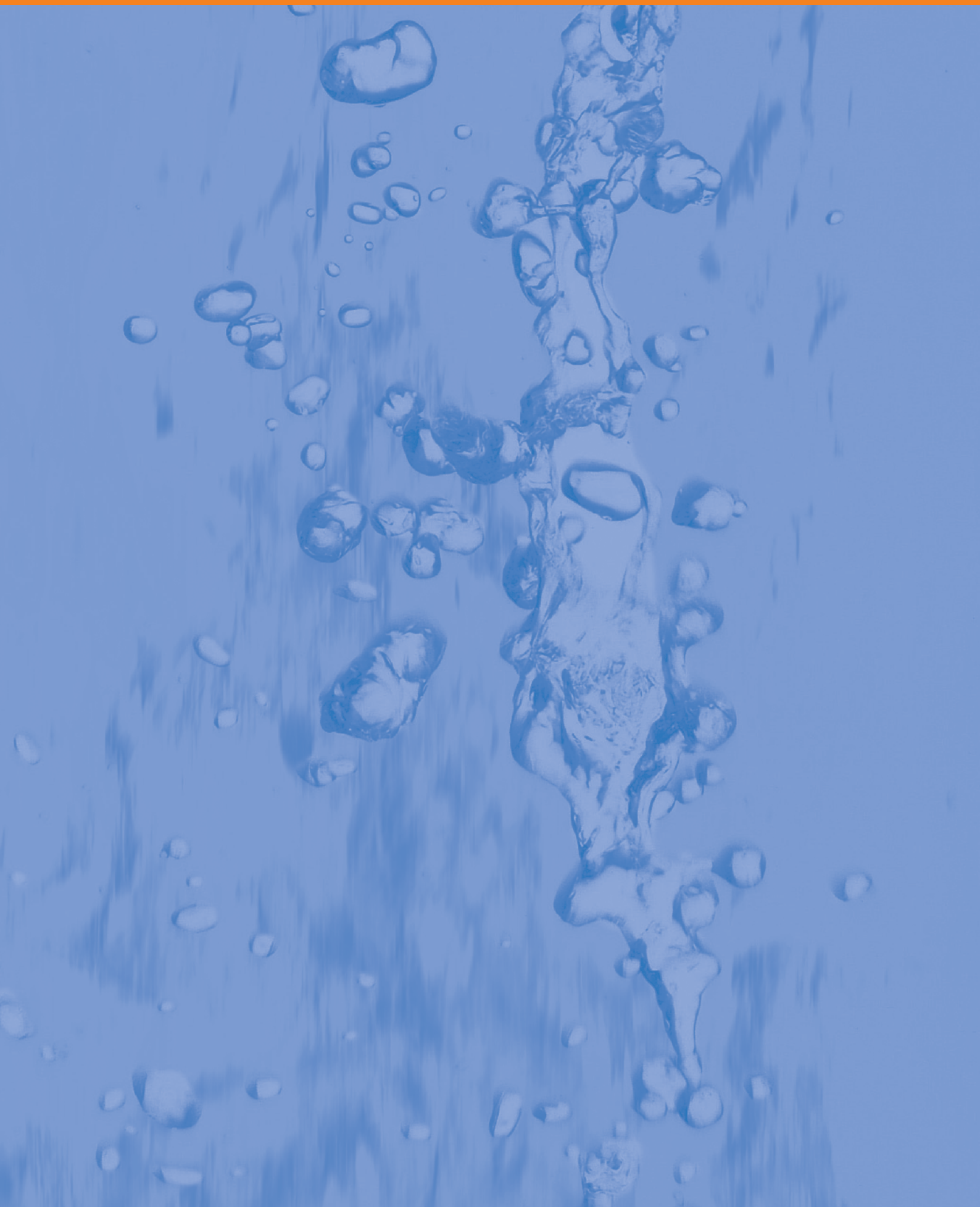


A dynamic background image of water splashing, with numerous bubbles and droplets of varying sizes. The water is captured in mid-air, creating a sense of movement and energy. The overall color palette is shades of blue and green.

**ENGAGING WITH LEADERS
IN HIGHER EDUCATION**

ANNUAL REPORT 2006 - 2007

**Leadership
Foundation**
for Higher Education



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Chairman's Statement

This was a very successful year of transition to a new phase in the life of the Leadership Foundation for Higher Education. Following our very positive review by Oakleigh on behalf of our funders in 2005-06, it was critical to follow through to establish both a new strategic plan and a renewed strategic funding partnership with the four funders of the UK's universities and higher education colleges. Pivotal to this process was the annual Board Awayday which we held in Cardiff in November 2006, and we were able to have Steve Egan, deputy chief executive of Hefce and co-ordinator of the funders' group, present at the meeting. This dialogue was crucial, and paved the way to the new five-year funding partnership which was concluded on schedule in the spring of 2007. The final version of the Strategic Plan was approved at the board meeting in June 2007.

This was also a positive year of transition for the fundamentals of the business. Bookings for programmes and requests for consultancy support have risen well, and the whole process has become more predictable and underpinned by better business systems, as one would expect of an organisation moving from start-up to a more mature basis of operation.

Our key strategic partnerships have been reinforced by some high-profile collaborative events during the year. These included the CUC Conference in November on key performance indicators (KPI), attended by over 250 people; the joint Hefce (LGM) Conference in January, and then our partnership with UUK at their Spring Members' Conference in Liverpool, where we provided all the main speakers and seminars.

We enter this new five-year phase of the Leadership Foundation's life, having established the confidence and support of the sector, and having built the basis of a business that is high quality and responsive to the sector's needs. Full financial sustainability is still quite a long way off, but the strong performance of our programmes, combined with a very positive response to our membership subscription campaign, will help us on that journey.

I would like to thank Ewart Wooldridge and his team for their hard work, support and advice during this past year. In particular, I would also like to thank Martin Barnes, our director of Business Operations. Martin's secondment to us from the Cabinet Office ended with his retirement from the Civil Service. We will continue to work with him as he re-joins us as an associate. My sincere thanks also to Suzanne Reed, PA to Ewart Wooldridge, who leaves to take up a PhD studentship at the Royal Veterinary College. Suzanne has been a great support to myself and the board and we wish her well in her new studies and new career.



A handwritten signature in black ink that reads "James Ross". The signature is written in a cursive style with a large initial 'J'.

James Ross

Chair of the Leadership Foundation for Higher Education

Chief Executive's Statement

In addition to setting out a clear way forward for us strategically, the past year has proved a real opportunity for consolidating and embedding our wide range of offerings to higher education leaders, both in the UK and internationally.

By the end of this year, we could fairly claim to have established, for the first time ever, a comprehensive set of leadership development programmes from head of department to vice-chancellor level across UK higher education. Evidence of impact comes from the substantial majority of vice-chancellor and principal appointments drawn from the alumni of our Top Management Programme. Judging by the pattern of bookings for other programmes, middle to senior managers in higher education are increasingly seeing the logic of progressing from one of these programmes to the next to develop their confidence in the practice of leadership and management in higher education.

In parallel with the support for individual leaders, we have started to establish a quite widespread service on organisation development, working inside higher education institutions. Last year, we ran projects in over 45 UK universities and higher education colleges. These interventions range from one-to-one coaching to supporting senior and project teams, tailored development programmes and also include assisting institutions with the complex processes of managing and leading change. What is really satisfying is when we see a reciprocal learning relationship between those leaders who have been on our open programmes, and other members of their teams inside their institutions who are working with us on internal projects.

We have also significantly embedded our work with professional networks. The most significant of these are the PVC Network, the registrars (AHUA), the finance directors (BUFDG), HR (the UPA) and staff developers (SDF). Programmes and events continue to grow around our relationship with AUA, UCISA, SCONUL, ARC and AUDE, and we are now in conversation with the student services network (AMOSSHE) and with the research administration community.

Much of our initial research programme was starting to come to fruition within this year, laying the basis for a major research and dialogue event during the 2007-08 financial year. We enter the new financial year ready to showcase one of the most intensive multifaceted programmes of research on higher education leadership, governance and management.

I am really grateful to the huge numbers of higher education leaders who have worked with us to create what is a very powerful community of practice and learning. I am also highly indebted to our talented and committed staff, key associates, and board members.



Ewart Wooldridge.

Ewart Wooldridge, CBE

Chief Executive of the Leadership Foundation

Open Programmes

All the open programmes are underpinned by a refined and unique pedagogy, which we have developed as an iterative process over the first three years of the Leadership Foundation. This pedagogy is a sensitive blend of various leadership development interventions which include:

- | Embedding of programmes in the context of key global drivers and issues.
- | 'Real' case studies (a number of which are cross-sector), designed to promote problem critiquing and solution generation, to deliver the learning outcomes of the programme.
- | Engagement with the emotional aspects of leadership, developing affective understanding, through use of theatre and other devices from the performing and visual arts which offer metaphors to trigger deeper understanding.
- | 'Story telling' from other sectors and cultures, through presentations and seminars, to provide the rich picture of the complexities of effective leadership.
- | Self-awareness diagnostics, to include 360-degree, to assist individual leaders better understand themselves, their impact on others, and areas to include in personal development plans.
- | Transference of both cognitive and affective learning from presentations through a range of action learning activities.
- | Using all of the above to take leaders out of their comfort zone, offering them challenge and stretch within a safe environment.

The Leadership Foundation's family of open programmes has grown over the past financial year, to include two new programmes, Research Team Leaders (RTL) which is already a successful programme in terms of recruitment and feedback and, in readiness for the autumn of 2007, Leading Teaching Teams (LTT). Both are targeted at 'first time' managers of others, tasked with inspiring and motivating teams. From either of these programmes, staff may progress onto the next level programme, as there is cohesion and progression built into this family of programmes.

Top Management Programme (TMP)

TMP continues to be our flagship programme, continuing to grow both in standing and scale of investment. Evaluations of TMP consistently confirm the contribution that the programme makes to individual, team and institutional development. A special feature of this programme is a business simulation, which helps leaders gain an enhanced appreciation of finance and resource management. The programme clearly is contributing to succession planning across the sector, as alumni from the programmes move to top roles in new institutions and other sectors.

Senior Strategic Leadership (SSL)

SSL has also become very popular, and continues to attract experienced senior level deans and directors. This programme moves beyond basic strategic leadership planning and change, to consider what it means, in both transition and personal terms, to be a corporate senior leader. The programme examines appropriate styles to lead in different contexts; analysis and consideration of institutional culture, capabilities, and competitiveness; and the development of personal presence and authentic leadership.

Preparing for Senior Strategic Leadership (PSSL)

PSSL has grown in popularity and continues to attract newly appointed deans and directors, or those aspiring to such a role, as it assists them to develop, both personally and professionally, their understanding of the corporate strategic element of their role. Understanding strategic leadership, stakeholder analysis, and developing negotiating and influencing skills and conflict resolution skills are key components of this programme.

Heads of Department (HoDs)

HoDs continues to attract both academic and administrative staff across the sector, with a specifically Scottish programme being run further to the Scottish Funding Council's needs analysis. Both programmes assist individual leaders to develop their self-awareness, to understand better the impact of their behaviour on the teams for whom they have responsibility. Understanding the 'big picture', strategy, strategic leadership, team development and performance management are key components of this programme.



An Introduction to Higher Education

The Leadership Foundation's most popular and long running programme, An Introduction to Higher Education for new Managers, has exceeded previous years' participation rates and gained high praise from participants. The programme continues to equip managers new to university administration and professional services with a firm knowledge base. The programme covers higher education's core business and the systems and structures that underpin it and provides participants with an awareness of the emerging higher education landscape. It has increased managers' ability to think strategically about their roles and institutions.

The Leadership Series

The Leadership Series continued to offer a selection of one-day workshops providing an introduction to key skills that underpin effective leadership. The workshops in 2006-07 included Essentials of Finance, Leading with Impact and Influence and Leadership Style and Management Performance.

The Series was enhanced in the spring/summer with three Super Seminars focussing on hot-topics in higher education, offering practical working examples and facilitated in-depth discussion. The seminars were:

- | **Jewel in the Crown** - focussed on the reputational and brand management of university schools or departments.
- | **Succession and Talent Management Strategies for HEIs** - provided a forum for debate on the strategies available to HR and staff developers to develop future leaders in higher education.
- | **Strategic Sustainability: Transforming Green Rhetoric into Gritty Reality** - reviewed the good practice already in operation in UK and USA higher education and how UK higher education can consolidate this for an environmentally sustainable future.

FUTURE INNOVATIONS

- ▶ Working towards sustainability of the networks developed in the course of the programmes.
- ▶ Building of the database of 'live' case studies for use on programmes.
- ▶ Determining further coherence of 'strands' running through all programmes e.g. 'emotional intelligence', 'dispersed leadership', 'equality and diversity', 'cross sector learning', and globalisation (TMP has already introduced an international visit - recently to Dubai, next year to Washington DC).
- ▶ Further exploration of methods to develop the affective side of leadership.
- ▶ In autumn 2007 we plan to launch a new programme for Medical and Dental Deans. Working in partnership with Hefce and the Medical School Council, the pilot programme of the Senior Clinical Academic Leaders Programme (SCAL) will be a challenging new development programme designed to build the capacity of senior academic leaders in this particular field and prepare them to lead these complex organisations in the future.
- ▶ A new series of Leadership Development Centres is being launched in 2007/08 to cater for those wanting to develop an awareness of their impact as leaders and managers, and to improve their capacities.

Governor Development Programme (GDP)

The GDP continues to attract high numbers from across the sector with its seminars for both new and experienced governors. Highlights from the 2006-07 programme include an event for student governors and an event showcasing the CUC KPI report, both of which saw record attendance. The programme will continue to challenge and inform current thinking on higher education governance with a full programme of activities for 2007-08, including a seminar looking at governing bodies and commercial activities and an event exploring what UK higher education governors can learn from other sectors. 2008 will also see the development of a new HE-Governance website providing an up to date online resource for clerks, secretaries and governors.

CHANGE ACADEMY

The third Change Academy brought together 17 teams from across the sector to focus on a wide range of change initiatives. We undertook a major evaluative review with Change Academy partners, the Higher Education Academy (HEA), to inform the design and development of subsequent Change Academies.

QUOTES

About PSSL

"I found PSSL to be both hugely enjoyable and useful. It provided training and advice on an outstanding mix of 'hard' and 'soft' skills. An insight into the major issues facing higher education was supplemented by focused advice on strategy; while I believe that the lessons learned from the sessions on influencing and negotiating will remain with me always. I would thoroughly recommend PSSL, both to those who are sure that their future careers lie in senior university management and those who are still undecided."

Professor Alison Wide,
Deputy Head of the School of Business
and Economics, University of Exeter

About HoDs

"A valuable programme all round. Important to meet and get to know colleagues in the sector in a similar role."

Dr Kevin Richardson, Associate Dean,
University of Gloucestershire

About SSL

"Excellent peer group, excellent networking."

Owen Adams, Programme Manager,
Knowledge Transfer Unit, University of Leeds

About TMP

"TMP has been a fantastic learning experience and has more than fulfilled my expectations. It has been a privilege to take part and my personal learning curve throughout has been significant."

A TMP Fellow

About GDP

"The programme was perfect and attracted a lot of experience and useful contacts."

A Governor

About the whole relationship with LF

"This has been a very successful year for The Robert Gordon University. Our success comes from the efforts of our staff and students and we are strongly committed to staff development. The Leadership Foundation provides an outstanding resource. In recent years three of our staff have been accepted onto the Top Management Programme. Another member of staff was awarded a Leadership Foundation Fellowship and we have staff actively engaged with The Leadership Series. Members of the board of governors have attended the Governor Development programmes which I am sure have improved the quality of our board. We have been successful in gaining a place at the last two Change Academies where staff participants have worked upon projects that have made a significant positive change to how the University functions. Perhaps what is particularly useful is that many Leadership Foundation events enable UK wide issues to be considered and there is an opportunity for learning across the borders of the UK."

Professor Mike Pittilo, Principal &
Vice-Chancellor, The Robert Gordon University

QUOTE

About GDP

"The programme was perfect and attracted a lot of experience and useful contacts."

A Governor

RESOURCES

Calendar of Events:

www.lfhe.ac.uk/evt-crs-prog/calendar

Supporting Individuals:

www.lfhe.ac.uk/support

Supporting Teams and Organisations:

www.lfhe.ac.uk/supportteam

Contact: Events Team:

020 7841 2822 or 2707



FUTURE INNOVATIONS

- ▶ Leadership Foundation involvement in the design and delivery of the UK Change Academy to expand, with participation of Professor Bob Thackwray and Dr Lesly Huxley from December 2006.
- ▶ UK Change Academy revised to form a year-long programme including institutional visits, team leader preparation and support as well as whole team residential, from May 2007.
- ▶ Major contribution to design and delivery of bespoke Change Academy for Social Work, Scotland (September 2007-January 2008).
- ▶ We are actively involved in supporting the development of an eclectic mix of 'bespoke' Change Academies with various HE groupings.

Tailored Programmes and Consultancy Services

Our activities in this area have grown rapidly over the last year. They are intended to be complimentary to the open programmes where the focus is on the individual leader. By contrast, the tailored programmes and consultancy are organisation specific and inevitably bring together a number of individuals from the same institution who, in one way or another, have to work together in teams to deliver teaching, research, professional services and change. Our activities over the last year have generally fallen into two categories - tailored programmes and consultancy services.

The starting point for a tailored programme may well simply be the adaptation of one of our open programmes to a particular institution's need. There may be enough individuals within an institution to profit from the open programme being taken to their specific institutions. In other cases the programme is customised to meet a set of specific development needs within the HEI, whether just for academic leaders or service leaders or a mixture of the two groups. The feedback has been very positive with the following examples:

The consultancy services covered a wide range of techniques, uniquely designed to the team or situation to which they are applied. Often they can follow a series of steps that may start with individual coaching at a very senior level at any institution (our coaching of newly appointed vice-chancellors was very popular). It may then lead into working with the senior team, either to improve capacity and effectiveness of the group, or to focus on a particular issue or challenge they are facing. That may then develop into change workshops that help give focus, direction and momentum to major change programmes. These processes then can often be embedded through introducing action learning and other similar techniques across the management team.

Often our role has been one of facilitator either to a senior team, or to a project team - or to whole meetings of the governing body.

Many techniques can be used to support these processes. The wide range of associates we use for this work will come to the job able to supply specific psychometric and team assessment tools. Equally the process may just involve the identification of issues and provision of feedback which enable individuals and the teams as a whole to better understand themselves and reflect on how they are perceived as a team. We often call this 'holding up the mirror to the organisation'.

This is the area of leadership development (or perhaps organisational development), which comes closest to working with the grain of running the organisation itself. In effect, the real issues of the HEI are the case studies of leadership development process. This also facilitates any evaluation procedure because there is a greater opportunity to see the link between the investment in development and practical outcomes. A major piece of research to identify benchmarks for leadership development (which we are doing in 2007-08) will create a template for tracking the stories of these programmes and follow-up impacts across a number of different institutions.

QUOTE

About Tailored Programmes

"Our first leadership programme for research staff was launched in July this year and the feedback we have had from all the participating research team leaders has been very positive, especially regarding the Leadership Foundation module which they found particularly useful and practical."

Martin Udwin, Organisational Development Manager, Cardiff University

RESOURCES

Contact: Business Operations:

020 7841 2819

Fostering Leadership Learning Networks

Our programmes and projects with professional and academic networks expanded further in 2006-07. Each relationship is specific to the needs of the community of practice, and builds on the fact that the network provides an ideal context for leadership learning.

Examples of our events, programmes and projects include:

- | **Pro Vice-Chancellors** - two major seminars were held, on Internationalisation (October 2006) and the Changing Roles of PVCs (June 2007), the latter drawing directly from new Leadership Foundation research.
- | **Registrars and Secretaries** - a new development programme called 'Develop 2020' was run, created out of collaboration with Association of Heads of University Administrators (AHUA).
- | **HR Directors** - we worked jointly with Universities Personnel Association (UPA) on the Organisation Development (OD) aspect of their role, and helped with the planning and execution of their Annual Conference.
- | **Staff Development Forum (SDF)** - we continued to provide financial and practical support to the SDF and its network, and also jointly ran the 2006 Staff Development Conference.
- | **Committee of University Chairs (CUC)** - our areas of collaboration increased significantly, moving from partnership in delivery of the Governor Development Programme to joint ownership of a major set of projects on good governance. This 2-3 year project involves research into governor effectiveness, development of support materials for governors, and creation of completely new website support.
- | We have continued to run collaborative programmes with estates professionals (AUDE), librarians and information services personnel (UCISA and SCONUL), and Academic Registrars (ARC). New projects are being developed with Student Services managers (AMOSSHE) and Research Services staff. We have a very active collaborative relationship with the Association of University Administrators (AUA) and the finance directors group (BUFDG).

QUOTE

About partnership working

"The partnership between the Leadership Foundation, SCONUL and UCISA to develop the Future Leaders Programme has resulted in a quality programme which is already reaping benefits in the sector. A number of the participants have already been successful in moving to new positions and testimony from the participants has been strong. As one delegate from the second cohort commented 'I feel a distinct' sense of gratitude to those who had the vision to this course. Why haven't we been doing this for years?' UCISA is looking forward to working further with the Leadership Foundation to develop the skills of its membership and to develop the skill of senior institutional personnel so that the business benefits of IT within institutions are recognised and exploited to the full".

Peter Tinson, Executive Secretary, UCISA

RESOURCES

Supporting Teams and Institutions:

www.lfhe.ac.uk/support/2020/index.html

Professional Networks:

www.lfhe.ac.uk/networks/forum/index.html

Governance:

www.lfhe.ac.uk/governance

Membership

MEMBERSHIP

Institutional membership of the Leadership Foundation demonstrates a clear commitment to developing leadership and management capabilities at all levels. The heart of our services and benefits is the continuation and enhancement of our contribution to, and investment in, the higher education sector as a whole.

Institutional membership of the Leadership Foundation was once again overwhelmingly high. There were 151 UK members, 96 'large' HEIs and 55 'small and specialist institutions'. Over 96% of the sector were members.

Highlights include:

The popular **Small Development Projects (SDPs)**. These once again flourished with further ten projects being successfully completed by July. This brings the total number of projects supported to 24.

A record 160 delegates came to Liverpool for Innovation - Culture - Performance, the third **Staff Development Conference** offered jointly by the Leadership Foundation and the Staff Development Forum. The breadth of content (including such diverse topics as epistemological pandemonium; poetry, dance and development; organisational change and performance management) clearly demonstrated the enormous creativity and innovation that staff development professionals are bringing to their many and varied levels of activity. The five keynotes and more than 40 workshops, seminars, posters and speed-training sessions were punctuated by discussion sessions and Open Space activity.

We successfully piloted and launched the new service **LF Connect**. This provides video clip perspectives on topical issues related to leadership, management and governor development in higher education, with links to related resources from the Leadership Foundation or other organisations.

In a hugely significant year for the membership function, the key challenge in 2006-07 was to review all aspects of membership, including subscription levels, for 2007-08, 2008-09 and beyond.

Planned major changes in price and structure were developed through an extensive consultation process involving hundreds of people and all stakeholder groups. The key outcomes included a revised set of membership services and entitlements and a completely different approach to calculating membership fees. The latter moved us dramatically on from a simplistic two band scale to a nine band scale using a formula combining HEI income and staff headcount.

Very early in the year we established a Membership Advisory Group comprised of representatives from stakeholder groups across the sector and this proved to be hugely beneficial and supportive to our consultative process and development of the revised scheme. In addition to wide ranging discussions and presentations at a variety of meetings and other events, detailed letters and supporting information were sent to senior staff and other key players. It is too early to tell with any accuracy what the outcome will be in terms of membership numbers, but we are confident we have done all in our power to ensure appropriate consultation at all levels.

The clear 'added value' of this major consultative exercise has been to cause us to engage with many more people in many more HEIs and importantly at more levels, than we would normally. The huge value of extra engagement with institutions in terms of current membership levels and successful issue resolution is already evident.

FUTURE INNOVATIONS

Our planned revised membership benefits package will include:

- ▶ Access to all Leadership Foundation programmes, products and services at special members' rates. Participants from non-member institutions are charged a supplement on programme, course and event fees.
- ▶ LF Direct telephone helpline and advisory service, plus, if member institutions wish, one free day of consultancy advice per year on any aspect of leadership and organisational development from a member of the Leadership Foundation team.
- ▶ Exclusive access to future Leadership Foundation grant and investment schemes.
- ▶ Online information and resources, including Knowledge Bank (on HR and organisational development issues) and LF Connect (including video clips).
- ▶ Invitations to a wide range of Leadership Foundation events including seminars, workshops and summits.
- ▶ Print editions of the Leadership Foundation's quarterly magazine ENGAGE and its centre spread supplement IN PRACTICE.
- ▶ Exclusive access to our professional learning groups' events held in conjunction with such organisations as AUA, AHUA, ARC, AUDE, AURIL, BUFDG, SCONUL, UCISA, AMOSSHE, UPA and the Staff Development Forum.
- ▶ Membership of the LF-Members JISCMail mailing list for up-to-date news from the Leadership Foundation and an opportunity to pose queries and exchange experience with fellow members.
- ▶ In the light of the success of the Small Development Projects (SDP) element of our provision we are actively exploring ways of identifying further funding to support more SDPs. These provide a vital test-bed for key Leadership Foundation sector development issues around leadership, and a catalyst for individual HEIs to undertake developmental work.
- ▶ We propose to support the Staff Development Forum for a fourth year to allow it to continue its progress towards becoming a professional association and to explore links with the Leadership Foundation.

SCOTLAND

This year in Scotland the Leadership Foundation has continued to work to the agenda agreed with the Advisory Board, chaired by Professor Christine Hallett, vice-chancellor of the University of Stirling. The successful Heads of Department (Scotland) Series has run twice, allowing a further thirty heads of department to engage with leadership and management issues and experience positive outcomes from action learning sets. The Leadership Series events presented in Scotland were well received, even if attendance was lower than might be wished.

The drive for effectiveness through collaborations has also been the focus of attention this year and discussions with the Scottish Government, Universities Scotland, the Scottish Funding Council, and the HEA have paved the way for two important events to be held in the 2007-08 financial year. (See the Future Innovations section, page 13, for more details.)

We are fortunate that Jim McGoldrick and Alastair Work were able to maintain contact with Scottish higher education institutions and other stakeholders whilst the post of director was vacant and indeed have significantly moved on the work of the Leadership Foundation in Scotland. We are most grateful for their efforts on our behalf. We have now appointed a new director; Ginnie Willis joins us from the University of Stirling bringing with her significant experience of the Scottish Higher Education sector and of leadership development. We anticipate that the momentum in Scotland will continue to grow and that further successful collaborations will follow.



FUTURE INNOVATIONS

- ▶ An event with the Social Work Change Academy, entirely funded by the Scottish Government, in which all HEIs with Social Work departments in Scotland are to participate. This is being hailed as an innovative approach to policy implementation and change management in the public services arena and is being closely observed by the NHS amongst other interested bodies. This intra-discipline approach is a departure from the norm where a single institution brings diverse groups together, or as is more common, where many institutions bring single groups to work on each group's change management issue.
- ▶ A collaboration between the Leadership Foundation, Universities Scotland Research and Commercialisation Committee, ScotHERD and the Scottish Funding Council and will result (initially) in a one day event in early 2008. This will be aimed at principal investigators and senior management involved in the strategic leadership of research in changing research landscapes.
- ▶ Building on our developmental work with the main HEIs in Northern Ireland we will maintain an active relationship with DELNI during the coming year.
- ▶ In 2008 Ewart Wooldridge, Chief Executive of the Leadership Foundation will be chairing a major public sector conference in Northern Ireland.

WALES

Heather Graham joined the Leadership Foundation as Associate Director of Wales during the 2006-07 financial year.

There is good support for the Leadership Foundation in Wales. A number of the senior staff are TMP Fellows and are very keen to work with the Leadership Foundation in the future. Work is in progress with the senior teams of all the members to look at distinctive needs, provide consultant input which is appropriate to the institution concerned, and to identify which of the programmes would be most suitable as elements in ongoing development.

The all-Wales group of staff developers is looking to the Leadership Foundation to kick-start some dynamic interaction across the country and to raise the profile of staff development generally. The first stage of this will be a major event in December 2007 for pro vice-chancellors, heads of HR and leading staff developers on the topic of the role of staff development in strategic delivery.

The remit letter from the then Welsh minister for Education and Lifelong Learning for 2007-08 makes specific reference to the requirement for governor development. They are looking to the Leadership Foundation to support the delivery of that and an event for chairs of governors is planned for late spring 2008.

Universities in Wales have an interesting balance to strike between the specificity of the environment in which they function and the need to look out towards the UK and international markets to ensure mobility of staff, expertise and a strong presence in the higher education world. The Leadership Foundation can clearly support them in achieving that balance and expectations are high.

QUOTES

About Membership

"We find our membership of the Leadership Foundation to be of great value and have found many of the events and programmes beneficial. We have also been very impressed by the readiness of the Leadership Foundation to talk about how it can best accommodate the more specialist needs of the smaller institution and we are delighted that the MASHEIN network is to continue to address these."

**Professor Muriel Robinson, Principal,
Bishop Grosseteste University College & Vice-Chair of GuildHE**

About the Staff Development Conference

"Good ideas to take away and new perspective on what we are already offering."

"This is just a fabulous community who work collaboratively to share openly. This conference strengthens this culture."

"...very professional, very forward looking."

"I found the speakers inspiring and most of the sessions useful - lots of food for thought."

Delegates at the 2006 Conference

RESOURCES

Programmes and Events:

www.lfhe.ac.uk/evt-crs-prog/calendar

Staff Development Conference 2006:

www.lfhe.ac.uk/membership/staffdevelopmentconference2006

Small Development Projects:

www.lfhe.ac.uk/research/smallprojects/sdprojectreports.html

Scotland:

www.lfhe.ac.uk/networks/scotland

Wales:

www.lfhe.ac.uk/networks/wales

Research

The Leadership Foundation initiated its research activities in 2004-05 and commissioned 13 projects after a process of consultation, invitations to tender, and review. The projects investigate some of the key challenges and developments which are relevant to leaders, managers and governors in higher education, and examine changing roles, contexts and perspectives for individuals and institutions. All research outputs are reviewed for quality by the Leadership Foundation research team, and by our Research Advisory Panel of experts from institutions and associations across the sector. We keep the sector informed of new reports, events and other research outputs via our website, an email bulletin to stakeholders and senior leaders, and through making copies available at Leadership Foundation and relevant external events.

DISSEMINATION OF THE RESEARCH

In 2006-07 a number of the commissioned research projects were completed, and the Leadership Foundation focused on developing a dissemination plan to share the findings with the sector to benefit senior leaders, managers, governors and other practitioners across institutions. We asked each researcher to share with us their own plans for dissemination of their project. These highlighted that most already had strategies in place to share their own project findings with the academic community - via research seminars, journals and conferences. This indicated that the main areas through which the Leadership Foundation could add value to the sector through these research projects were through:

- | Sharing the research findings with practitioners and examining the implications of this research for practice across the sector, through Leadership Foundation programmes and more widely.
- | Analysing areas in which new development opportunities would be valuable in leadership, governance and management across the sector as highlighted by the research programme.
- | Identifying and debating the 'meta-themes' arising from the research programme as a whole, and examining their implications for research, development and practice within the sector.

- | Examining and involving key stakeholders in a debate about some of the key themes and sectoral challenges which are highlighted within the findings from the research as a whole.
- | Raising awareness of the challenges facing the sector as seen across the programme of research at a national and policy level.

The following activities have taken place this year in relation to sharing findings and enriching practice, in relation to the research outputs:

PUBLICATIONS

Three new research reports have been published as part of our Research and Development Series.

- | **Higher education leadership of regional and local regeneration partnerships: learning from good practice Consultancy report**, Glyn Owen, University of Lincoln (January 2007).
- | **The Management of Academic Workloads Summary report**, Professor Peter Barrett and Lucinda Barrett, University of Salford (January 2007).
- | **Effective Leadership in Higher Education Summary of findings**, Professor Alan Bryman, University of Leicester (June 2007).

These reports are aimed at senior leaders and managers in higher education institutions. They describe the key findings from each research project, examine the implications for practitioners and leaders of these findings, and offer an overview of themes and developments arising from the research. Various summary articles and guides to practice have also been featured in other Leadership Foundation publications.

LIVE EVENTS

The following Leadership Foundation events have featured presentations based on the research we have commissioned:

January 9 2007 - Sustaining Excellence in Higher Education

The event was run in collaboration with Hefce for senior managers in higher education. Professor Jonathan Gosling and Georgy Petrov presented an examination of how leadership is distributed in practice in higher education, and what implications the concept of distributed leadership has for the concept of a top leader, or 'hero'.

March 2 2007 - Leading the Future, Leadership, Management Governance and Strategic HR in Higher Education

This event was run in collaboration with UUK for vice-chancellors and principals. Professor David Guest discussed the phenomenon of human resources in higher education institutions, using his research findings to paint a picture of key attributes and developments in these individuals, and comparing them to those with similar roles outside of higher education.

June 13 2007 - PVC Network event

Dr David Smith and David Mount discussed the findings of their research on the changing role of PVCs, and their wide-ranging contribution to higher education institutions.

FUTURE INNOVATIONS

- ▶ Publication of a series of discussion papers and short summaries of each completed research project, containing an overview of findings and implications for practitioners. These will be ready for dissemination in 2007-08.
- ▶ Leadership Foundation research symposia at the Society for Research into Higher Education (SRHE) annual conference (December 2007). Eight of the researchers, two members of our research advisory panel, and the Director of Strategy, Research, International, Professor Robin Middlehurst will be presenting papers in a series of linked symposia.
- ▶ Leadership in Higher Education: New Directions, Dilemmas and Unfinished Business (February 2008). Interactive Symposium based around the findings from the research, as well as small development projects and other Leadership Foundation outputs. The programme will draw upon themes arising across the research projects looking at these meta-themes and drawing conclusions about challenges, trends and areas of development for the sector.
- ▶ Tracking the dissemination and impact of the research, through a thorough review of the research process, content of the reports, the findings and themes emerging from the programme as a whole and its impact on various individuals across the sector. This will be used to inform dissemination going forward, and the process for new research commissioned.



New research to be commissioned in 2007-08 include:

- | A baseline/benchmarking study of institutional investment in leadership and management development, and of the resulting effects on institutions and individuals.
- | A collaborative research project examining innovation in the leadership and management of partnerships between higher education institutions and culture and the arts. This is to be achieved in conjunction with the Arts Council England and the Cultural Leadership Project.

QUOTES

About research

"I have read with great interest the publications to date, and believe they are succinct and helpful summaries of important and often challenging issues in Higher Education. As a Vice-Chancellor with management skills developed in other organisations, and now focussed largely on the needs of a single University, I have been able to gain a substantial amount of helpful information from reports that review the emergence of today's challenges; generally in a sector-wide context, and often expressing a range of management approaches. The breadth, quality and relevance of the research is excellent, and I believe the publications will be very helpful to current and future leaders."

Dr David Grant, CBE, Vice-Chancellor, Cardiff University

"Research commissioned by the Leadership Foundation hits three key targets – it is rigorous and high-quality research which adds to our basic understanding of how universities work as organisations; it is highly communicable and of immediate relevance to senior managers in higher education; and it has built up into a coherent portfolio of highly significant work."

Professor Peter Scott, Vice-Chancellor, Kingston University



About the June 2007 PVC Network event

"Very useful, as an opportunity to meet with counterparts across the sector (always very useful) Valuable in addressing my overall interest in the topic; fairly valuable in helping me get to grips with specific matters of interest. However it did give me new/ alternative perspectives (e.g. on what VCs can be like elsewhere), on collegiality and inclusiveness right across the institution; and it brought home to me the speed and nature of change."

A PVC

RESOURCES

Research information:

www.lfhe.ac.uk/research/projects/index.html

Research publications:

www.lfhe.ac.uk/publications/research.html

Contact Research Team:

020 7841 2814

Cross Cutting Activities

CROSS CUTTING THEME: CROSS SECTOR

The Leadership Foundation has clearly stated its belief that learning across sectors can enhance higher education practice, and has therefore set itself a responsibility for including a cross sector dimension within its portfolio of activities. Activities of particular note in 2006-07 included:

Strategic X-Change (Organisational Raids)

The Leadership Foundation designed this programme to give senior higher education leaders exposure to the strategic issues faced by major organisations outside higher education. In 2006-07, delegates enjoyed a very successful consultancy intervention at the BBC.

Top Leaders Forum

This programme brings together vice-chancellors with very senior professionals from outside higher education (e.g. CEOs of FTSE 100 Companies, Local Authorities, and Not-for-Profit organisations) for an intensive two-day examination of a key practical issue. Topics covered so far have included performance management and internationalisation/operating in global markets.

TMP

Delegates on TMP visit government departments and commercial organisations (both in the UK and internationally), to develop knowledge and understanding of strategic practice outside higher education.

VC/Chairs

Events bringing vice-chancellors and their chairs of governors together often create new insight by the combination of expertise from within and outside higher education.

Publications

Cross sector perspectives regularly feature in the Leadership Foundation's quarterly magazine, ENGAGE, for example an interview with Barry Quirk (CEO of Lewisham Borough Council) on the challenges of leadership in local government in ENGAGE 10. ENGAGE 7 included an interview with Deborah Rowland, co-founder of Rowland Fisher Lexon Consulting, on achieving successful change across a range of sectors.

Research

Some of the initial round of research projects commissioned by the Leadership Foundation (see research section, pages 14-15) had a substantial focus on cross sector issues/practice. These included Higher Education Leadership of Regional and Local Regeneration Partnerships: Learning from Good Practice - Glyn Owen; and also Becoming the Best - Malcolm Harper which focuses specifically on senior individuals coming into employment in higher education from other sectors.



FUTURE INNOVATIONS

- ▶ Plans for 2007-08 include an 'organisational raid' in the London Borough of Lewisham as a Strategic X-Change event.
- ▶ TMP will be seeking a broader range of outside institutions to visit.
- ▶ Research programmes will offer further perspectives on the interaction between higher education and other best practice.

RESOURCES

Calendar of Events:

www.lfhe.ac.uk/evt-crs.prog

Higher education leadership of Regional and Local Regeneration Partnership:

www.lfhe.ac.uk/publications/research.html

Becoming the Best:

www.lfhe.ac.uk/research/projects/harpermanc.html

CROSS CUTTING THEME: INTERNATIONAL

This financial year, the international strategy has continued to focus on three dimensions:

- | Identifying international practice of interest or benefit to the UK.
- | Creating opportunities for individual and institutional development through projects and programmes with priority countries.
- | Responding to approaches from countries that wish to learn from, or partner with the UK in relation to leadership, management and governor development.

Sino-UK Leadership Development Programme (LDP)

Within the formal Sino-UK Memorandum of Understanding, the Leadership Foundation has continued, with its partners, the Chinese Educational Association for International Exchange (CEAIE) and the British Council, to offer a programme for UK institutions to partner with Chinese institutions with a focus on leadership development. This year, LDP3 welcomed 11 UK research-intensive, comprehensive and specialist institutions and their 11 'twinning' Chinese partners. Two workshops - one in the UK and one in China - were linked to institutional visits. The UK partners worked on a series of leadership projects including internationalisation, IT systems, teaching and learning quality and business-university interactions in the two systems. In May, an additional workshop was held for the previous two cohorts to meet and update each other on their work with China and to hear an informative presentation from the new CEO of the China-Britain Business Council (CBBC). To date, 64 universities in the two countries have participated in this programme.

India-UK Leadership Development Programme

The Leadership Foundation has this year (with initial support from Hefce) begun work to initiate a new IndiaUK LDP. This has involved visiting a number of national government departments, universities and agencies to identify common areas of interest and to discuss support for such a programme. The British Council has acted as facilitator for this dialogue and has pledged support for a programme which should bear fruit in 2007-08.

North America

The Leadership Foundation has continued some existing partnerships, for example, with CASE Europe to support a study visit focused on fund-raising expertise to Canada for a third year, as well as initiating new projects. A study visit to the UK by senior staff from the American Council on Education (ACE) in late 2005 laid the groundwork for two new ventures.

The first involved past participants from the ACE Fellows Programme joining the TMP Fellows annual event in London and the second was the development of a joint programme with ACE: From Competition to Collaboration: Thriving in a Global Future, held in Washington during July 2007. In both the UK and the US institutional visits with partners provided an added bonus to the joint leadership workshops. The success of these ventures means that they will be repeated in 2007-08.

Europe: partnership with the European University Association (EUA)

Like the ACE, EUA is represented on the Leadership Foundation's important International Reference Group. Signifying the value of the relationship to both organisations, the Leadership Foundation was invited by the EUA to be a partner with the Center for Science & Research Management (ZWM), based in Speyer, Germany, in the design and delivery of a series of three seminars (on leadership, performance indicators and HR development) and the publication of a compendium of case studies and articles on 'Managing the University Community'. This provides a wealth of up-to-date and innovative examples of leadership and management practice from across the continent.

Malaysia and Cyprus

The Leadership Foundation responded to requests from ministries of higher education to organise workshops for senior leaders in other countries. The Malaysian delegation came to the UK while senior Leadership Foundation staff travelled to Cyprus to deliver a programme for Cypriot universities.

Delegations

The number of visitors from ministries, rectors' conferences and universities has increased in both number and diversity this year. The Leadership Foundation has hosted visits from Libya, Malaysia, Norway, Sweden, India, Russia, Iraq and Australia.

QUOTE

About Sino-UK Leadership Development Programme

The University of Glasgow has benefited greatly from this exchange programme. We have committed to enhancing significantly the collaborations with our partner institutions in China. The Principal and our Vice Principal (Research and Enterprise) and other senior colleagues have visited Sichuan to identify opportunities for deeper collaboration.

**Professor Andrea Nolan, Vice Principal (Learning and Teaching),
University of Glasgow**

RESOURCES

International:

www.lfhe.ac.uk/international

Managing the University Community:

Exploring Good Practice:

Print copies are available by emailing info@lfhe.ac.uk

CROSS CUTTING THEME: DIVERSITY

A significant development in the Leadership Foundation's aim of integrating diversity into leadership has been the new diversity strategy based on a review of past diversity activities and a consultation with key stakeholders. Strategic goals include:

- | Mainstreaming the principles of equality and diversity into the Leadership Foundation's internal practices and operating as an exemplar in this.
- | Mainstreaming equality and diversity into all the Leadership Foundation's activities including the TMP and other programmes.
- | Placing increased emphasis on diversity issues in the Governor Development Programme and in dealings with the CUC.
- | Extending the diversity standards for TMP selection to other programmes and aim to improve the balance of participation amongst the different equality groups.
- | Placing increased emphasis on diversity in the Leadership Foundation succession planning and talent development initiatives.
- | Providing specific support to chairs of Equality and Diversity Committees and others in leadership roles with particular responsibility in HEIs for implementing equality and diversity.
- | Continuing to support a 'Diversity Champions' group of VC/ Principals.
- | Continuing the dissemination and deployment within the Leadership Foundation programmes of the considerable relevant material already generated by the LF Fellowships, research and other projects.
- | Encouraging further use of mentoring to support leaders from black and minority ethnic (BME) groups as tested in the London School of Economics/University of Warwick project and explore the use of mentoring for other equality groups.
- | Making diversity a particular dimension of Leadership Foundation work and programmes focused on leaders and managers at the very early stage of their careers.

A key process has been the alignment of our strategy with that of Equality Challenge Unit (ECU) led by the chief executive, Nicola Dandridge. This has ensured that we collaborate effectively, complement each others' work and deploy resources in the best possible way.

A further development is a project to support people who chair or lead on equality and diversity in their institutions. A database of these individuals has been created by the Leadership Foundation's Marketing Communications team. We shall report on progress with this project in due course.

FUTURE INNOVATIONS

These will include:

- ▶ Building diversity training into the Governors' Development Programme.
- ▶ Collaborating with the Equality Challenge Unit (ECU) on its proposed governors' project.
- ▶ Initiating other projects as may be relevant to the goals of the diversity strategy.
- ▶ The Diversity Advisory Group continues to meet regularly, providing a crucial steer to our diversity work. We have invited a number of high profile external speakers to present at our meetings, including Robin Landman and Bobby Upple of the Black Leadership Initiative and Professor Mustafa Ozbilgin, chair of Human Resource Management at the Norwich Business School.
- ▶ A second meeting of the Leadership Foundation's Diversity Champions is to be held in October 2007, building on the initial meeting in 2006. It will provide the chance to take stock of progress to date, noting the importance of linking equality and diversity with other agendas including the internationalisation of HE and discussing how the diversity champions may become involved in ECU's activities.

QUOTES

About diversity

"The equality and diversity agenda has matured and become central to the success of universities. It just makes good business sense and the role of Diversity Champions is to carry the word and to explain the benefits."

**John Brooks, Vice-Chancellor,
Manchester Metropolitan University**

"I am delighted to be involved in this initiative. Diversity brings richness to any organisation: different points of view, intermingling traditions, exciting synergies. Yet we are not currently capitalising on the best of diversity in UK Higher Education. Nor, sadly, are we engendering and supporting a real representative mix across the sector. That is why this initiative is so important, not least because of the support that it will bring to individuals, groups and organisations. I will be using my time as chair of GuildHE in particular to move this initiative forward alongside the Leadership Foundation."

**Professor David Baker, Principal,
University College Plymouth St Mark & St John**

RESOURCES

Diversity:

www.lfhe.ac.uk/diversity

The Next Five Years: 2007-2012

INTRODUCTION

This is a short summary of the Leadership Foundation's Strategy and Five Year Plan 2007-2012, agreed in July 2007. This new Strategic Plan comes at a pivotal stage in our history. After a successful first three years (attested by the independent Oakleigh Report published in 2006), we can plan with confidence and secure funding for the next five years. Our priorities for this next phase are clear: to consolidate our existing senior level programmes (including for governors), to grow support for developing leadership and management capacity at other levels, and to innovate to meet tomorrow's challenges. We need to lead the debate about the most appropriate models for leadership, governance, and management in 21st century higher education.



VISION AND MISSION

Our vision is that the leadership, governance and management of UK higher education institutions are regarded as world-class and the practice of excellence in leadership attracts the same high esteem as excellence in research, teaching and learning.

The Leadership Foundation's mission is to deliver a significant and visible contribution towards equipping current and future leaders in higher education with the skills and the awareness of good practice to help them deliver continuous improvement and respond to future challenges by:

- | Developing, commissioning and delivering high quality programmes.
- | Demonstrating the benefits of tailored development approaches for leadership teams in individual higher education institutions.
- | Actively promoting a culture of organisational learning and reflection.
- | Promoting equality and diversity by creating a larger pool from which future leaders, governors and managers within higher education can be drawn.
- | Enhancing the esteem given to effective leaders, governors and managers, thus encouraging a larger and more diverse pool of candidates to seek these positions.
- | Championing examples of excellent leadership, governance and management within UK higher education institutions, so that they are showcased worldwide as model organisations.



CONTEXT AND MARKET

Our new strategic plan builds on research originally prepared by the Work Foundation in 2005, refined by the Leadership Foundation in 2006 and 2007. The Leadership Foundation will continue to identify and assess sector prospects and dynamics. Our key role is to equip leaders with the skills they for culture change (whatever the issue) for leadership success in 21st century higher education. Key issues in the higher education market include student numbers, widening participation, funding and fees, competition and collaboration, institutional branding, HR capacity, IT/e-learning/C-learning, teaching and learning, research and the RAE, internationalisation, resources/estates/project management, employer engagement, governance, the socio-cultural agenda, sustainable development, and diversity. Over the next five years, the Leadership Foundation will pursue two parallel strategic processes: first, maximising the delivery of established programmes; and secondly to refresh and realign our role.

MAXIMISING ESTABLISHED PROGRAMMES

The first track will build on the platform of products and services already created, focussing around five strategic aims:

- | Developing Individuals: to enhance individuals' awareness and capabilities in relation to effective leadership, governance and management of UK HEIs.
- | Building capacity within HEIs: to build leadership capacity within teams and groups working in UK HEIs.
- | Professional and Academic Networks: to build LGM skills, knowledge, and competence within professional and academic networks in UK higher education.
- | Membership: to have a very high proportion of HEIs in membership, and to provide membership services that are perceived as valuable by leaders, managers, and governors of those HEIs.
- | Investments: to enable and disseminate innovation, research and good practice in LGM relevant to UK HEIs.

These are underpinned by four cross cutting themes: diversity, international, cross-sector, and sustainable development. Each aim is supported by a set of strategic objectives, a list of Key Activities and Key Performance Indicators, and an analysis of the risks.



REFRESHING AND REALIGNING OUR ROLE

This will be an emergent and continuing process - centred on the continuing delivery of excellent services. It will reflect the increasing globalisation of the Higher Education market in particular. The following activities illustrate the direction of travel.

- | **Refreshing the vision:** The Leadership Foundation will move from a start-up organisation to become one of the 'senior' agencies in higher education, a natural consultee for government and other stakeholders. The Leadership Foundation will strive to be the highest quality leadership development agency in the public sector, capable of providing services both in higher education and beyond.
- | **Membership:** New membership arrangements are at the heart of our strategy. Funding pressures necessitate an increase in our initial low level of membership fee. We shall do our utmost to retain all HEIs within the Leadership Foundation Membership by delivering a valued range of membership services.
- | **International:** We will develop our international work and profile as an essential complement to our work in the UK. Our expertise is in high demand internationally. The challenge will be to identify and apply criteria to ensure we secure the maximum benefit from international project opportunities - strategically, intellectually, and economically.
- | **Challenge and Advocacy:** It is not enough for the Leadership Foundation to develop excellent programmes, projects, and research. We also need to challenge the higher education sector in the areas of leadership, governance and management, bringing new perspectives, questioning current practice and stimulating new thinking in the light of new challenges.
- | **Innovation:** Continuous innovation is the lifeblood of successful development. The Leadership Foundation will preserve its capacity to commission cutting edge research and innovation, and disseminate the results.
- | **Breaking down the barriers:** The Leadership Foundation's work has to some extent been organised according to traditional structures in the sector. It is clear that over the next five years we shall need to work in a more broadly based way.
- | **Refreshing the Leadership Foundation Board:** The Leadership Foundation is governed by a Board of Trustees with substantial experience of higher education. We will enhance, refresh and broaden the composition of the Board - especially in regard to representation from sectors outside higher education. We will also benefit from the regular attendance of a representative of the Funders as an observer at Board Meetings.
- | **Hefce LGM Fund:** At Hefce's invitation, the Leadership Foundation will play a key role as a partner in the direction and utilisation of Hefce's LGM Fund. This will enable Leadership Foundation to contribute more broadly to the development of LGM in the sector, and it will be a key complement to Leadership Foundation's own direct activities.
- | **UK-wide agenda:** The distinctive agendas of the devolved administrations are likely to intensify over the next five years. We will be careful to deliver a comprehensive set of services for HEIs across all four administrations, recognising specific needs in different parts of the UK.
- | **New Markets:** The Leadership Foundation will seek to expand its activities in higher education, working closely with other relevant agencies (e.g. HEA, QAA, and ECU). We will also seek to offer top quality programmes and other expert interventions in other sectors. The Leadership Foundation will seek new partnerships, collaborations and strategic alignments to broaden the base of its income and its influence throughout the sector and beyond.

FINANCE & FUNDING

In May 2007, the Leadership Foundation concluded an agreement with its four funders (Hefce, SFC, HEFCW, and DELNI) under which support of £6m is to be provided over the period to July 2007. The Leadership Foundation has prepared outline five year estimates on this basis. Clearly they will change significantly, both as the Leadership Foundation's re-envisioning takes place, and as the strategy is implemented. On occasion the Leadership Foundation may use its accumulated reserves to fund one off/time limited activity. Securing good value for money will continue to be key to Leadership Foundation's operations, and we shall take steps to keep costs to a minimum consistent with maintaining our quality standards. In particular, throughout the period the Leadership Foundation will endeavour to minimise the requirement for public funding for its operating activities, in order to devote more resources to its investment activities.



Financial Review

SUMMARY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 July 2007

| | Restricted | Unrestricted | 2007 Total | 2006 Total Restated |
|---|---------------|------------------|------------------|---------------------------|
| | £ | £ | £ | £ |
| Incoming resources | | | | |
| <i>Incoming resources from generated funds:</i> | | | | |
| Investment income | - | 111,783 | 111,783 | 89,669 |
| <i>Incoming resources from charitable activities:</i> | | | | |
| Grant income | - | 1,655,002 | 1,655,002 | 2,100,000 |
| Developing individuals | 54,956 | 1,651,873 | 1,706,829 | 1,310,932 |
| Building capacity at institutions | - | 512,202 | 512,202 | 406,611 |
| Professional and academic networks | - | 298,902 | 298,902 | 476,090 |
| Membership | - | 444,945 | 444,945 | 440,070 |
| Innovation | - | - | - | 75,426 |
| Total incoming resources | 54,956 | 4,674,707 | 4,729,663 | 4,681,490 |
| Resources expended | | | | |
| <i>Charitable activities:</i> | | | | |
| Developing individuals | 53,790 | 1,887,827 | 1,941,617 | 1,796,886 |
| Building capacity at institutions | - | 560,543 | 560,543 | 406,411 |
| Professional and academic networks | - | 670,361 | 670,361 | 1,140,619 |
| Membership | - | 470,823 | 470,823 | 291,702 |
| Innovation | - | 789,974 | 789,974 | 995,338 |
| Governance Costs | - | 30,598 | 30,598 | 27,918 |
| Total resources expended | 53,790 | 4,410,126 | 4,463,916 | 4,659,074 |
| Net movement in funds | 1,166 | 264,581 | 265,747 | 22,416 |
| Total funds brought forward | 41,397 | 943,224 | 984,621 | 962,205 |
| Total funds carried forward | 42,563 | 1,207,805 | 1,250,368 | 984,621 |

SUMMARY BALANCE SHEET

31 July 2007

| | 2007 £ | 2006 £ |
|--|--------------------|--------------------|
| Fixed assets | | |
| Tangible fixed assets | 9,014 | 28,764 |
| Current assets | | |
| Debtors | 311,313 | 877,296 |
| Short term deposits | 1,250,000 | 750,000 |
| Cash at bank and in hand | 1,264,368 | 971,026 |
| | 2,825,681 | 2,598,322 |
| Creditors: amount due within 1 year | (1,584,327) | (1,642,465) |
| Net current assets | 1,241,354 | 955,857 |
| Net assets | 1,250,368 | 984,621 |
| Funds | | |
| Restricted funds | 42,563 | 41,397 |
| Unrestricted funds | | |
| General Funds | 977,805 | 943,224 |
| Designated Funds | 230,000 | - |
| Total funds | 1,250,368 | 984,621 |

FINANCIAL COMMENTARY

Financial Review

During the year to July 2007, the Leadership Foundation realised a surplus of just over £265,000, of which £230,000 has been allocated to a designated fund for international work, reflecting the Board's decision to invest this sum in a two year project to develop its international activity. The Board believes this is a satisfactory result.

Financial operations are underpinned by systems and procedures designed to maintain internal control and secure optimum value for money. These systems have been updated significantly during the year.

The Board is pleased to report a further increase in earned income, particularly from "Developing individuals" and "Building capacity". Correspondingly, this has meant that funding has again reduced as a proportion of total income.

Total expenditure in 2006-07 was at a slightly lower level overall than in 2005-06. This was partly because of the reduction in resources devoted to "Professional and academic networks", and partly because of the smaller quantum devoted to "Innovation" in 2006-07. Expenditure on "Developing individuals" and "Building capacity" increased, in line with the increased income generated. The proportion of staff time spent on "Membership" increased, with corresponding reductions in "Professional and academic networks" and "Innovation".

Future Funding

The Leadership Foundation relies on income from four main sources: fees for open programmes and events, fees for tailored development programmes for specific institutions, membership subscriptions, and a grant from the four funders, managed through Hefce. The Leadership Foundation will continue to develop each stream of its earned income in future years.

In February 2006, the four funding bodies commissioned an independent "interim" evaluation of the Leadership Foundation, to be carried out by Oakleigh consulting. Their report was formally completed in June 2006, and indicated that the Leadership Foundation was progressing very well. Over the succeeding months negotiations were held with the four Funding Bodies, as a result of which a new agreement was reached, providing £6m for the five year period from August 2007 to July 2012.

The Leadership Foundation is managing its finances in such a way as to work within the financial envelope of the £6m grant over the period to July 2012. This will include making progress towards greater self sufficiency, through membership subscriptions, programme fees, other sources of earned income, and improved cost control.

Reserves Policy

The Board has agreed a reserves policy whereby the unrestricted funds of the organisation, excluding sums invested in tangible fixed assets, should be maintained at a level between £0.6m and £0.9m: this represents between two and three months' expenditure in respect of the Leadership Foundation's regular activities and management/overheads.

At 31 July 2007, the general funds of the Leadership Foundation were £978,000, of which £9,000 was invested in tangible fixed assets, thus leaving free reserves of £969,000 (2006 : £914,000). It is the Board's intention to utilize part of these reserves to invest in the sector during 2007-08, thus reducing unrestricted reserves to a figure within the range identified by the Board's Reserves Policy. On this basis, the Board believes its reserve position to be satisfactory.

Financial information

This Financial Review is an extract from the Financial Statements of the Leadership Foundation for Higher Education for the year ended 31 July 2007. As such it may not contain sufficient information to allow for a full understanding of the financial affairs of the Foundation. The full financial statements were approved by the Board Members and signed on their behalf on 28 November 2007. The full financial statements have been submitted to the Charity Commission. The auditors Mazars LLP gave an unqualified audit report on the full financial statements on 28 November 2007. For further information the full financial statements, Report of the Board and Independent Auditors' Report should be consulted and copies of these can be obtained from The Leadership Foundation for Higher Education, 88 Kingsway, London, WC2B 6AA.

Approved by the board members on 28 November 2007 and signed on their behalf by James Ross (Chair) and Ewart Wooldridge (Chief Executive).

INDEPENDENT AUDITORS' STATEMENT TO THE BOARD MEMBERS OF THE LEADERSHIP FOUNDATION FOR HIGHER EDUCATION

We have examined the Financial Review of the Leadership Foundation for Higher Education for the year ended 31 July 2007, which comprises the Summary Statement of Financial Activities and the Summary Balance Sheet.

Respective responsibilities of Board Members and Auditors

The Board Members are responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the Financial Review within the Annual Report with the full annual accounts and the Report of the Board. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent miss statements or material inconsistencies with the Financial Review.

You are responsible, as Board Members, for the preparation of the Financial Review. We have agreed to report to you our opinion on the the Financial Review's consistency with the full financial statements on which we reported to you on 29 November 2007.

Basis of audit opinion

We conducted our work in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for the use in the United Kingdom.

Opinion

In our opinion the Financial Review is consistent with the full annual accounts and the Report of the Board for the year ended 31 July 2007.

Mazars LLP
Chartered Accountants and Registered Auditors
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

29 November 2007

Board List and Committees

THE BOARD

The board are the Directors of the Company, and the Trustees of the Charity. The Members of the Board who served during the year and up to the date of this report were as follows:

James Ross (Chair)

Formerly Chairman, National Grid

David Allen

Registrar and Secretary, University of Exeter

Susan Atkins

(appointed September 5 2007)

Service Complaints Commissioner for the Armed Forces

Professor Raman Bedi

(resigned September 12 2007)

Director, Global Child Dental Health Taskforce,
King's College London

Professor Drummond Bone

Vice-Chancellor, The University of Liverpool;
formerly President, Universities UK

Professor Antony Chapman

(resigned September 14 2007)

Vice-Chancellor and Principal, University of Wales Institute, Cardiff

Professor Sir Ivor Crewe

Master, University College, Oxford

Professor Tariq Durrani OBE

Deputy Principal, University of Strathclyde

Dr David Grant

(appointed September 14 2007)

Vice-Chancellor, Cardiff University

Professor Diana Green

(resigned September 14 2007)

Formerly Vice-Chancellor, Sheffield Hallam University

Mike Hudson

(appointed September 12 2007)

Director of Compass Partnership

Dame Yvonne Moores

(resigned June 20 2007)

Formerly Chair of Council, University of Southampton

Sara Parkin OBE

Founding Programme Director, Forum for the Future;
Council Member, Natural Environment Research Council

Professor Katharine Perera

(resigned September 14 2007)

Director, Women in Leadership Project, University of Manchester

Professor Joan Stringer CBE

Principal and Vice-Chancellor, Napier University

Pamela Taylor

Principal, Newman College of Higher Education

Professor Elaine Thomas

Rector, University College for the Creative Arts at Canterbury,
Epsom, Farnham, Maidstone and Rochester

OBSERVERS

Patricia Ambrose,
and subsequently **Alice Hynes**
GuildHE

Tim Cobbett,
and subsequently **Rannia Leontaridi**
Universities UK

Professor Paul Ramsden
Higher Education Academy

The board has established three sub-committees to assist its work: the Audit Committee, the Remuneration Committee and the Nominations Committee. The Company Secretary is Lew Hodges.

AUDIT COMMITTEE

David Allen (Chair)

Karen Everett
Director of Finance, Bournemouth University

Professor Diana Green
(resigned September 14 2007)

Philip Harding
Director of Finance, University of Westminster

Dame Yvonne Moores
(resigned June 20 2007)

REMUNERATION COMMITTEE

James Ross (Chair)
Professor Tariq Durrani OBE
Professor Joan Stringer CBE
Pamela Taylor

NOMINATIONS COMMITTEE

James Ross (Chair)
David Allen
Professor Sir Ivor Crewe
Professor Tariq Durrani OBE
Sara Parkin OBE
Pamela Taylor

Staff List

CHIEF EXECUTIVE

Ewart Wooldridge CBE

Chief Executive
ewart.wooldridge@lfhe.ac.uk

Beth Pearce

PA to the Chief Executive
beth.pearce@lfhe.ac.uk

PROGRAMME DIRECTORS

Professor Stephanie Marshall

Director of Programmes
stephanie.marshall@lfhe.ac.uk

Ginnie Willis

Director, Leadership Development, Scotland
ginnie.willis@lfhe.ac.uk

Dr Heather Graham

Associate Director, Wales
heather.graham@lfhe.ac.uk

Lorna Bryce

Project Administrator (Scotland)
lorna.bryce@lfhe.ac.uk

Amy Salisbury

Project Administrator (Wales)
amy.salisbury@lfhe.ac.uk

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