The Strategic Planning Context

When considering the strategic direction of their university or college, governors will wish to be aware of the national and international context in which they are operating. Increasingly this will be affected by the national jurisdictions in the UK.

The Dearing Report

The National Committee of Inquiry into Higher Education, chaired by Sir Ron Dearing, reported in 1997 to the then appropriate Secretaries of State for England, Wales, Scotland and Northern Ireland. The vision for the next 20 years, within the theme of the ‘learning society’ set out an extensive array of proposals and recommendations covering:

- Responding to the increasing demand for higher education and the importance of widening participation;
- Strengthening and developing learning and teaching;
- A framework for HE qualifications and various issues relating to standards;
- Support for scholarship and research;
- Governance and the operation of governing bodies; and
- The funding of higher education, in particular student fees.

There was a separate report from the Scottish Committee, known as the Garrick Report.

The Leitch Report on Skills

Lord Sandy Leitch reported in December 2006 on the long-term skills needs of the UK. His report set out a vision that the UK should aim to be a world-leader in skills by 2020, with recommendations on how that vision could be realised.

The Denham Reviews

In February 2008 the then Secretary of State for Innovation, Universities and Skills – John Denham – announced 7 reviews to decide ‘what a world-class HE system of the future should look like’. These reviews related to:

- Demography and the future size and shape of higher education;
- New success criteria for institutions;
- The student experience and how institutions are responding to changing student expectations;
- Intellectual property issues;
- Policy advice by academics;
- International competitiveness; and
- Widening participation.

Since then further reviews have been commissioned on part-time study and research careers.

Innovation and Research Strategy

The strategy sets out the central role in innovation played by universities. There is further information on the strategic planning context in England and Wales. There has been a consultation on the future higher education strategy for Northern Ireland and the Scottish Government has published a Green Paper ‘Building a Smarter Future: Towards a Sustainable Scottish Solution for the Future of Higher Education’. In September 2011 the Scottish Government published ‘Putting Learners at the Centre: Delivering our Ambitions for Post 16 Education’, a pre-legislative agenda. The SFC has published the outcome agreements for universities in Scotland, with indicative funding for 2013-14, based on the Scottish Government priorities.

The Strategic Planning Context: England
In addition to the policy framework for the UK, the following are key contextual documents:

**The Future of Higher Education**

The then Department for Education and Skills responded to the Dearing Report by publishing the White Paper – ‘The Future of Higher Education’ in 2003. This focused on expanding the HE system in England; research excellence; the development of stronger links with business; teaching and learning; and access/widening participation.

**The Higher Education Act 2004**

Most of the White Paper’s themes, as well as the issue of student fees, were followed up in the Higher Education Act 2004.

**Higher Ambitions**

The framework for the future of higher education ‘Higher Ambitions’ published in November 2009, reflected the influence of the Leitch Report with its commitments under 6 main headings:

- Wider and fairer access to higher education;
- Equipping the workforce for a global economy;
- Research, innovation and knowledge exchange;
- The student experience;
- Engaging with our communities and the wider world; and
- Support for the system.

**Review of Funding and Student Finance**

Following publication of the Browne Report, ‘Securing a Sustainable Future for Higher Education’ in England, the Government announced that, from September 2012, universities and colleges in England are able to set tuition fees of up to £6,000 for undergraduate courses, and up to £9,000, subject to agreeing access and related measures with the Office for Fair Access (OFFA). A National Scholarship Programme has been set up; provisional allocations for 2013-14 and guidance have been published.

**Higher Education: Students at the Heart of the System**

The White Paper, published in June 2011, is likely to have a profound effect on institutional planning. In addition to changes to funding arrangements, the White Paper will impact on policies concerning teaching and learning and the student experience. Hefce has indicated how it will control student numbers in 2012-13 and has published guidance on the arrangements for 2013-14.

Doubts have been cast on the likely financial benefits the new fees and funding system by an Intergenerational Foundation report ‘False Accounting? Why the Government’s Higher Education Reforms Don’t Add Up’ and an analysis published by the HEPI suggests that the cost of the new student finance system could be much higher than predicted. Another HEPI study in November 2012, finds that there is little evidence of the higher fees deterring significant numbers of applicants.

**Wales**

In addition to the policy framework for the UK, the following are key contextual documents:


**Review of Higher Education in Wales**: A review group, chaired by Professor Merfyn Jones, Vice-Chancellor of Bangor University, submitted a first phase report in the Autumn of 2008 on funding and finance and a second on the mission of higher education in the Summer of 2009.

**For Our Future – the 21st Century Plan for Higher Education in Wales**: The Welsh Assembly Government published its plan for the future of Welsh higher education in late 2009. The plan set out a range of expectations for higher education,
with emphasis on the WAG priorities of social justice and support for the economy. Hefcw has published ‘Changes to the funding system for higher education in Wales’, and ‘Changes to the teaching funding mechanism for higher education in Wales’, following consultation with the sector, to address the priorities set out in For Our Future.

**Hefcw Circular ‘Reaching Wider Strategies 2011-12 to 2013-14’** gives guidance to institutions on the submission of Reaching Wider Strategies to cover the period 2010-11 to 2013-14 and Circular ‘Strategic Development Funding’ reports the closure of the Reconfiguration and Collaboration Fund and gives advice on the Strategic Development Fund, effective from October 2011.

**Welsh Government Remit Letter:** The 2011-12 Remit Letter to the Hefcw contains the Government’s priorities for higher education.

**Regional Strategies:** The Hefcw has published a more explicit description of the future shape of higher education in Wales, the key elements of which are that by March 2013 the structure of higher education in Wales should be based on no more than 6 institutions; that their distribution should reflect regional needs; and that there should be a balance of provision (in terms of research / teaching and community) in each region.

Hefcw invited each region to submit a strategy by 31 October 2011 as part of the arrangements for the continuing development of ‘The Regional Dimension to the Planning and Delivery of Higher Education 2011-12’. The Welsh Government has been consulting on a Report from Hefcw which proposes specific mergers.

**Further and Higher Education (Wales) Bill:** The Bill, published for consultation in June 2012, reiterates the need for more 'strategic reconfiguration' and also signals the intention to empower Welsh Ministers to fund higher education provision directly when it is appropriate to do so. Not all the institutions are happy with the merger strategy. HEFCW is also holding consultations about aspects of the future of higher education in Wales.

**Supplementary Guidance:** New arrangements for the allocation of full-time undergraduate and PGCE student numbers from 2013-14 (Strategic Reallocation of Student Numbers 2013-2014) have been published, following consultation with the sector. These new processes address the Welsh government’s higher education priorities, as set out in For Our Future above. Hecfw has issued supplementary guidance (Learning and Teaching and Widening Access Strategies 2011-12 to 2013-14 Supplementary Guidance) relating to learning and teaching and widening participation strategies up to 2013-14 to align with WG and Hecfw priorities.

**Mission**

A modern higher education institution is involved in a wide range of activities, and has the opportunity to develop its work in numerous directions. It follows that governing bodies need continually to assess what their institution is doing, and how this relates to its mission. Simple - but key - **questions** that the governing body needs to ask include:

- 'What are our core activities?'
- 'What makes the institution distinctive?'
- 'Who do we serve and why?'
- 'Where does our future lie?'

Answers to these questions will shape the **strategic direction** of the institution and provide a basis for determining the allocation of resources against the numerous competing priorities that exist.

Missions vary widely, for example some institutions see it as an explicit part of their mission to be world class research institutions and prioritise resources accordingly. Others may have a much more local and regional role, and an important task for some governors may be to represent the local community. The University of Northampton, for example, is setting its mission as a leading social enterprise university, as set out by its vice-chancellor in LF’s Engage. The history and tradition of institutions will also play an important part in determining mission, for example amongst church colleges of higher education.

**Mission statements** set out the institutional mission and associated objectives, and thus form the foundation of the strategic direction. Typically they are written in a form
that can be easily understood by staff, students, partner bodies and other community interests. A basic question for the governing body is to ask: 'Is our mission statement an accurate, understandable, and up-to-date summary of what we are trying to achieve?'

In institutions with a strong regional or local mission, governors may play a particularly important role in providing a link with local community interests. With the current emphasis on regional development, many governing bodies will need to ensure that the strategic direction of the institution takes account of regional activities and local partnerships. An article in the THE questions the cost of mission statements in terms both of time and money.

In post-1992 institutions the governing body is formally responsible for determining the **educational character**, and a new governor might legitimately ask what is meant by the term? There is no standard definition, although it is often taken to mean the way an institution delivers its educational mission, for example the kind of environment it provides for students, the nature of its enrolment, the quality of teaching and learning, the appropriateness of partnerships with other institutions and agencies, and so on.

In practice, much of the responsibility for determining educational character will rest with the academic decision making processes (for example senate/academic board, faculty boards, and so on). Governors should respect the powers of such bodies and be careful not to get involved in the detail of such discussions, but rather concentrate on the strategic issue of how to develop the overall educational character. In practical terms this will most often be done through the integration of the academic plan into the strategic plan.

Since 1994 a number of **mission groups** of universities have grown up, specifically the Russell Group of major, research-focused universities; the 1994 Group of medium sized research focused universities; the University Alliance, a less homogeneous group but with many enterprise-focused universities; and Million+, whose members are generally focused on widening participation.

**Strategic Direction**

There is a range of approaches within universities and colleges as to how a governing body undertakes its responsibilities for strategic direction. Hefce Report 00/24 notes that such variations include the following:

- Some institutions delegate much of the work to a **planning committee** composed of a small number of lay governors, senior managers, and the vice-chancellor or principal. The full governing body then tends to ratify the strategic plan recommended by that committee. However, there is no standard pattern of membership for such committees, nor whom they report to. In some institutions it will be a joint committee of senate/academic board and the governing body. Such arrangements mean that, in practice, most of the work involving the governing body in strategic planning is undertaken by a small number of experienced governors in such a committee who will usually receive the strategic plan for discussion. The full governing body then tends to ratify the strategic plan recommended by the committee.
- In other institutions **management** prepares a draft strategic plan and then discusses it with the governing body before seeking formal approval.
- In some cases **limited-life working groups** comprising senior managers and selected governors are used to prepare the plan.

Whatever method is used it is important that governors recognise that their involvement should be strategic and not concerned with day-to-day management or implementation. In other words their focus should be on ends and not means.

Nonetheless, being effective in its strategic role is challenging for many governing bodies, and **common problems** include:

- Finding time for discussions of strategy in meetings often full with more routine business.
- The lack of knowledge of governing body members of key aspects of teaching and research on which a coherent strategy must be based.
Ensuring that the governing body has adequate information to guide its strategic discussions.
- The governing body not being brought into the strategic planning and approval process at an early stage when it can still influence change, rather than acting at a later stage as a 'rubber stamp'.
- Getting all governing body members to engage in discussions about strategy which can be difficult and challenging: it is often much easier for members to discuss small scale issues with which they are familiar than complex strategic issues.

One matter to note is that the large number of strategies that institutions are now required to complete runs the risk of strategy overload. It is generally recognised that significant institutional 'ownership' of strategies is required to ensure successful implementation, and strategy 'fatigue' is a significant risk to such ownership.

The Strategic Planning Process

There is no single approach to strategic planning, and different institutions plan in different ways. Although planning will be undertaken by senior officers, governors will need to make themselves familiar with their own institution's strategic planning process, and the associated monitoring and resource allocation arrangements. Probably the most useful source for governors is Hefce's good practice guide for institutions (Report 00/24) on strategic planning. Most of its content applies to all UK institutions independent of jurisdiction.

Strategic or corporate plans seek to bring together and integrate other institutional plans, for example: financial strategies and plans; estates strategies; information strategies; human resource strategies; and different types of academic plans, including teaching and learning strategies, quality enhancement plans, and plans for enhancing the student experience. In some institutions the term 'corporate plan' is used as a synonym for the strategic plan.

Each of the four UK higher education funding bodies has slightly different requirements for institutions in terms of submitting and monitoring strategic plans. For more details see funding body requirements.

Hefce Report 00/24 identifies the following three stages as the basic components of a strategic planning process:

![Diagram of the strategic planning process]

Such a process typically leads to outputs which include:
- A long term strategic or corporate plan.
- An annual operating statement or plan which distils the actions required in the year ahead.
- The actions necessary to effect implementation.
- Monitoring reports and other forms of evaluation which enable progress to be reviewed. Assessment will usually be made against targets or performance indicators (both quantitative and qualitative) that have been set for all main activities.

There are numerous approaches to planning, and some - but not all - are contained in the following diagram reproduced from Hefce Report 00/24. This identifies the elements of planning, and governors should be confident that adequate data is available should they need to see it for each of the cells in the diagram:
The diagram suggests that planning involves four main processes: scanning, analysing, generating ideas, and enabling. Each of these processes can be undertaken in a number of ways and through various techniques, for example environmental scanning and a rigorous analysis of an institution's existing portfolio. Planning officers should be able to provide more information on how each of these steps is interpreted within individual institutions.

Although effective planning is essential, it may suffer from a number of problems which the governing body should seek to address if they occur. These include:

- The danger of lip service being paid to planning by governing bodies, particularly when they have confidence in the chief executive. This may mean that when a problem that should have been foreseen occurs it may be too late to tackle it. If governors are to get involved in planning at an early stage it is important for the planning process to have a clear timetable.
- The complexity of planning may mean that it becomes a paper exercise divorced from the reality of institutional life, sometimes with the plan being largely unknown to staff.
- In the turbulent environment of today there is a danger that an over-reliance on an existing plan may mean an institution failing to move quickly enough to seize opportunities when they arise.
- The perception that planning is something done to keep the funding bodies happy rather than to meet institutional needs.

**Annual Operating Statements**

The operating statement typically sets out what an institution intends to do in the short term (usually annually) to meet the longer term objectives of the strategic plan. Institutions in England have to return a copy of the similarly named annual monitoring statement to Hefce which includes identifying how they are using funds which are allocated formulaically. The governing body usually approves the annual operating statement and monitors results.

At some institutions the tasks and targets which are part of the operating statement are embedded in the strategic plan, but more usually they are separate documents. Operating statements commonly cover the following features:

- Identify tasks and targets which are as specific and measurable as possible. However, it is important to have qualitative targets as well as quantitative ones.
Cooperation between Institutions

In considering the strategic direction of their institutions, governing bodies will have to be increasingly aware of pressures to collaborate with other institutions, including other universities, colleges of further education, industry, commerce and overseas providers. The 2010 Grant Letter from the Secretary of State to Hefce included the instruction that Hefce should 'incentivise HEIs to collaborate, for example through greater sharing of research equipment and infrastructure' and that efficiency savings could be made through 'sharing services'.

PricewaterhouseCoopers have published a report ‘In the Eye of the Storm: Moving from Collaboration to Consolidation’ which reviews the financial benefits from greater collaboration between institutions. An article by Nicola Hart in Perspectives, the journal of the Association of University Administrators (AUA) reviews the various legal forms of collaborative agreements. Collaboration may take various forms:

- Mergers of institutions
- Strategic alliances, either in the UK or overseas
- European links
- Joint research projects
- Franchise agreements between universities and FE colleges or private providers
- Shared services and/or facilities

Mergers

There have been 40 institutional mergers in the last 15 years, for example the creation of London Metropolitan University in 2002 from the former London Guildhall University and the University of North London. Such projects are major and can create uncertainties and anxieties; they are also very time-consuming, but they can in due course lead to significant economies of scale and estate rationalisations. Mergers can result from:

- A wish to improve the standing of the institution, e.g. the creation of the University of Manchester;
- A response to financial or other difficulties; or
- To create an institution to meet a perceived need, e.g. the establishment of the University of Cumbria.

Hefcw has published an explicit description of the future shape of higher education in Wales, the key elements of which are that by March 2013 the structure of higher education in Wales should be based on no more than 6 institutions; that their distribution should reflect regional needs; and that there should be a balance of provision (in terms of research / teaching and community) in each region. This is likely to involve several mergers. It has been reported that discussions are taking place among a number of institutions. The Welsh Government has consulted its institutions on a Hefcw report which recommends a number of mergers.

In Scotland the Scottish Government is understood to be considering giving Ministers the power to compel institutions to merge if recommended by the SFC.

Hefce published a ‘Guide to Good Practice on mergers in 2004’ [Feb 04/09] and more recently a revised guidance note, following a consultation process with institutions.

The LF has a knowledge resource on mergers and has a short paper Collaborations and Mergers in Higher Education: Lessons Learned and Future Prospects by Glynne Stanfield

Alliances: While mergers are unlikely to be reversed, other forms of strategic alliances can be ended if they are not successful.

Alliances may take various forms. In terms of academic collaboration Sheffield University and Sheffield Hallam University are working together on the Collaboration Sheffield project, to try to find ways to bring together healthcare, digital and education in new and innovative ways. New developments can be initiated using a joint venture between institutions. The Universities of Birmingham and Nottingham have announced
a partnership driven by academic collaboration. The University of Warwick has entered into a major international partnership with Monash University in Melbourne.

Eight research intensive universities in the north of England have set up the N8 Research Partnership, which also involves collaboration with industry, and five Midlands universities have formed the M5 Group, which is also focused on research cooperation.

Institutions may also ally with private providers or with local or regional organisations including industry, commerce, the NHS or others. A report by PA Consulting in June 2012, ‘The Quiet Revolution: How Strategic Partnerships and Alliances are reshaping the Higher Education System’, based on a survey of institutions, shows a considerable shift towards links with private and international organisations. The Times Higher Education reported in November 2012 plans for a major joint venture between a university and the private firm INTO.

**European Links:** Most institutions have links with other universities in Europe, particularly as part of networks promoting staff and student mobility programmes (Erasmus Mundus or the Lifelong Learning Programme) or in research consortia.

**Joint Research Projects:** Many major research projects are run by teams of academics drawn from a number of institutions, either universities or other types of research organisations. Some projects will be inter- or multi-disciplinary; others may involve international collaboration. The UK Research Partnership Investment Fund has been established to help to develop research facilities and encourage collaboration, in particular with business.

**Franchise Agreements:** Many universities work with individual colleges or consortia to validate foundation degrees or other programmes through franchise agreements; there are also various forms of collaborative agreements to facilitate access and/or develop student recruitment; many universities also collaborate with overseas institutions in various ways. Some partnerships between higher education institutions and FE colleges are branded as University centres, which give rise to some interesting governance issues.

**Shared Services or Facilities:** Groups of institutions can work together to achieve financial efficiencies in various ways, for example the Bloomsbury Colleges Consortium in the University of London. Other universities are working with private service providers; an example of this is University College, London’s work with Microsoft for the provision of e mail services. Other universities work with local providers of public transport. A major difficulty in sharing services has been the requirement to pay VAT on shared or outsourced services, but a report ‘Higher Education in the Age of Austerity: Shared Services, outsourcing and Entrepreneurship’ suggests that if this could be overcome significant savings would be possible. The Government announced (January 2012) that shared services are to be exempted from VAT, but press reports suggest that there has not been significant progress on this front.

The Efficiency and Modernisation Task Group Report included in its proposals more sharing of services and a more co-ordinated approach to purchasing, and partnership working is a key element of Hefce Catalyst Fund.

Hefce has set up the University Modernisation Fund to help to improve efficiency through greater use of shared administrative, IT and other services. One example of this is cloud computing infrastructure and applications.

In Scotland, the SFC has established the Invest to Save fund to support major collaborations, shared service arrangements and other strategic links which produce quantified savings over a defined period.

**Measuring Institutional Performance**

The explicit recognition of the role of the governing body in measuring the performance of universities and colleges is relatively new. However, in practice many institutions have undertaken monitoring for some time (not least in order to meet the requirements of the funding bodies and other stakeholders), and it could be argued that such a responsibility is in any case part of the widely recognised role of a governing body for ensuring effective institutional management.

The statement of the primary responsibilities of governing bodies produced by CUC now clearly defines the responsibility of the governors to ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against...
plan and approved KPIs which should be, where possible and appropriate, benchmarked against other comparable institutions. (Annex A1 CUC Guide) The work of the CUC in this area mirrors interest elsewhere, for example the Combined Code is explicit in noting that non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

There are several factors driving these developments:

- In an increasingly competitive higher education marketplace, governors increasingly want information to measure institutional performance. Even though the levers of governance in higher education are less clearly linked to outcomes than in the private sector, the model of accountability still holds.
- For many institutions the importance of ensuring successful funding outcomes in relation to competitive issues such as the research assessment exercise, income generation, etc.
- In many institutions senior managers welcome active performance monitoring because of the need to maximise value from increasingly scarce resources, and to invest in high performing areas.
- The funding bodies are encouraging it both for reasons of accountability and also to maximise value for money.

Nonetheless there are some potential tensions in the role of governing bodies in this area. These include potential disagreement with the executive about both the criteria for assessing institutional performance and the actual judgements made. For this reason, close cooperation is required between the board, the executive, and the officers responsible for planning. Potential disagreement is also possible with the senate/academic board about judgements on the performance of academic issues. This is an area of considerable sensitivity, for example the reactions to the possible closure of academic departments.

In some cases it may also bring the governing body into potential conflict with its funding body, particularly where the targets and policies of the funding bodies are not institutional priorities. From the governors’ point of view this means that some of the institution’s goals and targets are externally generated, while others are internal.

The Financial Sustainability Strategy Group has recommended that HEIs undertake an annual assessment of institutional sustainability, covering not just financial indicators, but also academic and market factors.

Data

Ensuring that adequate data is available to measure institutional performance is a major challenge to many governing bodies. There is already considerable data on various aspects of institutional performance available to governing bodies, including:

- In England, a copy of the annual monitoring statement return to Hefce.
- An annual report and associated documents for approval.
- Some kind of annual review of the implementation of the strategic plan.
- National Student Survey data
- External quality reports such as those produced by the QAA and some professional bodies.
- Specific information relevant to performance measurement by sub-committees, for example data to assess the achievement of HR strategy.
- In Wales Hefcw has produced a Toolkit for governors, comprising graphical data presentations and reports showing institutional performance in relation to the Welsh Government priorities.

The main issues concerning data centre on data quality, robustness, timeliness, and intelligibility. Put simply: does the board get the performance data it requires, when it needs it, and to an appropriate standard?

Data audits are of increasing importance. Three approaches to data production include:

- First, **benchmarking** performance statistics against those of comparable institutions. This is becoming more common, and several members of the Russell and 1994 Groups compare performance. If peer institutions agreed to
collect and share common performance data, the way would be open for regular comparisons with them and the development of trends over time. The existence of networks such as UKADIA and CADISE would make this possible in some GuildHE institutions. HESA has published a detailed study of benchmarking in higher education and a review of international benchmarking.

- Second, some institutions have begun to adapt *models used in other sectors* such as the balanced scorecard and the European Foundation for Quality Management (EFQM). These have the potential to provide a valuable tool to integrate management information of this kind.

- Third, the use of *key performance indicators*, usually derived directly from institutional strategies. For more details see KPIs.

A related issue is the scale and frequency of the measurement process. An annual cycle for monitoring is widely used, but active measurement needs to be an on-going activity, and strategic questioning should take place regularly. Institutional requirements will differ depending on the portfolio of activities, but boards will need to be clear about their needs in relation to the frequency of data.

**KPIs**

The use of *key performance indicators* (KPIs) by governing bodies has attracted a lot of interest recently, and the CUC has produced two useful reports.

- CUC Report on the Monitoring of Institutional Performance and the Use of Key Performance Indicators, November 2006

Many institutions subscribe to HEIDI - the Higher Education Database for Institutions, and use the data provided to compare their performance to others. Further information can be found on the Hefce web site.

**Funding Body Requirements**

**England**: Hefce asks institutions to provide a copy of their *corporate planning statement* (CPS) each December. The CPS is the opportunity for institutions to supply Hefce with a strategic update that provides the context in which to understand the other accountability returns more fully and the progress made towards delivery of the strategic plan and aims for the year ahead.

In this statement Hefce requests an update on an institution’s activities across the full range of its strategic priorities as identified in its corporate plan, including progress against key performance targets. Information need not be limited to activities funded by Hefce, but can include any area of strategic importance to the institution. Areas that institutions may wish to cover in the CPS include:

- Governance and management
- New academic developments
- Research
- Estates and sustainable development
- Regional activities

There is no prescribed format for the CPS, although Hefce expects most returns to be an ‘executive summary’-style review of the year.

Hefce encourages institutions to think about key opportunities and barriers to success in the year ahead. In doing so, it expects to receive advance notification of any proposals to its Strategic Development Fund, as well as large-scale capital plans.

Hefce also annually requests planning and accountability information from institutions; this should be approved by the governing body prior to submission.
Scotland: The Financial Memorandum sets out the nature of the relationship between the Scottish Funding Council (SFC) and the institutions that it funds, including key requirements that the Council, governing bodies and principals of institutions must abide by. This relationship has been modified from 2012 by the requirement for institutions to produce Outcome Agreements, setting out what they will deliver with their SFC funding.

In general, SFC-funded institutions are free to set the format, content and duration of their strategic planning information, though they must share some key documents with the Council.

Wales: Details can be found on the Hefcw website. In particular Hefcw requests institutions to submit annual monitoring statements for various strategic areas, including learning and teaching; widening access and third mission work.

Northern Ireland: DEL largely follows the same methodology as is used by Hefce in England. The two institutions are asked to follow a higher education strategy.

International Strategy

Just as with many other aspects of institutional activity, governing bodies are increasingly seeing the importance of developing a strategy for internationalisation (and not just for student recruitment). Indeed if substantial investment is planned then a clear strategy with associated risk analysis is essential. As with other institutional strategies, this will generally be drafted by the executive for discussion and approval by the governing body, but it is likely to have been preceded by a substantial discussion (perhaps at an ‘away-day’) of the international aspirations of the institution, without which it would be difficult to write a strategy.

Although there are several sources available to guide institutions and governors in this area, perhaps the most useful is a report for the Higher Education Academy by Robin Middlehurst and Steve Woodfield (Responding to the internationalisation agenda - implications for institutional strategy). They describe developments in the way that institutions and their governing bodies have developed their international strategies. Amongst other things they note a move from internationalisation being a set of disparate and unconnected activities to a number of integrated activities, coordinated to achieve better leverage and value for money.

Methodologies for Enhancing Institutional Performance

One of the most innovative approaches to encouraging good practice in this area is the use by an increasing number of institutions of specific methodologies drawn from the private sector to both enhance and measure performance. Two of the most interesting are summarised: the use of the Balanced Scorecard, and the European Foundation for Quality Management (EFQM) Excellence Model.

The Balanced Scorecard is an increasingly widely used approach to measuring performance in both private and public sectors, and attempts to provide a ‘balanced’ perspective across four main elements: customer satisfaction; internal business processes; finance; and innovation, learning and growth. In each area institutionally specific key measures are defined which are critical to success, thus avoiding the danger of performance being measured just in financial terms.

For example: at Edinburgh University the balanced scorecard methodology has been used to provide its Court (governing body) and managers with a range of strategy based indicators on which to measure success. Introduced for the year 2002-2003, it provides a suite of indicators linked to the nine main strategic goals of the University. To take account of the culture of the University the four main elements in the scorecard have been reworded slightly from the original and are: financial perspective, organisational development perspectives, internal business perspective, and stakeholder perspective. University performance on the key indicators is recorded as is that of comparable universities, and the indicators were chosen after an extensive period of consultation. Time series data are assembled for previous years not initially covered by the scorecard.

The European Foundation for Quality Management (EFQM) is a self-evaluation tool designed to assist performance measurement and institutional management, and a
number of institutions are using it in some way although most are still at a relatively experimental stage.

**Liverpool John Moores University** has pioneered the adoption of a 'Business Excellence Programme' based on the EFQM approach, and this has included the appointment of a Director of Business Excellence at the executive board level. With strong support from the Vice-Chancellor, a cross institutional team undertook a self-assessment of the University's position in terms of the 9 dimensions and 32 sub-dimensions of the EFQM model which was followed by two workshops involving the senior management group. From this an action plan was produced concentrating initially on issues of: strategy, process, people, and measurement. The programme was commended in the Lambert Report (December 2003).

**League Tables and Public Information**

For many in higher education, good performance is measured in term of **reputation**, either for a department as a whole or for individuals. Often this is informal (and therefore almost entirely beyond the capacity of a governing board to deal with), but in the area of research it may be based on specific indicators such as research grant income (although this is very discipline specific), the citation of papers, patents, and so on. However, for teaching reputational indicators of performance are much weaker, although boards should receive QAA and other quality reports, or summaries of them.

It is because of such difficulties that 'league tables' seem to hold initial attractions for some governors, but they are fraught with difficulties as serious measures of performance. Newspaper league tables are assumed by many outsiders to higher education to be a fair picture of comparative performance. In fact they can be extremely misleading and use different methodologies. The main UK league tables are produced by the Times, the Guardian and the Independent. The main international tables followed in the UK are the Academic Rankings of World Universities (ARWU) from Shanghai Jiao Tong University and the new Times Higher Education rankings developed after extensive consultation with the sector.

Without very close analysis governors should take care in thinking of league table position as a performance indicator, because:

- The tables only report on things that are easily measurable.
- Some of the data they use are out of date and therefore volatile.
- They usually take a number of indicators and aggregate them to produce an overall ranking.
- Their indicators (and the weighting given to them) do not necessarily represent the measures that an institution would set itself. Only if all institutions chose those indicators as their own KPIs would a national ranking make sense.
- Some of the indicators are much criticised for example, some newspapers use the number of volumes in a library as a quality indicator, when the focus of almost all librarians is moving to an emphasis on access to electronic materials rather than the number of items held on shelves.

However, league tables are here to stay - no matter how misleading - because they sell newspapers. Therefore, despite methodological concerns, institutions know that the general public in the UK and overseas gives considerable credence to league table rankings. Governors will therefore wish to know where their own institution appears on a list and what the reasons are for any 'poor' scores. If these reasons are the result of an alternative emphasis in the strategies that their institution has adopted, governors should not be concerned.

The introduction of increased student fees in England adds a further dimension to the power of league tables as a factor in influencing student - and parental - choice of institution.

A report from the European Universities Association 'Global University Rankings and their Impact' discusses the value and effect of international league tables.

Find more information and resources on this topic on our website at: [www.lfhe.ac.uk/en/governance/ba/strategy-and-measuring-performance](http://www.lfhe.ac.uk/en/governance/ba/strategy-and-measuring-performance)