

Governors' briefing notes

24. Benefits and impact

Introduction and aim

This Note explores why governing bodies should carefully consider the impact of decisions on different activities when exercising oversight on the allocation of resources.

Topics covered

- Benefits and impact for whom?
- 'Private' and 'public' benefits
- What is the purpose of Higher Education?
- Public benefit reporting
- Paying for the benefits
- The role of governing body
- League tables and reputation
- Benefits and impacts and the student
- How do students judge impact?
- How students might judge impact in the future?
- TEF and reputational risks
- The impact of research
- Impact on skills and the economy
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- Balancing national with local impacts
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- Gaps in student attainment
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01. Benefits and impact for whom?

When judging the value of higher education, different users and beneficiaries will focus on particular activities and the associated benefits and impacts.

02. 'Private' and 'public' benefits

Activities result in 'private' and 'public' benefits. Private benefits are gained by an individual or organisation. Public benefits are more widely shared. For example, following graduation, graduates typically have higher life-time earnings (a 'private' benefit), when compared to non-graduates. Further, on average they are less likely to be unemployed, enjoy healthier lifestyles and be more active in the community. These lead to public benefits: less spending on welfare or health and greater contributions to society.

03. What is purpose of Higher Education?

Differences between private and public benefit lead to the question of what is the fundamental purpose of Higher Education? Is it primarily about private, or public benefit, or a combination of the two? For students in England, the government is emphasising the private (economic) benefits from undertaking programmes of Higher Education study. I.e. better employment prospects and salary gain. Rammell argues this pays insufficient attention to public benefits.¹

04. Public benefit reporting

The majority of UK higher education institutions (HEIs) have charitable status. As a charity, a HEI's activities are expected to lead to public benefit (the public benefit requirement). Information about the public benefits is published each year in the HEI's annual report and financial statements (Annual Report of the trustees). Typically, the public benefit statements made by HEIs discuss how their activities have advanced education and research, and supported widening participation and public engagement. However, as the advancement of education is automatically deemed to be a public benefit, institutions are not required to prove how their activities actually benefitted the public or explain how their approach creates specific benefits. Rammell suggests the requirement placed on HEIs to evidence public benefit should be strengthened.²

05. Paying for the benefits?

Private benefit is why an individual or organisation (e.g. for commercially funded research) pays in full, or part, for an activity. However, most activities will lead to both private and public benefits. This is a justification for public support. Support may enable the activity to take place, or allow a greater scale of activity than would occur without such support. Governments need to decide how the balance of benefits should be reflected in the division between the private and public funding.

06. The role of the governing body

Governing bodies are responsible for exercising oversight of the institution's activities and its reputation. Governors should understand the impact of their decisions on the users and beneficiaries of Higher Education. If they believe a proposed allocation of resources may lead to difficulties,

they should be prepared to constructively challenge the executive team. Institutions will however need to make choices: none have unlimited resources. Resources committed to supporting one activity, will be unavailable to support another. Governors advised by the executive will need to make a judgement on the importance of different users and beneficiaries, and the institution's priorities.

07. League tables and reputation

Governing bodies are mindful of the institution's reputation and standing, particularly when compared to its peers. Despite reservations about their compilation and what they show, governing bodies often pay attention to published league tables. Significant movements in an institution's table position, depending on the direction of travel, will be taken as an indicator of improvement or decline. Governing bodies will be concerned if there is a downward trend and expect the executive to take corrective action.

08. Benefits and impacts and the student

Students are the primary users and beneficiaries of Higher Education programmes of study. In order to undertake their studies, English students now pay significant fees. This together with a highly competitive (global) labour market means many students are concerned about their employment prospects. HEIs with a good reputation and graduate employment record are likely to experience stronger demand for places on their programmes.

09. How do students judge impact?

Government policy is to improve the information available to students to inform their choice of course and institution. Key Information Sets (KIS) are published on the [UNISTATS](#) website to assist this process. The KIS data includes information from the National Student Survey (NSS) and graduate earnings. Future information will become available following the introduction of the Teaching Excellence Framework (TEF).

10. How students might judge impact in future?

The TEF aims to help inform student choice, raise the esteem of teaching, reward teaching excellence and link Higher Education programmes to employer needs. From 2018/19 (TEF2), teaching quality will be assessed using NSS data and information about student retention and graduate employment. Providers will also be able to submit additional qualitative information to the TEF assessment panel. TEF assessments will initially relate to the provider, but from

2020/21 will be at subject level. It is proposed an institution's ability to increase its tuition fees will depend on its TEF rating.⁴

11. TEF and reputational risks

Early modelling shows some HEIs traditionally occupying a high position in published league tables (due to the weighting given to research), may find themselves in a lower position once the TEF results are known and factored in. There has been speculation that some of the affected research-intensive institutions, fearing that it will undermine their reputation and standing amongst international students, could decide not to participate in the TEF. More generally, reputation risks are likely to mean that governing bodies will pay close attention to the institution's TEF score and the components (e.g. NSS).

12. The impact of research

The 2014 Research Excellence Framework (REF) determined the allocation of quality research (QR) funding from 2015 to 2020. For the first time, HEIs were asked to submit 'impact case studies', allowing the assessment of research (R) excellence to take account of impact. This development was driven by the desire of government to see evidence that R was leading to impact. The next REF, planned for 2021, is also expected to include the impact of research as part of its assessment of R excellence.

13. Impact on skills and the economy

The role of Higher Education in the national economy is significant. As human, rather than physical capital, has become central to national competitiveness, advancing the knowledge base and the stock of higher-level skills has become more important. Significant 'invisible' earnings are also generated by International students studying in the UK.

14. Impact on sub-regional economies

HEIs are frequently amongst the largest employers, generating significant economic 'multiplier' effects, and act as anchor institutions for businesses in their locality.⁶ As a result, geographical areas lacking an HEI ('cold spots') are seen to be at a disadvantage.

15. Balancing national with local impacts

The balance and impact of an HEI across national and local geographies, will reflect an HEI's mission and the positioning, as well as the institution's strengths. HEIs are positioned across a spectrum: at one end a strong focus on national and international; at the other local/regional

engagement. Most institutions will have elements of both. Institutions with a strong local/regional focus to their mission and strategy, are likely to engage in sub-national place-based activity, often seeking to secure resources mediated through local structures (e.g. Local Economic Partnerships or local authority led devolution deals).

16. Benefits from technology transfer

Knowledge exchange (KE) encompasses a range of activities: some undertaken for profit and others largely for public benefit. One strand of KE is technology transfer (TT).⁷ A recent report suggests for HEIs TT rarely makes money, but can generate significant public benefit.⁸ The report calls on governing bodies to be mindful of the need to balance the institution's income (financial) benefits and the wider (public) impacts of TT.

17. Fair access

Students from disadvantaged backgrounds remain less likely to enter Higher Education when compared to those from more advantaged backgrounds. While some progress has been made in raising participation rates from disadvantaged groups: a gap remains. This is particularly true for some HEIs. Some institutions recruit predominately from a relatively narrow socio-economic base.

18. Gaps in student attainment

At sector level there are unexplained differences in attainment between the most and least advantaged students, together with students from black and minority ethnic (BME) backgrounds. The evidence raises questions about the impact of Higher Education teaching and learning on students from different backgrounds.

19. Public engagement and impact

Many HEIs operate cultural spaces (e.g. museums, art galleries) or make available other amenities (e.g. sports facilities) to the public. Public engagement may take the form of public lectures, music events or literature festivals: all activities that result in public benefits. In past such activities were often provided 'free' by institutions who saw them as part of their public duty; and funded out of the general public funds they received. As such funding has shrunk some institutions have reduced levels of activity, or increasingly sought to charge for access to some of the amenities (e.g. use of sports facilities).

20. Impact and employees

The institution's employees are also a key group of stakeholders. The institution's culture (i.e. values and

beliefs) will have a significant bearing on the expectations placed on staff, how they are treated and individual performance judged. Governing bodies have an important role in overseeing the institution's culture and employment policies.

21. Concluding remarks

HEIs generate private and public benefits. They have multiple constituencies, whose membership often has different priorities. Matching activities and impacts to different users and beneficiaries requires the governing body to make choices as to the allocation of resources. Further, discrete funding streams mean institutions are increasingly expected to link activities and impacts directly to funding. Cross-subsidisation between activities, whether intended or otherwise, is coming under increasing pressure. Governing bodies will need to be sensitive to this context, and the changing expectations of different users and beneficiaries. For example, students. With finite resources, reconciling potentially conflicting demands requires the executive and governing body to exercise careful judgement, informed by a clear understand of the likely impact of their decisions on the institution's different users and beneficiaries.

Questions to review

- Do governors regularly consider how resources are being allocated to meet the needs of different users and beneficiaries?
- Are some users and beneficiaries privileged above others?
- How are potential conflicts between different Higher Education users and beneficiaries reconciled?
- What assurance do governors receive that the needs of different users and beneficiaries are being met?
- Does the governing body examine each year the institution's NSS scores?
- What is the institution's strategy on 'fair access'? Is it working? How do you know?
- What is the balance between national/international and/or regional/local activity?
- What is the institution's approach to technology transfer?
- Does the institution have a strategy for public engagement? Are activities free to the public?
- Does the governing body regularly assess the culture of the institution and its policies in respect of employment?

End notes and further reading

- 1 Rammell B (2016), [Protecting the Public Interest in Higher Education](#), *Higher Education Policy Institute*, October.
- 2 Rammell B (2016), *Ibid.*
- 3 The [NSS](#) is a survey of final year undergraduates, whose aim is to provide feedback on the quality of the students' experience.
- 4 For a critical view of government policy and the TEF, see Collini S (2016), [Who are the spongers now?](#) *London Review of Books*, Vol. 38. No.2 January 2016, pp.33-37.
- 5 Havergal C, [Mock TEF results revealed: a new hierarchy](#), *Times Higher*, 23 June 2016.
- 6 The role of HEIs as an 'anchor' for clusters of innovative businesses and in relation to the knowledge economy more generally is discussed in: [The connected university: driving recovery and growth in the UK economy](#), *National Endowment for Science, Technology and the Arts (NESTA)*, Research report, April 2009.
- 7 Technology transfer is concerned with the processes used to exploit intellectual property (IP) developed through the institution. This may be by setting up a separate company (a spin out), or licensing the IP to another party to exploit. A key question when this happens is the extent to which an HEI seeks to achieving private (financial) benefit.
- 8 [University Knowledge Exchange \(KE\) Framework: good practice in technology transfer](#). *Report to HEFCE and the UK Sector by the McMillan Group, Higher Education Funding Council for England*, September 2016.