

**Dr Page:** I am not quite clear on the points you are making. Whether it is that are there, for example, bright people from Britain leaving to take posts elsewhere. There always have been but there also is a flow back. We are naturally concerned when we loose people who are really bright but I am delighted to have attracted back to my university some good people who have spent several years in good institutions in the United States.

I think we must accept this just as I believe you are accepted here in Greece. How many of you around the table here have been to spend a number of years in an institution in another country and then you come back to a senior position? We are doing exactly the same. There is no, I think there is no, great disadvantage in that.

I am not sure whether I answered your question. Are for example the degrees in British universities, have they deteriorated in standard? I am quite sure they have not. We may have developed some different degrees for different purposes. But overall if somebody gets a Doctorate, that Doctorate in my university has not diminished in standard, the Master's degrees have not and the classifications in the first degrees will have not. If somebody comes they will perhaps get a degree but it may not be a second class upper division or perhaps it is a 2-2 or the third. But it is still a worthwhile degree and has been earned.

**Prof. Hanham:** I think there is a lot of difficulty about this topic, because there is in Britain an organisation called Save the British Isles, which exists to argue essentially that British Isles is being ruined by the British government.

It is healthy that such organisations exist. They have lots of difficulty about statistics. Even worse difficulties than you and Dr Page have been talking about, because there is a two-way movement. But the fundamental thing that they have to complain about, one has some sympathy for, that is that the successive British governments down into the 1980's clung to a division of money in the sciences, which is no longer really viable, it almost certainly was not viable even then.

Traditionally Britain spent virtually all its science money on physics, varying from the theoretical truths to the now-a-days large machines and so on. And then there was quite a bit of expansion on astronomy. And the two are very closely connected of course.

Now, if you put large amounts of money into those areas, you immediately run into a series of practical difficulties because a lot of

the facilities are not in Britain. And the history of exchange rates in Britain is not a happy one. And more and more money has in fact consistently over the years have gone into foreign exchange than into science. And any devaluation causes enormous trouble.

Now this has meant that there are whole areas which were not developed in a way they might have been, particularly in biology. That much of the important work that was done in the 50's in biology - had opened up a whole range of new areas- has not been properly funded because the money continued to go to physics and astronomy and I think of them as part of the same program. These are long-term problems. They will get themselves sorted out and people have been worrying about them for years. But it is not easy to see what you do about it.

Now, it produces a situation in which many of your brightest young people, particularly in biology, have to leave the country to do further work, particularly the post-doc level. You also have the physicists loosing money and complaining like mad that they are being robbed. They are also loosing students, so that doesn't make them the most favoured of people in British universities. And you have a number of people who have always complained that the giants are no longer in the land. Now, that has always been the case. And the giants at the time are often not recognised. And they mention some of the giants of yesterday. So that is a very complex problem.

It is mixed up with the fact that there used to be a notion that all British universities were the same. That can no longer be maintained. And hasn't been true for a long time. There are big differences the fact and those differences will become greater in the future. But we are talking about an enormous structural change, which no one wants to talk about publicly.

If you look at the research ratings, the most striking thing has been the way in which science has declined relatively in Scotland, Northern Ireland and Wales. It is not that they've really declined. They've been going on at roughly the same level. But scientists actually improved in a large number of other places. So this is very complex.

We ought to be pleased that British science exists, but it is awfully hard for the British Council.

**Prof. Sterling:** SCRC for example still spends roughly 36% of its total resource on astronomy and nuclear physics, compared with 25% for the whole of engineering. And of course that figure has been going down for astronomy, anyway, the engineering one has been rising. So this is some of the tension that I think you are perhaps detecting from the pure science lobby in the UK. But still 36% and 25% is a very substantial amount to spend in basic science.

**Prof. Panaretos:** Well, since we are talking about performance indicators without having any hard facts or figures at the moment, I feel that, and I want to confirm it with you, that it might be better if we had a break now, have some coffee and some fruit juice perhaps and come back at 11:00 o'clock? What do you think? Do you agree? OK.

**Dr. Munby:** ..... you have been worrying about has been reversed. We had Professor Hanham back after 17 years in America.

**Prof. Panaretos:** After the pause we can start on the third session and in this session I think we will have a chance of seeing a very important aspect of what is happening in England, namely on the data itself, how it is collected and the importance of data in making any decision.

I think this is an area, to put it mildly, this is a weak spot on our side and I think we will listen with interest to what Professor Sterling has to say on future developments in university evaluation from the British point of view.

**Prof. Sterling:** I will try to draw some pictures. I hope I've got your flag right. Good. I used one of these PC packages to try and extract it from. I have to tell you the Union Jack was wrong, it is still not quite right but is closer than it was in the library.

I'll start by trying to explain the UK set-up. Now, I'll go through the names. The treasury, as its name implies, is where our money comes from. We have the Scottish Office, the Department for Education, the Northern Ireland Office and the Welsh Office, dividing up our country's activities and the resources flowing with those. The sums of money involved are very different. By far the largest being through the Department for Education.

The next level down then if we take the DFE routes is the Higher Education Funding Council for England, the HEFCE, that's what you

are probably familiar with as being called previously the UGCE and then the UFC, the University Funding Council, until recently. That body is then responsible for funding those institutions that come within England.

Scotland, through the Scottish Education Department and the Scottish Education Funding Council and then the Scottish institutions below that. So that's the Scottish routes down there. You'll notice an additional level in Scotland compared with England, because of the Scottish Office.

In Northern Ireland, the Northern Ireland Office and the Department for Education in Northern Ireland, DENI, and then the institutions in Northern Ireland.

The Welsh Office, far less powerful the Welsh Office than the Scottish Office. The Scottish Office has its own Cabinet Minister. The Welsh Office for Education, the Higher Education Funding Council for Wales, and then the Welsh Institutions.

So, this is a change from where we've been with the UFC.

Now, I promised to say something about the data collection. Because data collection is absolutely fundamental to performance indicators. You haven't got the data, you cannot compute the performance indicators. No matter what they are.

Now, this is the situation for data collection for this year, 1993. Let me tackle the university side first. It is a little bit easier than this side. So here we have the universities themselves to deal with a body called the University Statistical Records, which is based in Cheltenham, and I know one or two who have actually been there. And this body is responsible, it is owned by the institutions, responsible for collecting all of the data that you see that lies behind the publications that are going round the table. Now, so the universities provide that data to USR and in turn USR provides the data going back again to the institutions. It also provides the data to the Universities Funding Council, which was set up in 93, remember. The side here is that it also provides around to companies that would like information on the number of graduates produced in a particular subject, to newspapers that would like particular inquiries done, and so on. And the rules that govern that are laid down effectively by the Committee of Vice-chancellors and Principals.

So, very tight guidelines on what sort of data may be released, it is never personalised, it is macroscopic data rather than microscopic.

Now of course the Funding Council with its access to the data was able to use this for funding decisions. It can look at relative costs in

institutions, it may wish to draw conclusions for example, that if it is possible one institution to teach a particular subject, its unit costs, it should be possible for all institutions to teach that, and therefore, the temptation is to drive down the units of resources in their funding methodology. Of course they have been using that very effectively.

Now, the data also goes directly to the Department for Educational Science, as it was the DES, and here there shows some tensions that could exist between the Funding Council and the DES. Even more tensions than before with the UGCE, because the UGCE was supposed to be on our side, that is the institutions' side. I think the Funding Council was actually more, was supposed to be on the government side, but there was still this buffer. And of course the Funding Council's was required to report to the DES.

So, relatively logical stream coming down the old universities' side.

The polytechnics' side, on the other hand, looks much more involved. And not having been a member of that side I find it more difficult to explain it. Polytechnics are here the institutions, but you also notice the Higher Education Colleges, those that are doing higher degree work, higher education work rather, degree level rather than FEE type of work.

Now, the institutions that are involved here, Darlington, Edinburgh, Darlington Office, the DFE, the Further Education Statistical Record, the FESR, Edinburgh Scottish Office of Education and the Further Education of Scotland Office, as Danny mentioned before the Belfast, the Northern Ireland operation, and the Welsh Office. Now, all of those bodies have got interactions, data flying around between those. I try to illustrate with the arrows and the body collecting the information and organising the funding was the Polytechnics and Colleges Funding Council, the PCFC.

Now this was and is a mess because in fact it hasn't been fully replaced, it will not be fully replaced until 1994.

So that's how data is collected.

We move to the new set-up, the Higher Education Data Collection Agency or HESA, the Higher Education Statistics Agency as is actually being named. It is being collecting data now from a unified higher education sector. So, and I put down a 165 universities and HCE colleges here. You might think that number at least could be agreed upon. Wrong! It cannot. Even that number now as I left I checked what the latest number was, it is about 176. So the problem being that arising from those institutions which do higher education

work, have some degree work embedded with otherwise FE activities, further education activities.

So this number is really the cause for some argument. Everyone that we have to take on board in HESA means more work, another line on the tables that are being produced that you are seeing around the table, so it is important that we get this right and get some agreement on it first of all. Naturally the colleges that do somehow degree work would wish to appear in this volume. They wish to present themselves as higher education rather than further education. So there is upward pressure on that number.

So, data from those institutions will be collected by HESA itself, it has a budget, I mean in the first year of operation of 873000 pounds. It sounds a lot of money but in fact it is very much less, proportionally than the USR, the University Statistical Record, has been costing till now. So if we think about the institutional cost of this, is about a medium size institution about 5 or 6 thousand pounds per institution. Now, USR has been costing the universities an order of 14 thousand for the same average size institution. They haven't seen that cost. It is being top sliced.

And this brings me to one of the political arguments that surrounded the establishment of HESA. Should the data collection agency be owned by government, by the Department of Education, by the Funding Councils? Or should it be owned by the institutions?

So one line would say of course the Funding Councils are giving out the money, they require the data in order to judge how much money to give out to particular areas, it should be owned by them. The difficulty of that is that then the power base lies with the Funding Councils and there is no lesser opportunity for input from the institutions. So it was argued that the institutions should actually pay for the establishment of HESA themselves. Ownership would be guaranteed, information would be provided to the various funding councils under service-level agreements. That is a written contract between for example the Funding Council for England that said we require the following data by a certain time. And provided that it is made available everybody is happy. If it is not, there are penalty clauses. And that means that the Funding Council will fine HESA, which in turn will fine the institutions, who are late in providing the information. Because they are determined that they want to have one or two institutions who have a cavalier attitude. So providing the data shall not hold out the whole national process. Because in fact

Funding Council decisions will be based on this data which is collected.

So, in fact that is the way it turned out, if you think about it as well it is not actually costing the institutions real money. Because what would of happened before and what did happen with USR, is that it was top-sliced from the overall amount of money available to higher education, to universities in USR case.

So that money came out of the equation before the rest was distributed to universities. Now in this arrangement there is more money still left in the pot to be given out to the institutions, so they've got a slight increase in their grants, and therefore they can afford to pay directly by subscriptions. So it was on the basis of this new money in the system, if you follow the reasoning.

So, HESA is now in the process of determining those subscriptions at a detailed level, it is likely to be on the basis of the number of students in the institution, plus a small fixed charge of more than 500 pounds per institution, the rest then being determined by the volume of students.

So, HESA then has the service-level agreements with each of these Funding Councils for Wales, for England, for Scotland and for Northern Ireland. Now the key part about the service-level agreement is that it is a contract and that means that it is defined in advance. One other thing the institutions were very keen to avoid was effectively the Funding Councils being arbitrarily able to ask for more data. There is a cost of course to the institutions in providing it. And also there are some dangers in what happens to that data.

So, we can effectively by those service-level agreement negotiations control the data which is released to the Funding Councils and effectively to DFE as well. Can you notice, there is a direct line there as well, so there is a service-level agreement between the Department for Education and HESA.

Now, I cannot tell you in detail what those service-level agreements contain yet, they are being negotiated at this moment in time. But of course the institutional view is that .....

[end of tape]

**Prof. Sterling (continued):** ... that process has the right bias to it. You'll see that the institutions, as I mentioned before, own the data collection agency, HESA itself. And that is done through the representative bodies for the institutions, Committees of Scottish

Funding Colleges, CSCFC, the Committee of vice-chancellors and Principals, CVCP, you are familiar with it, and Scott Standing Conference of Principles.

So, here they provide each of the that are on the HESA board. You'll notice that the HESA, the collection agency itself, is a Company Limited by guarantee. So it operates just like a company would do, it has a Board, the Board has membership and the membership are indicated with the numbers here. There are four members from the expanded CVCP. Remember now that the CVCP contains membership from CDP, the Committee of Directors of Polytechnics, which has now merged into the CVCP. So, four members from there, one from each of the other two organisations.

There are also on the Board members from the Funding Council. In some cases members as observers as well from the DFE and the various statistics parts of the DFE.

So, the Board then controls the service-level agreement negotiations and effectively runs through a Management Board. And the Management Board are the details, detailed consideration is given to that data, how it is collected, the feasibility of collecting it, exactly what is put on the return forms, and so on.

So the Management Board then is doing all the work. The Board is doing the policy-level decisions. They are agreeing to the requirements of the various other agencies.

We have a Chief Executive who is a full-time post paid to what it amounts to a senior professorial salary and below that I mention 10 to 20 staff there, we have grown over 10 very rapidly, the staff being required, perhaps over a period of time no more than 20. So it is a fairly lean organisation, it is not a huge bureaucracy. Hence the relatively low cost.

So I think at this point that's enough about how the data is going to be collected, because I can't yet say anymore about what is the structure that is going to be used. When we've collected our first set of data, which is 1994, I'll let you know whether it went smoothly.

But do remember that this is now the whole of higher education. Not just the universities, not just the polytechnics, it is all colleges as well offering higher education courses and that will present fairly major difficulties. Because we will not talk about institutions, perhaps the smallest of which is 2500, 3000 in university terms, but right down to colleges, where there are a few hundred students. And the chances of them having the information technology base to provide numbers on disk, to have all the data collected automatically, and so on, are



relatively remote. So we could find ourselves with a lot of additional work dealing with small institutions. And that's the part of the collection exercise that worries me most. So that is what I am worried about the most.

Turning now to performance indicators once we've collected the data it should then be possible to use those to define some performance indicators. Now, Dr Page has indicated some of those that have been used so far, the ones that are going to be used are again not fully defined yet. In fact, what has been set up is a working group to advise the Funding Councils, remember it is plural now, on the performance indicators that should be used.

Now clearly that would build on the work that has been achieved by the CVCP, the Universities Funding Council joint group, Dr Page is being Chairing. But in terms of reference for this steering group are here, and you can read those or go through them, and you notice in liaison with the Scottish Funding Council and the Higher Education Funding Council of Wales, and taking account of the recent relevant work. That means you have to start again with a blank sheet of paper. What we've got to do is to propose a range of institutional performance indicators of the efficiency and effectiveness of the use of public funds for research and teaching and distribute it by the Funding Councils.

So those two words, effectiveness and efficiency, are put there I think quite deliberately to emphasise what the Funding Councils are hoping to get out of this, joint references to output measures. Dr Page has already indicated that output measures, I think the whole sector recognises that are not as sophisticated as they could be.

It is very difficult actually to propose other indicators that are more effective. So that, as a requirement for us to address, is really quite a difficult one. And of course the measures of quality of teaching and research are provided. So this touches on the two things we have been talking about, the quality. I want to draw a distinction here between the quality assurance mechanisms which we've mentioned and quality assessment. This is talking about the assessment side of things. Remember, the quality assurance is the Body that is owned by the CVCP and effectively, hopefully, controlled by the CVCP and it is our own club I think going around and auditing the procedures that are used for the maintenance of quality.

The Funding Councils' interest is the assessment of quality. The assessment meaning that you eventually go on to your judging the quality of it and you are then going to possibly use it to affect

funding. So if you've got excellent quality you've got more funding than if you get just satisfactory. Clearly you will close down if you have unsatisfactory. So, assessment is the term which was used there.

We are asked, also, to propose a range of indicators for financial health. Now, in the booklet that has been going around you'll see that the last few tables would do that, actually relate to the financial health of an institution. And this arises, I suspect, from one well-known Welsh university that had a few problems in the agencies over its financial health. So now there is much greater emphasis looking at how an institution is performing. What is its borrowing requirements, its liquidity, how it employs its capital assets, and so on.

So, these tables that are in the booklet you'll see address those topics. Now I'll say more about those in a moment.

So, financial health indicators are effectively going to be, I hope, a time series, not just a single point in time, it won't just say what was the out-turn for all of the universities in their audited accounts for the financial year in question. It will look at time series, a plot of that, over a period of time. Because I think we would all accept that any one year's financial out-turn is not a reliable indicator, of how an institution is performing overall, especially when you come down to some of the detailed arguments. So the sector-wide performance indicators again referring effectively there to the higher education colleges, as well. So it is not just universities or even polytechnics, it is wide across the whole sector.

To advise the Funding Councils on publication arrangements. Now this is particularly sensitive. We've already heard Dr Page's account about what the newspapers do with these performance indicators, on the data that backs them up. The attempt here is to get an agreed set that effectively then can be sent to the press so that you retain some control over the way in which they are reported. I suspect we shall fail. Touchy, that particular one!

Now the other two, these last two requirements for the group have been added relatively recently. And this one relates to the higher and further education charter. Now the present government in the UK set up on publishing charters for all sorts of things throughout the public services. So there is a charter for civil servants, there is a charter for British rail, there is a charter of just about any organisation. And higher education, further education, would not escape that. So we don't yet know what there is going to be in that charter. But it is likely to effectively require performance indicators within that. That

universities will monitor their wastage waste, for example, their graduates' employment rates, and we've had some indications from government ministers that they wish these things were given high prominence.

At a recent meeting before we came away the Minister was told, well of course we already collect large amounts of data for higher education and we publish it in the CVCP management statistics and performance indicators book. And so he now asks, well, you know, the trouble with that document is its hard too much information in there. What I need is one or two things that will indicate whether a university is doing a good job. So he is trying to achieve what you and Dr Page has been warning us against achieving. That is one single lead-table that brings everything together. But the government is pressing for it, so I suspect eventually such a lead-table will be produced.

The last one is to look at the pay and prices index and that is to try and advise on how one should look at the costs within universities. They are known to be different from the country as a whole. The question is what factor should be in there and how, therefore, you can end up with a fair way of compensating for inflation within the higher education sector. A very complicated area there, we just have to advise on strategies for it not actually do it, at least I hope not.

Now how are we going about doing this in committee terms, because once you get this sort of brief, you've got to try and break it down. Well we have the three Funding Councils, who put membership on to a joint working group on performance indicators. Those also on there of course are members from the CVCP, from the institutions themselves, and they are actually in the main in a larger proportion. And we are breaking ourselves down into working groups. Much as our image suggests a sub-group should look at research performance indicators, one is on financial health, one is on state management, another on teaching quality.

Now research, we said a lot about already in this last day or so.

The financial health ones are complicated, almost it needs an accountant to be able to understand some of the performance indicators. And indeed in the document that is going around the table, if you study it very carefully at your lunch, I gather you are sending for copies of it, you'll find that some of the numbers within there are not well behaved numbers. By that I mean that a large negative number is actually better than a small negative number. Now that is somewhat confusing, particularly if the newspapers got a hold

of it. The assumption automatically is that if it is a large negative is worse than a smaller negative. So this is not a linear number. I have no time to go into it. But the point is, it is a jolly bad performance indicator, really. Because not even an informed layman could understand what is going on. So there is quite a bit of work still to do on the financial health indicators.

The state management group is a new area. We have effectively got some sketchy information on how our state is deployed. It varies within the sector, the PCFC sector. The polytechnic sector would claim to have better information on the estate than the universities do. I doubt when it actually comes down to it whether that is true. But that is the perception at the moment. But the objective here is to create a performance indicator on the utilisation of the estate. For example how often are your lecture theatres used, are they used to capacity, are your staff rooms being used adequately, or have you just got a part-timer who is in one day a week occupying an office which otherwise is empty, how your laboratories are being used. This is a very detailed study, but we are starting on here.

Now of course collecting data is one of the main problems, of actually even starting down that track. So that is a mine field in there with highly unreliable data of the background at the moment.

The teaching quality sub-group, now that is political dynamite as well. Because what happens is that the universities with some justification say "measuring teaching quality itself is extremely difficult. How do you measure it? What are the factors you are going to look for?" But we are required to do it. So that the Quality Assessment Committee, which is a separate committee set up by the Funding Council, is struggling with just that problem. It is heading for grading departments as excellent, satisfactory and unsatisfactory with a high degree of self-assessment built-into classification of satisfactory. If you claim excellence you will be visited and a panel will try and establish whether your teaching quality is excellent. If it is not, they'll de-rate it. If you claim satisfactory there is a potential that you may not be visited. If you claim unsatisfactory you will be very foolish, because you got to loose money.

So that mechanism is just starting to operate, and we just mentioned just yesterday that there are four subjects that are being visited in the first round. And considerable debate as to how frequently you are actually going to achieve this quality assessment exercise. So then we have four sub-committees that are trying to cover the terms of reference for our group.

There is one other that I have not shown on there that is equally vital and that is the data availability sub-group. And that really is looking at the output from these sub-groups and saying, yes, you may want to measure that but you can't. You cannot collect consistent data from across the whole of higher education. And therefore the performance indicators are a waste of time.

So we are trying, and that sub-group is chaired by Professor Ramson, who is the Chief Executive of HESA, of Higher Education Statistics Agency. He will have to actually implement the data collection. If he agrees it as far as the Body is concerned here.

So hopefully the structure is such that we can address our terms of reference. I am quite convinced that we can produce research performance indicators, that they are already being done, the process is being refined, and this is the third exercise we just completed. I am sure that will continued, will be refinements made to it.

The financial health ones I think we can do that as well provided we recognise that there is a time series element to that, looking at several years' performance.

The state management ones will cause tremendous agonising I think over which ones to use, what the data really means. I mean just let me illustrate one problem within the state management. What do you do with a building which is donated by a company or by a benefactor? Should that count in the performance indicator for the institution? Or should it not? It is clearly there. Or should it just be treasury funded assets that are counted. And it goes further. If that asset is maintained with Funding Council money, treasury money, should it then count? And so on. So there are all sorts of things. We will have views on this. Should those sort of factors be fundamental to the way in which you collect the data? And you can show very big differences between institutions, if you confuse that issue.

The next one really I mention just to show you the range of people that are involved, not the actual names of the people, you'll see that there is a fair cross-section of representation as you would expect from the requirements to look at the whole of our education. So we have people from colleges as well as people from universities. So that is the main body that each of the sub-groups has about eight people on it as well. So there are a fair number of people having an input in this process. So hopefully thereby the performance indicators that are arrived at, will command some consensus of approval across the whole of higher education.

Its terms of reference require to report by the middle of 1994. It sounds a jolly long way away but when you think how long the existing performance indicators committee has been in existence I am rather daunted by the prospect of doing it in 18 months.

So the time-table and I am sure the final report will be published, so it will be available to you should you wish. We first met in January and the target for the presentation of the report is June 1994. And you can see that there is in fact a difference in timing as far as the various sub-group activities are concerned, believing that some of them are easier. That research assessment is probably easier to get out than the estates, but estates is urgent. So the time-table which recognises the pressure from the Funding Councils are not to allow that.

I've mentioned that we are not starting with a blank sheet of paper. Here are some of the relevant reports that have been produced in the last ten years. Now of course this is the one that Dr Page has been chairing, which I am being a member. We've also had the PCFC committee of enquiry on performance indicators of the polytechnics sector, a PCFC sub-group on performance indicators looking at more detailed ones, a committee of inquiry into teaching quality in the PCFC sector, Scottish joint working group on performance indicators for essentially funding of colleges, and so on, CDP, Committee of Directors of Polytechnics, a study of good management practice, UK universities energy survey, and down to university business offices of catering and residence survey. But there are others. There are lots of others. These documents look at particular aspects of the performance of higher education. We have to find, build on those in producing our report.

Now I did promise to come to research performance indicators and tell you a little bit about what happened this time and, by deduction, what is likely to happen next time although with some refinements.

Now the 1992 exercise then, which we have been referring to so far, required staff details. Now the difference between this one and the previous one is that it allowed for active staff to be submitted. So this was effectively a voice, that every department had. How many staff should be submitted within that unit of assessment. Units of assessment do not quite line up with departments. But the details of how they line up I think are beyond the terms of reference for this talk. But every member of staff could be submitted or not. Now this is effectively then a recourse decision. You have to gamble. It is like a game. You say, well if I put this member of staff in I might get a lower

rating. It might, the divider is now larger into the performance in terms of money earned or the publications per member of staff, and so on. In which case I will then get a lower grading, by getting a lower grading I will get less money for the whole units of assessment. So if you take him out you might just lift it up and the net balance might be that, although you've lost the money for that person not submitted because that is the requirement (if a person is not submitted they can get no research money), but if you get higher rating for the whole group it might actually more than cover the costs of not getting the research money for that individual.

So each institution and each department for each unit of assessment has had to do this value judgement. How many to put in against the likely ranking. And in some cases is has paid off very well in universities and in others less well. So it is quite a gamble, because you don't know the parameters. You don't know how they get weighted all on the balance. So staff details now are more difficult to judge than they used to be.

Publications and other public outputs, publications I think we all understand. When you come down to define what is publication from an academic you immediately run into problems. Each subject area says that a publication means something different. And this caused the panels very considerable difficulties. And I think most of them, I can speak for the engineering ones where what was done was to actually rank the publications. We listed every publication that had been submitted. And this was something like 800 different journals for the subjects that I was involved in. And then the panel went through and categorised those into category 1, category 2, and so on. So category 1 publication would be the proceedings of a learned Society that was well respected by that particular subject area. And so on, right down to what in the UK we would refer to as the naughty annual, it is a children's book.

So the publications of each department were then put in against those categories and points aside. And this was done as you might expect these days on a large spreadsheet. And it was combined with the number of staff that were active in those areas to give publications per member of staff in particular categories. And then you went on to look at studentships that were held, how many research students per member of staff in a particular unit of assessment and then the external research income within that unit of assessment as well, again expressed on per head of active staff.

And then there were two sections on the returns that we had to make, statements of research plans and general observations. In fact within the engineering those carry quite significant weight. And that was the opportunity for the departments to say, well we've not done so well because of x, y and z, but we are going to do jolly well next time. Now, you might say that anybody can write good words down. You'll be surprised, not every institution was able to put forward a coherent research plan. And when these were assessed by members of the panel, it wasn't just a random collection of marks. There was almost 100% correlation with the assessment given to those plans, in terms of a number on the scale 1 to 5.

So independent people were able to read a plan and say it is a good plan or it is a bad plan. And were done independently by several people and the correlation was nearly 100%. So, that actually had a significant weighing, I think of about 12% of the total weighing for each year.

So that was the data that was collected. Clearly all of that information is readily available in the documents that you see now on the table.

Now, the question occurred earlier on as to how was that quality assessed. Well in these statements here first of all break down the research that is being done into three different types. And these are *definitions essentially that the panels were encouraged to stick to*. Basic research, experimental theoretical work undertaken that required prior new knowledge. So this was the point about elementary particle physics of what would come into basic research. Strategic research and applied research. The boundary between these was actually quite difficult to determine. And many of the panels effectively docked it.

We were supposed to be distinguishing between applied research and strategic research. And it is such a continuum across there. We decided it was impossible to do it. But we were supposed to be saying strategic has that extra length of time, lead time to the market. Applied research is nearer to the market. But still research. And the argument is to where to draw the line. Government has been suggesting that near market research should be funded by industry and it is not appropriate for universities to be involved in that area. Applied research, on the other hand, should relate to that near market research, *it is just simply a little bit longer time scale*. So the arguments often occur on what is applied research. Is it really near market research, in which case it should not be done in universities according to government. Or is it really just a slightly shorter time



scale for strategic research. So arguments continue about this all the time. It depends on the message you are trying to send to higher education.

We were supposed from those assessment exercises to categorise each department as basic and strategic in one category and applied in another. Very few of the panels actually did that. I think three may be of that order out of the 72 of units of assessment actually categorised into basic strategic or applied.

Now the research results were categorised into 5 ratings 5 being high and 1 low. The amount of money as has already been mentioned came with those 4 units of funding for 5-rated departments. So knowing the business of JR, Judgement Rating minus 1. So you get 4 units of funding for being a 5-rated department, go all the way down and if you are only rated at 1 you get no units of research funding.

Now we understand it was a linear scale. We don't know, nobody has seen the spreadsheets. But we understand it to have been in a linear scale in between.

The descriptions are important. Because it wasn't just a mechanistic exercise in taking the numbers of staff and the research money and so on, taking a spreadsheet and getting a list of order out in the end. In fact there was some discretion used. And the discretion really revolved around these particular criteria. So as to whether it was international excellence in all areas right the way down to research quality that equates to attainable levels of national excellence in none or virtually none of the sub-areas of activity. In other words there is very little going on in the department.

So it is this criterion of national versus international that's really coming through in those criteria. And those came into their own when assessing the out-turn of the formulistic spreadsheet.

So that was how research was dealt with and then the research money will follow through in our grant letters that we receive at the end of February, in a week or two's time.

The financial performance indicators at the moment have no consequences at all in terms of the funding. I have indicated here those that are in the book going around the table. There are indicators there that relate into an institution's sources of income. So, how much do you earn from the research councils, from contracts, from the funding council itself, and so on, and those expressed on normalising base, indicators relating to an institution's financial strength, the size of your reserves, how many days you could survive as an institution, if your funds were totally cut off, somewhat

hypothetical situation but ..., strength ratio, the more days you have, the stronger the institution is. So 55 days you might be able to run or in one case I think it was negative. What that meant is another matter. And then the final ones relating to an institution's short-term liquidity. Will your checks bounce when they are issued?

But I have to say that those particular ones need a lot more work. I mean this is the first time they have been published this year. The results of the sub-committee, looking at them, I think we've got quite a bit more to do because we were the first ones we couldn't produce a time series either. Over time we should be able to produce graphs essentially that will show how an institution is performing.

Now we have high-powered sub-group that is looking at this. It is also extremely complicated even as managers of the institutions to understand exactly how the councils present the information. And as I've said, there are numbers that are not very well behaved in a way that it is presented at the moment.

So I think gentlemen, the other ones on teaching quality assessment I can't yet define its interaction with the quality assessment committee, which has really just started meeting, the sub-group has not yet met, I can't address that one, the estates group I've tried to flag some of the sorts of problems that can't be there, but we are expecting problems in that area, primarily of data, once you got the data defined it will be easier to define the performance indicators, but actually defining occupancy rates and which buildings count, and so on, is going to be particularly difficult.

But that is where we are heading in terms of the working group on performance indicators and, as I say, we have to report by the summer of 1994. So perhaps at that point I will be able to give you a little more information.

Thank you gentlemen.

**Prof. Panaretos:** Thank you very much Professor Sterling for giving us a clear and detailed picture of how performance indicators are used in the UK .....

[end of tape]

**Prof. Panaretos (cont.):** Before we continue with the discussion I would like to point out one thing which I think was coming up every now and then during yesterday's and today's meeting. The relationship between the government and the universities. And who

is going to do what, in what capacity. It seems to me that, and this is my personal view, in England we have a gentleman-like battle between universities and the government. The government wanted figures in order to formulate policy, you gave them and you keep giving them voluminous things so that they can't really make much out of it. But you can make something out of it. And you are giving it to them step by step so that they feel that they are winning the battle while I think you are winning the war. And what you are achieving is that you achieved improvement of quality but in your terms, without sacrificing quality for what the government considers as effectiveness. This is a general remark from my point of view.

Well, I think we can concentrate on the topic of what Professor Sterling said until about 12:30 and then we can have a general discussion and touch upon topics that were discussed earlier today or yesterday.

Is there someone who wants to raise a question? Professor Leventakis, please.

**Prof. Leventakis:** [not heard]

..... administration, research, library, etc. I didn't understand if you gave some such figures for the British universities. And if you have such figures how these two figures have changed in the last 20 or so years and to what extent these changes have affected the performance of the British universities. Because in my view, and some other people have the same feeling, that there is a decline of the performance of the British universities over the last 20 years or something like that. To what extent this is related to the changes of these two figures.

And a higher question, which is related to the recent debate in Greece regarding the creation of private universities in my country. I would like to hear from you the British experience as regard the private universities.

**Prof. Sterling:** I think I can probably handle the first two. The last one I think it is going to be more tricky. But looking at the measures that you are indicating though, are all input measures. They are pounds per FDE, pounds on library, pounds on computers, etc., and so on. So those are actually defined. If you look at that book there you'll see how much in that particular year was spent on the library in

each institution. How much was spent on electrical engineering, how much was spent on ....

[not heard]

**Prof. Leventakis:** You are grouping these figures?

**Prof. Sterling:** There is one of those every year. So if you collect those, they are available on floppy disk as well. So you can put them into your PC, and you can produce how it has moved, in fact it normally makes the press fairly regularly and library expenditure per FDE has been going down.

**Prof. Leventakis:** How about the amount of money per student? In real terms, of course.

**Prof. Sterling:** They are all normalised per FDE or per member of staff, depending on which is appropriate. So by looking through a set of those over a period you can do just that calculation. You can see, for a period of seven years, what has happened to any subject in the UK. That information is directly available.

But they are input measures, you see.

Your deduction therefore that the quality might have gone down, if you see the amount of money going down, is not necessarily the case. And that is the difficult bit. That is why the funding council is setting up a quality assessment committee. It is to look at whether teaching quality is exceptional, it is excellent rather, or satisfactory. They could have tried to go for five pounds or ten pounds. The problem is at the moment the experience in assessing quality as an output is very sketchy. So there was a reluctance by the committee to actually go down to a finer division. It applied a measurement accuracy that wasn't there. So, hence, just the three pounds.

**Dr Page:** Could I just introduce a topic which one of the colleagues around the table asked me to comment on. And that concerns our use, widespread through British universities, of external examiners to help us assess the quality of our first underneath higher degrees. This is I think, it is not peculiar to Britain but it is something which is quite widespread. For every degree we appoint one or usually more external examiners who are senior, experienced academics from other universities, specialists in those disciplines. And in my

university and I think in most universities what the external examiners say goes. If an external examiner says a particular candidate does not deserve a first class degree, even though the internal examiners want to argue it, that student will not get a first class degree. So we are charging the external examiners with the task of ensuring that our degrees maintain their standards, that they are comparable with the standards in what might be called our effective group of universities. Professor Hanham has said no longer, if it was ever true and I doubt that it was ever true, that all British university degrees work the same. They are not. But I expect for example for my university to be in a group of major well-established universities and our degree should mean about the same thing. We appoint our external examiners and charge them with that responsibility. So that I would maintain that for example a second class upper division in a particular subject from the University of Reading means much the same as a two one from Manchester, from Liverpool, from London and from a number of major universities like that.

And it is this external examiner system which I personally rely upon enormously. Because in my university every external examiner is required to submit a report to me each year, it may only be just a pro-forma filled in each year, but at the end of that term of office, which is normally three years, would have a more detailed report and if in that or at any other stage that is a serious criticism I then send that report not merely to the head of department concerned but also to the dean when they request to be informed what actually is being taken and when the action has been taken.

Now I fancy this is similar reaction in most British universities. It is a vital part of our quality assurance mechanism.

**Prof. Evangelides:** Concerning the question of external examiners I am sure the system is very good at maintaining, I can't call it minimum but I think this is the only word one can use, a minimum high standards across in the same discipline in all British universities. Now, my question is if there is an external examiner coming from a small university, who is the external examiner in one of the big universities, will his word or her word still be adhered to as far as the grade, the mark, the grade the student gets.?

**Dr Page:** Yes, you are selecting your external examiners for their personal stature and experience. I mean after all we must all

recognise that a small university, perhaps even one of the new universities, may have appointed their professor as coming from one of the bigger universities, where they had a lot of experience. So over time there will be a breath of experience. But the external examiners which are appointed by the university are selected for their personal standing in their field and their experience. And this is why I say, it is usually more than one, because typically you will have two external examiners, one of them may be very experienced, perhaps the next one will be more effectively under training. But there are still senior people, professors or readers, in other universities.

**Prof. Siderides:** On the same subject I would like to mention that we received a questionnaire from the EEC the last couple of months which concerns itself with the committees. It refers basically to Doctoral Committees but in a way that can assess research in a fundamental way and also teaching at the postgraduate level.

And some of the questions are, for example, would like to have in the committee as a requirement members from other universities within the same country and also whether you would like to have members of the committee from other countries. Of course my own inclination is to say yes, but I am wondering whether, since you are pioneers in this external examiners' system, what do you think? You think it is worth the trouble and the expense, because, you know, it is a rather complicated procedure, it would cost money. So what would you say?

**Dr Page:** Now, if your system is big enough and rich enough so that you are not all examining each other's PhD students I think I would say stick at home. But there are certain disciplines which you cannot. Especially when you get to the research, the doctoral level, and there may well be just one expert in your own country and you will have to go to another country for an external examiner. That is all right at that level.

When you are looking at your first degrees I would have thought that in a country like Greece, as in Britain, there is sufficient experience around the country for you to be able to not to be too much of a club.

**Prof. Sterling:** Gentlemen, just to add on the external examiner thing, that the quality audit process looks particularly at how external examiners reports are dealt with. So the external examiners' report comes in normally to the vice-chancellor directly and it is then

actioned and the check within the audit process is how that is actioned, what changes to the course of the examination procedures are actually implemented. And the audit process probes that. It makes sure that that report does not end-up in a filing cabinet, because the Head of the Department simply says, well I don't agree with it. Full stop.

It actually has to go down the departmental level and be considered at faculty level as well, and if necessary, if it is a major thing at Senate level. And I think most institutions will appoint their external examiners' at Senate level by name, it is not just on the nod. People will ask questions and say this chap is only a senior lecturer, why isn't he a Professor or a Reader in the particular area. And a case has to be made that he is the only expert in that area available. So it is looked at really very seriously.

**Prof. Christou:** I have one question and one comment on the external examiner issue.

You are talking about appointing external examiners for graduate I suppose students, not for undergraduate studies.

**Dr Page:** For both types, including every undergraduate degree. For example a BSc in mathematics. But certainly it is very important, because you see our first degrees are typically classified into first class, second class upper division, which in many definitions says it is work which contains some elements of first class work, but not in sufficient quantity to merit the first class. So a two-one is a near miss to a first. A two-two and third and perhaps in a past degree but this classification and where the borders are drawn is something on which we rely, we rely very heavily, upon the external examiner.

**Prof. Christou:** OK, then one comment on Professor Sterling's presentation. You mentioned the different performance indicators and you referred to the estate management, about how the space is used and all that. This is a very serious issue in Greece as well, because what about a professor who comes once every six months and has lots of space at his disposal. That is a real issue for example in Greek universities.

And the question related to that one is not to the point, but has come up into the general discussion. What do you mean by a professor being full-time employed in the university? What is a faculty member

supposed to do in the university? How much time is he supposed to spend there? Is he allowed for example to have his own office outside the university? Do practice or whatever?

**Prof. Sterling:** I know exactly what you are getting at. There are wide divergences of practice in this area. The new universities, the old polytechnics, have in general exclusive contracts. That is the staff in those institutions are not allowed to undertake outside work without specific permission for each and every occasion. The old universities are more liberal perhaps and will allow consultancy activity perhaps up to a day a week. It varies, half a day a week, a day a week, where an individual is allowed to run their own company or to consultancy or whatever and retain the resources for that. Other institutions will say yes you can still do that but the money must move through the university and be subject to an overhead. And certainly all institutions would say, well, if you are using the university facilities you must pay for them.

So those are there, the extent to which they are enforceable is debatable. Inevitably one hears about particular professors or indeed lecturers who are not perhaps around as much as they should be and yet are driving very expensive motorcars on a lecturer's salary and one becomes suspicious. Perhaps one shouldn't be but it is a difficult problem. We are trying to tighten up from the management point of view as much as we can.

But in some cases what one can do is to provide incentives to move the money through the university by essentially making it a fat salary. So that if, as we said earlier yesterday, if you win more research money, a large contract, you retain a share of that. And that now I think is fairly common practice. A small share, of course.

**Prof. Panaretos:** Going back, if I may, to the research assessment exercise I would like to ask a question which, I suppose, many of my British colleagues would like to ask. I don't know whether they have the opportunity and whether you are at liberty to discuss it. Could you give us an idea on how an evaluating committee operated? I mean on the span of time the committee worked how many times it met, what it looked at, what were the steps they followed and how they arrived at their conclusion?