a natural propensity to secure consensus, which is reinforced by the lingering potency of the traditional English idea of the university in which all institutions more or less conform to the same model. Governments may want change but will generally be wary of paying too high a political price to secure it. For example, the post-1992 creation of the new universities was eased by the decision to allow unrestricted competition for RAE resources. There was no attempt to create procedures that would have excluded the new universities from the exercise on the grounds that they had not been research-active in the sense that this was understood by the funding councils panels. Indeed, until post-RAE 2001 the assessment process was underwritten by a broad consensus within the world of higher education because, in spite of a very skewed distribution of the rankings and subsequent resource outcomes, there was no in-built assumption that by definition only some universities or some departments were research inactive . Clearly, post-2001, the situation has changed and the rules of the next research assessment exercise may sanction differential treatment. Evidently, because it judges it to be necessary, the government is prepared to break the consensual model but remains reluctant to act decisively preferring to encourage the funding councils to change their rules (as opposed to imposing its own rules), to hope that the institutions themselves will see the wisdom of self-denial, and to accept that most institutions have at least pockets of research excellence which should continue to receive core state funding through a competitive process of evaluation.

But a desire to maintain a semblance of political consensus is not the same as equal incorporation in the decision-making process of all the interested parties. What does it take to be above, rather than below, the salt? The first point to note is that the

organised interests fall into different categories and inclusion in a policy network may depend in part upon the policy issue **(20)**. The most important groups are those promoting institutional interests across the broad range of policy issues that are central to the contemporary character of British higher education. Thus Universities UK (UUK) and the Standing Conference of Principals (SCOP) along with the Russell Group, the 94 Group and the Coalition of Modern Universities will have policy positions on all the central issues. Although their policy perspectives will be skewed in particular directions, much same will be true of those organisations that represent faculty, administrators and students (for example: The Association of University Teachers, National Association of Teachers in Further and Higher Education, the National Union of Students and the Association of University Administrators). Then there are the professional bodies with a strong interest in pedagogy (what is taught, how it is taught, the modes of examination and, unsurprisingly, the assessment of research and teaching quality). For certain degree programmes (for example: in law, medicine, engineering and accountancy) the input of these bodies is critical since core pedagogical change is impossible without their approval. Finally, there are the groups created to promote single causes, although these may have both broad and narrow policy concerns (for example, ranging from the defence of academic freedom to enhancing links between industry and higher education).

The problem is to determine what resources the organisation must possess to be directly and continuously tied into a policy network. The group needs to represent a relevant constituency, one that has a strong vested interest in the policy issue. Ideally it has to speak authoritatively on behalf of those it represents and can ensure their compliance with policy decisions, even assisting in their implementation. Obviously

it also helps if the group has high status, coherent organisation and a record of positive intra-network behaviour — co-operation will beget co-operation. Although it may be unwise to exclude certain groups from a policy initiative (for example, the National Union of Students has to be consulted on proposed changes in student financial support), their inclusion may be essentially symbolic — consulted rather than incorporated into the policy network (as is probably true of the NUS). Moreover, there is little point in state institutions attempting to form policy networks with groups that are implacably opposed to government policy. Integral to the idea of a network are the concepts of communication and compromise.

Manzer **(21)** claimed that policy control over the English/Welsh educational systems after the passage of the 1944 Education Act resided in a network triumvirate composed of the National Union of Teachers (NUT), the central department of state (then the Ministry of Education) and representatives of the Local Education Authorities (LEAs). Allegedly no policy change of any significance could occur without a consensus emerging within this policy network. If there was ever an educational establishment , as occasionally asserted by those on the political right, this was it! Evidently the contemporary governance of higher education conforms to a very different structure of control. The new public management model points to more open and inclusive government with a range of shifting policy networks fragmenting and reconstructing themselves over time. There are insiders and, as we have argued, the state is selective in its choice of partners, but there is no closed, permanent establishment in the governance of British higher education.

Conclusions

The purpose of this paper has been to reflect on the changing governance of British higher education. The central argument is very simple: over time university autonomy has been persistently undermined by state intervention in order to ensure that higher education is structured to achieve politically defined goals. And yet all the interested parties have been keen to sustain the idea of institutional autonomy, which was seen as one of the key characteristics of the traditional, UGC-dominated model of university governance. Whether the post-1988 funding council model of governance has solved the riddle depends very much on how the concept of autonomy is interpreted, and how the new model operates in practice rather than in theory.

Although the contemporary structure of governance in British higher education conforms in broad terms to the new public management model, how far you pursue the analogy again depends upon how you interpret that model. The British universities, if it could ever be claimed that they were governed then it was by the UGC, an inbred quango that had a great deal of independence. And, for much of its early history, the public sector of higher education was the responsibility of the local authorities not the central state. Although today there may be wide consultation, broad incorporation of interested parties in the policy-making process with widespread and continuous engagement in policy implementation, and the reality of influential policy networks, there also remains the state that possesses the political and bureaucratic muscle to control the overall direction of the policy making process.

A realist interpretation of the new public management ethos as applied to higher education would suggest that there is not necessarily a great deal of difference between government and governance, and what passes for open engagement is in fact an orchestrated interchange of ideas between unequal partners. Moreover, the apparently tidy funding council model, with its separate but interacting levels of governance, in fact does little to camouflage what is in reality a very instable situation. Governments do not determine policy goals in a vacuum, the regulatory mechanisms of the funding councils cannot be handed down from on high, and the implementation process is impregnated with the personnel as well as the values of those who are supposed to be regulated. However, although there may be instability and tension in the model, it does not follow that it lacks all rhyme and reason. At its core is the state, which interacts selectively with the key interests to construct the policy networks that will shape the future direction of the system of higher education. The closed world of the universities in which the UGC was the key governing body has long gone. But this was inevitable in view of the visibility of the mass system of higher education, the critical policy issues -some with electoral significance - that this has generated, and the sheer number of parties — including the various branches of the state — that now have a vested interest in how higher education functions. Instable, and relatively open, elite bargaining has replaced the certainties of the old order in which patrician guidance acted to preserve its understanding of the university. Within this context policy network analysis can be seen as a useful tool for unpacking the details of the policy-making, and even more so, the policy implementation process. It is a helpful means of organising empirical research but only assumes theoretical significance when placed in the context of how the state, responding to pressures for change, moves to restructure the governance of higher education.

To what extent will the present funding council model continue to be tolerated by the state or, alternatively, destabilised by the increasing role of the market? Unless there is a political decision to impose a planning model then the state must learn to tolerate the current apparent uncertainties. But this is not to suggest the impossibility of change. For example, we could see more political interference in the construction of the funding councils regulatory mechanisms or greater efforts to lessen dependency upon the academic community at the policy implementation stage. Already we are witnessing a state-sponsored ideological push in favour of a more diversified system of higher education. Consequently, a sharply differentiated system of higher education could emerge in which the state regulates some sectors of the system very tightly (possibly even imposes centralised planning) whilst other institutions (those who have demonstrated their ability to exercise autonomy responsibly — or, perhaps more importantly, have favoured market positions) are guided by only a light touch !

Whilst an increased role for the market in the affairs of higher education is inevitable, it is difficult to foresee precisely how this will impact upon the overall structure of governance. If the financial input and political stakes for the state are too high to contemplate its abdication, then how will the state, the market and the universities manage their interacting interests? The consequence is likely to be if not instability then more politics at all levels of governance with policy networks assuming an even greater role. The universities will be at the sharp end of change and will need systems of governance that enable them to balance political demands, the competition for state resources along with a strategy to maximise the returns that their market positions could generate. One possibility, already occurring on the margins, is that individual

institutions also fragment, with different internal systems of governance and different

links to the outside world. The future is interesting but not necessarily bright.

<div align="center">**<u>References</u>**</div>

1. Such claims would not be universally accepted. They are dependent partly upon how radical a departure (in theory and practice) Thatcherism was from the so-called post-war British political consensus, and to what extent its legacy lives on in the era of New Labour. For a broadly supportive view of the claims made in the text see: Kavanagh, D., *Thatcherism and British Politics: The End of Consensus?* Oxford University Press, Oxford, 1990, 102-22 and 278-321.

2. Callaghan, J., Ruskin College October 1976. The speech was based on a report (known as the Yellow Book) prepared for him by the DES. Times Educational Supplement, *Extracts from the Yellow Book*, 15th October 1976, 2-3.

3. This may be a caricature of reality but it was widely believed in influential political circles, especially in the drier echelons of the Tory Party.

4. Jencks, C. et al., *Inequality,* Basic Books, New York, 1972. Jencks findings were broadly confirmed by his later publication: C. Jencks et al., *Who Gets Ahead?* Basic Books, New York, 1979. Note the date of the publication of the first text shows that scepticism on the impact of formal education upon shaping individual life chances was well-established before the emergence of Thatcherism.

5. Rutter, M. et al., *Fifteen Thousand Hours*, Open Books, London, 1979. For a flavour of the methodological debate see: B. Tizard et al., *Fifteen Thousand Hours: A Discussion*, Institute of Education, University of London, 1980.

6. For examples of the various reactions see: R. Rhodes, *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open University Press, Buckingham, 1997 (a general overview of the changing style of governance); D. Marsh and R. Rhodes (eds.) *Implementing Thatcherite Policies: Audit of an Era*, Open University Press, Buckingham, 1992 (with several examples of the case study approach); C.J. Finer, Social Policy in P. Dunleavy et al. (eds.) *Developments in British Politics*, Macmillan, Basingstoke, 1997, pp. 304-25 (with some evaluation of the measures of social policy outcomes); H. Pemberton, Learning, Governance and Economic Policies , *The British Journal of Politics and International Relations*, Volume 5, No. 4, November 2003, 500-24 (which attempts to relate governmental modes to policy outcomes). For possibly the most interesting theoretical overview of policy change, which — with particular reference to policy reversals — draws to a limited extent upon the role of policy networks see: C. Hood, *Explaining Economic Policy Reversals*, Open University Press, Buckingham, 1994. An excellent statement on the importance of holding on to the concept of state power within the era of the new regulatory politics is to be found in: J. D. Wolfe, Power and Regulation in Britain , *Political Studies*, Volume 47, No. 5, 1999, 890-905.

7. Consensus on definitions of the political left and political right is difficult to reach. A constant theme in much of the literature emanating from the Institute of Economic Affairs (IEA) offers a right perspective on the so-called fiscal crisis of the state whilst J.R. O Connor, *The Fiscal Crisis of the State,* St Martin s Press, London, 1973 presents a viewpoint from the left .

8. A good example of such a text is: D. Marsh (ed.), *Comparing Policy Networks*, Open University Press, Buckingham, 1998.

9. Berdahl, R.O., *British Universities and the State*, Cambridge University Press, Cambridge, 1959; J. Carswell, *The Government and the Universities in Britain*, Cambridge University Press, Cambridge, 1985; T. Owen, The University Grants Committee , *Oxford Review of Education*, Volume 6, No.3, 1980, 225-78; B. Salter and T. Tapper, *The State and Higher Education*, Woburn Press, Ilford, 1994; M. Shattock, *The UGC and the Management of British Universities*, Open University Press/SRHE, Buckingham, 1994.

10. University Grants Committee, *Circular Letter 8/88*, UGC, 16th February 1988.

11. For an interesting theoretically oriented article, which draws upon Norwegian experiences and makes explicit reference to the new public management ethos see: I. Bleiklie, Justifying the Evaluative State: New Public Management Ideals in Higher Education , *European Journal of Education*, Volume 33, No, 3, 1998, 299-316.

12, Kogan, M and S. Hanney, *Reforming Higher Education*, Jessica Kingsley, London, 2000, 42.

13. Of the authors listed in footnote 9 above, Carswell and Shattock can be fairly described as informed insiders. The interpretation of the literature (and the references could be greatly expanded) is a matter of judgement but, pertinently, much of our own work is also historically organised.

14. The LSE tradition, which is continued in its contemporary research on social exclusion, clearly believes that social science research should serve the purpose of social amelioration as, of course, interpreted by the tradition s own values. Halsey s research is voluminous but for a text that transcends this perspective and is informative about the university government see: A.H. Halsey, *The Decline of Donnish Dominion,* The Clarendon Press, Oxford, 1992.

15. This twin reliance is reflected in all our publications but, in particular, see: B. Salter and T. Tapper, *Education, Politics and the State*, Grant McIntyre, London, 1981.

16. Archer, M.S., *The Social Origins of Educational Systems*, Sage, London, 1979, 146-73.

17. Deer, C., *Higher Education in England and France since the 1980s*, Symposium Books, Oxford, 2002.

18. Ironically, it has been alleged that the UGC s secretariat was invariably made up of personnel from either the Treasury or (sometimes) the education department whose competence was in doubt. Nigel Lawson has recorded his own personal antagonism toward the education department (N. Lawson, *The View from No.11: Memoirs of a Tory Radical*, Bantam Books, London 1992) but this is not necessarily because of alleged weaknesses in its administrative capabilities. For a perspective on the current role of the Treasury in shaping social and welfare policy (the new dominance of the Treasury in making welfare and social) see: J. Hills, *Thatcherism, New Labour and the Welfare State*, Centre for the Analysis of Social Exclusion, LSE, London, 1998.

19. Again somewhat different interpretations can be made of the evidence but I think diversification is one of the implicit themes of the recent White Paper: Department for Education and Skills, *The Future of Higher Education*, HMSO, Norwich, 2003 and see, in particular, the chapter entitled Research excellence — building on our strengths and the opening bullet point of the conclusions (page 92).

20. Undoubtedly the groups that are incorporated in the policy networks can be classified in different ways. For an extensive, but unclassified, listing of the groups believed to have an influence upon the policy-making process see: M. Kogan and S. Hanney, *Reforming Higher Education*, Jessica Kingsley, London, 2000, 211-19.

21. Manzer, R.A., *Teachers and Politics*, University of Manchester Press, Manchester, 1970.