

Cyngor Cyllido Addysg  
Uwch Cymru  
Higher Education Funding  
Council for Wales

Cwrt Linden  
Clos Ilex Llanisien  
Caerdydd CF14 5DZ  
Ffôn 029 2076 1861  
Ffacs 029 2076 3163  
www.hefcw.ac.uk

Linden Court  
Ilex Close Llanishen  
Cardiff CF14 5DZ  
Tel 029 2076 1861  
Fax 029 2076 3163  
www.hefcw.ac.uk

hefcw

Cylchlythyr

Circular

## Strategic Engagement

**Date:** 22 June 2009  
**Reference:** W09/20HE  
**To:** Heads and Chairs of higher education institutions in Wales  
**Response by:** No response required  
**Contact:** Name: David Blaney  
Telephone: 029 2068 2221  
Email: david.blaney@hefcw.ac.uk

This circular confirms the approach to be adopted by HEFCW to improve the quality and effectiveness of our strategic engagement with HEIs in Wales. Arrangements outlined in this circular encompass revised arrangements for the review of institutional strategic plans, for institutional assurance and for our engagement with governing bodies. In addition, it confirms changes to the arrangements for the meetings between the Council and institutions which have traditionally been held in October each year.

This document is available online, in large print, Braille, on CD and on audio CD and cassette. Should you or someone you know require this in an alternative format, please contact us on (029) 2068 2280 or email [info@hefcw.ac.uk](mailto:info@hefcw.ac.uk).

Noddir gan  
Lywodraeth Cynulliad Cymru  
Sponsored by  
Welsh Assembly Government



## **Introduction**

1. This circular presents a number of proposals which have been developed by HEFCW to improve the quality and effectiveness of our strategic engagement with HEIs in Wales. The circular was presented in draft form in order to provide a basis for discussion at the March 2009 Strategic Dialogue. Subsequent to that discussion, the document was developed further by a working group of Chairs of Higher Education Wales (CHEW), Higher Education Wales (HEW) and HEFCW and a further opportunity was provided to members of CHEW and HEW to comment on the revised document.

## **Background**

2. We have, for some time, been considering the extent to which our engagement with institutions is effective. Although we engage with institutions on a range of matters during the typical annual cycle, we accept the criticism occasionally offered that we tend to engage at too operational a level, with insufficient attention being paid to institutional strategic direction. We also take the view that there is scope for securing better integration between the current range of interventions that we make routinely and the provision of more helpful information to allow institutional governing bodies better to discharge their responsibilities in respect of the strategic development of their institution.
3. In the light of the above, we have proposed changes to the way in which we engage strategically with institutions. Accordingly, this circular confirms the approach to be adopted by HEFCW to improve the quality and effectiveness of our strategic engagement with HEIs in Wales. Arrangements outlined in this circular encompass revised arrangements for the review of institutional strategic plans, for institutional assurance and for our engagement with governing bodies.

## **Purpose and Principles**

4. We engage strategically with institutions to:
  - understand, and be comfortable with, their strategic direction;
  - assure ourselves that the HEI is sustainable;
  - contribute to our understanding of the overall sustainability of higher education provision in Wales;
  - enhance each institution's understanding of Welsh Assembly Government (WAG) and HEFCW priorities;
  - allow us to meet our statutory responsibilities in advising the Welsh Assembly Government on the funding needs of the sector and on other matters relating to the development of higher education in Wales.

5. In all of these, we seek to assure ourselves that institutions are making proper use of public funds, are meeting their statutory obligations and are having due regard for WAG priorities.
6. Our engagement with institutions has to be effective in terms of our responsibilities both for the funding we provide to individual institutions and for the future of the sector as a whole. In order both to sharpen the impact of that engagement, and to provide a source of information for governors, we believe that we should increase, where appropriate, the degree of our engagement with the governing body (noting that heads of institution are members of their governing body and that, in the vast majority of instances, our initial point of contact will be with the executive). Our aspirations to improve our engagement with institutions are consonant with specific reference to engagement in HEFCW's 2009-10 Remit Letter from the Welsh Assembly Government.
7. Our engagement should adhere to the following broad principles.
  - Our dialogue with institutions should be based on clear criteria and key performance indicators in order to maximise the extent to which such dialogue will turn on common understanding and shared information. We will need to monitor the performance of the sector as a whole (particularly in respect of WAG policy priorities) and there is merit in operating, as far as possible, a standard set of indicators. Nonetheless, there is no suggestion that the diversity of the sector should be undermined by this approach and the applicability of certain indicators will vary between institutions. Similarly, there are some factors which do not lend themselves easily to measurement but which are no less important and will also inform the dialogue between us and the institutions.
  - We should adopt an approach which seeks to integrate the various ways in which we engage with institutions but which incorporates sufficient flexibility to be responsive to differing institutional contexts.
  - We should place greater reliance on institutions' own governance assurance and monitoring arrangements, where appropriate.
  - We should use existing data wherever possible.
  - We should be explicit in communicating our processes, and the outcomes of our deliberations, to the institutions.
  - We should establish a clearly defined set of actions for institutions and ourselves appropriate to outcomes (this is picked up in more detail at paragraph 21 below).
8. We have a number of existing processes through which we review the adequacy of HEIs' strategic direction, accountability arrangements and long-term sustainability. Underpinning these processes are a range of financial and statistical data (actual and forecast) and other information sources (e.g. strategies in relation to specific policy areas). However, we believe these

processes need to be improved, not least in terms of meeting/addressing a number of the general principles outlined above (clarity of criteria; integrated approach; communication of processes and outcomes). Details are provided in the next sections for new approaches to the review of institutional strategic plans, to our current assurance processes and to engagement with governing bodies.

## Strategic Plans

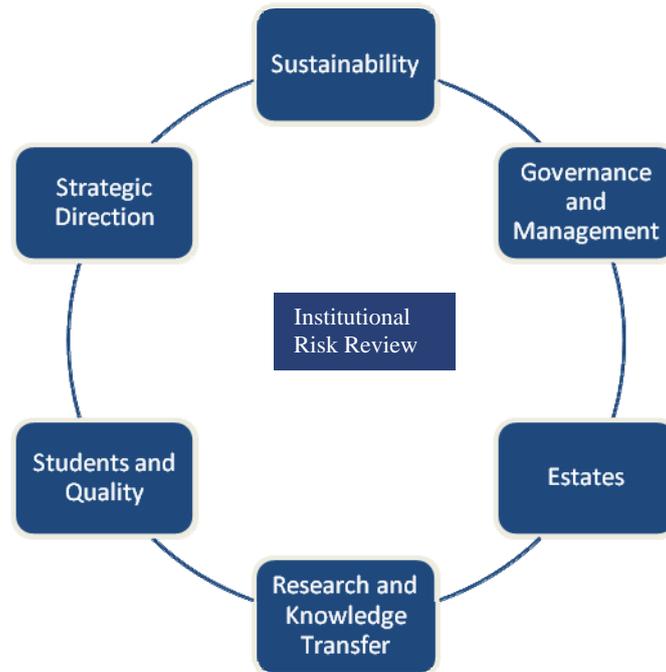
9. We currently request institutions to submit a copy of their latest strategic plan (or an update, if the institution prefers) on an annual basis. HEFCW analyses the plans and gives written feedback, both generic to the sector and specific to each individual institution. The essential role of institutional executives, particularly the head of institution as accounting officer, is understood. Nonetheless, the governing body is ultimately responsible for the strategic direction and sustainability of the institution and we wish to ensure that our feedback is shared with the full governing body.
10. The difficulties with the current approach are:
  - Some institutions have commented (including through our external stakeholders survey) that feedback is not strategic and focuses on superficial aspects;
  - A requirement for annual submission discourages longer term strategic approaches and update information provided may not be meaningful;
  - In many cases, we have already given feedback on more detailed institutional strategies and plans (e.g. learning and teaching, widening access, etc) and thus there is less value added by the analysis of institutional strategic plans.
  - If our feedback is not sufficiently strategic it does not inform institutional strategic direction, in keeping with WAG priorities and HEFCW's corporate strategy.
  - Similarly, the feedback provides less focus for our Council's visits to institutions.
  - We are not adequately informed through this process of the funding needs of the sector such that we can meet our statutory responsibility to advise WAG.
11. We intend to provide more detailed analysis and feedback on institutional plans on a three-year cycle. We will move to request plans only every three years, on a cycle to be agreed with each institution to inform/fit its planning process. This will facilitate a significantly more in-depth engagement with institutions than is currently possible and will encourage institutions to adopt a more strategic, longer-term focus to their planning. The detailed analysis and triennial feedback would include dialogue (preceded by a letter giving initial feedback which will, itself, be preceded by officer dialogue as appropriate between HEFCW and institutional staff) with the head of

institution, the Chair of the governing body and others. This will complement the existing range of meetings with the sector, including the institutional visits. In this context, we believe it will be more productive to invite individual institutions to meet with the Council before one of its meetings, rather than invite a number of institutions to present to the Council in October, as currently happens. We will, therefore, not be holding the “October meetings” henceforth.

12. It is recognised that institutions are autonomous bodies which receive only some of their funding from public sources. It remains very much in the public interest that institutions should continue to seek to diversify income streams beyond HEFCW funding and that strategic plans, and our engagement with them, should adopt an holistic perspective. Whilst we will continue to test that strategic intentions are compatible with WAG policies and that the proportion of institutional income for which we are accountable is being used properly and to best effect, we will recognise the broader perspective. Any tensions which might arise between broad institutional direction and WAG policy will be addressed in the dialogue between us and institutions.
13. As with the more detailed institutional strategies, an annual monitoring statement or update would be provided by each institution in the intervening years. We will also continue to request and review sub-strategies, such as third mission, learning and teaching and capital investment plans.
14. Ideally, we would wish to implement this new approach as soon as possible, but we are conscious that the need to engage with institutional responses to the outcomes of the Jones review of higher education might necessitate some delay to implementation of a three-year cycle. Institutions have been asked, therefore, to submit plans according to normal arrangements this summer.

### **Institutional Assurance**

15. In addition to improving the quality of dialogue between HEFCW and institutions in respect of strategic plans, we believe we can substantially refine our processes for institutional assurance which currently encompass risk assurance visits as well as the assessment, of financial health. Whilst clearly important, we believe that financial health assessment reflects only a partial picture of the broader state of institutional health and associated risks.
16. Accordingly, we intend to adopt a more holistic institutional risk review (IRR) approach which integrates financial health assessment with a range of other key risk areas as indicated below.



17. We consider that, given the differing missions of autonomous institutions, the six key areas identified in the diagram above should not be weighted (not least because the relative significance between the areas will vary between institutions and over time). For each, we have attempted to identify:

- What are the issues with which we are concerned?
- What are the different key performance indicators (KPIs)/criteria/evidence that we should use to underpin our risk assessment of each key area?

Our proposals are set out at **Annex A**. These proposals will be developed further. In developing the performance indicators, we are keen to identify a limited number which are truly “key”. We are also conscious of the need to minimise duplication with existing KPIs in institutions, whilst seeking to ensure that we measure performance across the sector on a consistent basis, where applicable, particularly in respect of WAG priorities. This implies dialogue with institutions to harmonise KPI uses where possible. We also anticipate that the final set of KPIs will need to vary over time, particularly if circumstances arise which require the addition of an indicator or which render a particular indicator redundant. We will seek, however, to minimise such perturbation both to minimise the burden associated with change, but also to secure good time series.

18. We intend to assess each key risk area, for each institution, as being of ‘Low’, ‘Moderate’ or ‘High’ risk with the definition of each level of risk as follows:

**‘Low risk’** - No major concerns. This will result in the standard approach to monitoring and engagement.

**‘Moderate risk’** - Some risk and/or accountability issues identified, leading to concerns about long-term sustainability, but not significant enough for HEI to be regarded as at high risk. This will result in increased engagement with HEIs.

**‘High risk’** - Institutions which face threats to their short to medium -term sustainability. This will result in a high level of engagement with the institution.

19. Reaching conclusions about the level of risk of any particular key area, or about how these collectively ‘add up’ to an overall assessment of the institution's level of risk, will be a matter of judgement, albeit supported by evidence. We do not propose defining our risk assessments on the basis of any kind of rigid, formulaic approach.
20. Where institutions have an overall risk rating of Moderate or High, or where one or more of the six key areas is rated Moderate or High, HEFCW will engage with, and monitor, those institutions more closely than normal. The nature of the engagement will vary according to the particular circumstances, but will always be proportionate to the perceived risks. We will also be mindful of the need to ensure that a focus on process does not prevent effective achievement of outcomes from the engagement. Whilst, ultimately, it will be for us to decide what form of action should be taken, the intention will be to take action which both clarifies the situation and resolves the issues. We will, therefore, work with the institution in determining the most appropriate action to take. Some examples of what we might mean by additional engagements with HEIs at Moderate or High risk, and the additional requirements placed upon them, are below:
  - discussions with the institution’s designated staff members and/or other members of senior management (with the knowledge of and, where appropriate, the involvement of the head of institution);
  - requiring the HEI to provide additional data and information;
  - discussions with the Chair of governing body, chair of audit committee or the whole governing body;
  - working with the HEI to identify a support strategy and recovery action plan, including an exploration of opportunities for reconfiguration/collaboration with other institutions;
  - HEFCW implementing a future options appraisal of the institution;
  - *in extremis*, attaching special conditions to the HEFCW grant or attending an institution’s audit committee and/or governing body meetings;
  - in all cases, bringing regular progress reports to HEFCW's Audit & Risk Committee and Council.

21. As is currently the case with financial health monitoring, we will undertake IRRs on an annual basis with an interim review after six months. The timing of IRRs will be related to the standard timings for receipt of the various data and information returns (Strategic Plans or annual updates; financial forecasts; staff and student number forecasts; etc).
22. We intend that heads of institution, and chairs of governing bodies, be informed of HEFCW's overall risk assessment of their institution at least once a year. Conducting IRRs on a six monthly basis, however, will provide the opportunity to consider any new information or developments, and possibly to revise our risk assessments of some institutions.
23. We also intend to move to a more risk-based approach to institutional assurance reviews in which we will place more reliance for assurance on institutions' own processes. That is, to focus attention more on seeking assurance on the robustness of institutions' own risk management, control and governance processes and on evidence of appropriate responses by institutions to issues raised by those processes. We envisage a revised, 'lighter touch' approach for assurance visits, where appropriate. We intend to develop these proposals further with a view to implementing after the current round of institutional assurance reviews is completed in September 2009.

### **Information toolkit for governors**

24. We are conscious that there is a wide range of information to which governing bodies could usefully have access to assist in meeting their obligations in respect of the strategic direction of their institution. In particular, we are conscious that governing body consideration of the shape and future strategic direction of an institution can benefit from information relating to the context of institutions in Wales and the UK. We are clear that the primary responsibility for the provision of such information rests with the institutions and our main concern should be to seek assurance that appropriate arrangements are in place in institutions. Given, however, that we hold much of the information, and that we use it to inform our assessment of institutional risk, we believe we could usefully provide this information on a more routine basis for governors to support the role of the institution in this regard. Accordingly, we intend to establish an information toolkit for governors.
25. The toolkit comprises three parts:
  1. A handbook which identifies the range of existing useful data sources and information. Our proposal is attached at **Annex B**.
  2. A range of reports prepared annually by HEFCW which will demonstrate, mainly graphically, the performance of both the Welsh sector, and individual institutions, in a broader UK context. An indicative

list of proposed KPI reports for inclusion in the Toolkit is set out in the **final column of the table at Annex A**. This list is work in progress and we will review them after twelve months.

3. Reports outlining the sector's performance against Welsh Assembly Government targets (currently the *Reaching Higher* targets), along with institutional contribution to meeting those targets
  
26. We intend that, for the first edition of the Toolkit, we will include details of the sector's historical performance against the *Reaching Higher* targets (which we already report via our Annual Reports and on our website), and also of sector forecasts against the targets (which we already report in our Corporate Plan). We are also looking into the feasibility of providing to each HEI (as an individualised supplement to the Toolkit) details of their individual historic and forecast performance to date against each *Reaching Higher* target. It is important to note that the toolkit will entail no additional burden on institutions: it will be a distillation of data which are already available.
  
27. All relevant data will be available for a target publication date for the Toolkit of September.

#### **Further information / responses to**

28. For further information, contact Dr David Blaney (tel 029 2068 2221; email [david.blaney@hefcw.ac.uk](mailto:david.blaney@hefcw.ac.uk)).

## Revised IRR process + Information Toolkit for Governors:

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
<b>Sustainability</b>		
Current financial health and indicative future financial sustainability	<p>Historic Cost surplus /(deficit) as % of total income</p> <p>Return on net assets (operating surplus/net assets, excl pension liability)</p> <p>Viability (expendable net assets to long term debt)</p> <p>Liquidity ((net liquid assets / total expenditure less deprecn)*365) - days</p> <p>Borrowings (borrowings as % of income including and net of pension deficit) - suitable HEI gearing ratio (rather than as % of reserves)</p> <p>Staff costs as % of total income (including depreciation)</p> <p>Premises cost as % of total expenditure (excluding depreciation)</p>	<p>For each of the following, present as histograms showing:</p> <ul style="list-style-type: none"> <li>- All UK HEIs</li> <li>- Each Welsh HEI labelled</li> <li>- Median labelled</li> <li>- 1<sup>st</sup> &amp; 3<sup>rd</sup> quartile (or lower &amp; upper decile) labelled</li> </ul> <p>Historic Cost surplus /(deficit) as % of total income</p> <p>Liquidity ((net liquid assets / total expenditure less deprecn)*365) - days</p> <p>Borrowings as a % of income (net of pension deficit)</p> <p>Staff costs as % of total income (including depreciation)</p> <p>Premises cost as % of total expenditure (excluding depreciation)</p>

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
	<p>Working capital to meet day to day needs (liquid assets to current liabilities)</p> <p>Council Grant as % of total income (including investments &amp; endowment interest)</p> <p>Ability to service debt: Interest payable (excluding pensions) as % of surplus/loss (excluding depcn)</p> <p>Operating surplus/(deficit) adjusted by FEC net adjustment from TRAC data</p>	<p>Operating surplus/(deficit) adjusted by FEC net adjustment from TRAC data</p> <p>Total income per academic FTE</p>
Credibility of forecasts	Comparisons of previous years' forecasts vs. actuals: variances between actual and forecast financial performance, and HEI's explanation of these	
Integration and connectedness between financial planning and institutional strategies	Evidence of correlation between financial forecasts and student and staff number forecasts & estates plans.	

<b>Key Area:</b> <b>What are the issues ?</b>	<b>Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)</b>	<b>Initial KPIs to include in the Toolkit</b>
<p>Reasonableness of assumptions about any major changes to, or trends in, income or expenditure across the planning period.</p> <p>Reasonableness of institution's identification and analysis of financial sensitivities.</p> <p>Integration and connectedness between student and staff number forecasts and income and expenditure forecasts.</p>	<p>[Data: audited financial statements; five year forecasts &amp; commentary; staff + student number forecasts; full Strategic Plans submitted once every three years, or annual corporate plan monitoring statement /update; procurement reports; estates strategies]</p>	
<b>Students and Quality</b>		
<p>Balance of provision (FT/PT; PG/UG; overseas)</p> <p>Recent trends and current position in relation to student recruitment, retention and progression</p> <p>Credibility of forecasts (cf. previous forecasts; past performance; market conditions; WAG steers on growth)</p>	<p>Trends in all categories of provision.</p> <p>Historical retention/ non-completion rates – from EYM figures vs funded numbers, and from PIs in HE data (published on HESA)</p> <p>Historical UCAS application / accepted application rates.</p>	<p>Trends in all categories of provision.</p> <p>Total HE students FTE by institution - Welsh HEIs in UK context.</p> <p>Widening access performance against benchmark.</p> <p>Retention performance.</p>

<b>Key Area:</b> <b>What are the issues ?</b>	<b>Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)</b>	<b>Initial KPIs to include in the Toolkit</b>
Connect between forecast student numbers & income projections	[Data: EYM returns; funded numbers; UCAS application & accepted application trends (final year data, January); Performance Indicators in HE in the UK; HESA data]	
GO Wales – Placements, Tasters, Graduate training and development opportunities, Graduate Academic Participants, Freelancer participants.	Achievement of 85% of agreed targets over the timeframe of the project (3 years), and spending 85% of participant costs budget as appropriate to ensure the GO Wales is able to operate within budget	
Delivering within agreed budgets.	A plus or minus variation of no more than 15%	
Quality of student experience	Outcomes of QAA, Estyn, OIA engagements.	Outcomes of QAA, Estyn, OIA engagements.
<b>Strategic Direction</b>		
Coherence of HEI's Strategic Plan, and complementarity with sub-strategies.	Quality of Strategic Plans: coherence; sustainability; KPIs; monitoring.	
Consonance between strategic direction and WAG policy priorities. Appropriate engagement with reconfiguration and collaboration.	Annual Monitoring Statements for various sub-strategies.	

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
<p>Quality of data and supporting MIS – to provide assurance that data returns which inform HEFCW funding are correct.</p> <p>Credibility of forecasting (cf. previous forecasts; past performance; market conditions; WAG restrictions on growth)</p> <p>Credibility of management information</p>	<p>Five-yearly external audits of institutions' data systems.</p> <p>Annual internal audit assurance to institutions' Audit Committees about controls for accuracy of data.</p> <p>Student &amp; staff data forecasts; Income / expenditure profiles.</p> <p>[Data: Full Strategic Plans submitted once every three years; Annual corporate plan monitoring statement /update, setting out the institution's progress against its own key performance indicators.]</p>	
<b>Research &amp; Knowledge Transfer</b>		
<p>Research:</p> <p>Credible research strategy</p> <p>Research delivery</p>	<p>Research:</p> <p>Research strategy appropriate to mission and sustainable.</p> <p>Measures of research delivery:</p>	<p>Research:</p> <p>Measures of research delivery:</p>

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
	<ul style="list-style-type: none"> <li>• RAE outcomes  Amount of Research Council income and % share of Wales and UK totals</li> <li>• Amount of 'other' external research income and % share of Wales and UK totals.</li> <li>• Completion rates for PhD programmes (including comparisons with figures published by HEFCE).</li> <li>• Numbers and percentage of research only staff (e.g. research associates and fellows) who are not on fixed term contracts (annual funders forum report).</li> <li>• Research output figures published annually in 'Performance Indicators in Higher Education in the UK' (HESA).</li> </ul>	<ul style="list-style-type: none"> <li>• RAE outcomes</li> <li>• Trends in Research Council income and % share of Wales and UK totals</li> <li>• Trends in 'other' external research income and % share of Wales and UK totals</li> <li>• Completion rates for PhD programmes.</li> <li>• External research income, excluding QR, per academic FTE.</li> <li>• Total value of externally sponsored research and this as a % of total income.</li> </ul>

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
<p>Knowledge transfer:</p> <p>Is institution fully engaged with this area? Is it delivering?</p>	<p>Knowledge transfer:</p> <p>Measures of KT delivery:</p> <ul style="list-style-type: none"> <li>• total number of consultancy contracts delivered by Welsh HEIs</li> <li>• total number of facilities and equipment related service contracts delivered by Welsh HEIs</li> <li>• Number of software and non-software licences.</li> <li>• number of all Welsh active firms including spinouts with some HEI ownership, formal spinouts not HEI owned, and staff start-ups</li> <li>• number of Welsh HE sector graduate business start-ups.</li> <li>• Total learners days of CPD/CE courses delivered by Welsh HEIs</li> </ul>	<p>% contributed by .....(insert HEI )</p> <p>% contributed by .....(insert HEI )</p>

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)      Initial KPIs to include in the Toolkit
<b>Governance &amp; Management</b>	
Assurance on the governance, risk management and internal control arrangements established by the institution to safeguard public funds paid by HEFCW to HEIs.	Compliance with Financial Memorandum and Audit Code of Practice between HEFCW and institutions – including evidence that institution using HEFCW funds for purposes intended.
Evidence of governing body engagement with Strategic Plan and other key institutional activities	<p>Evidence from:</p> <p>a) annual submission of various assurance returns (Annual Assurance Return signed by designated officer; Audit Committee Annual Report; Internal Auditors Annual Report; etc.); and</p> <p>b) cycle of institutional assurance review visits (esp. from work of internal and external auditors)</p> <p>Evidence of appropriate levels of engagement by the governing body with:</p> <p>i) <i>strategic planning</i></p> <ul style="list-style-type: none"> <li>• Governing body actively involved in agreeing Plan; developing associated</li> </ul>

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
	<p>KPIs; monitoring progress; benchmarking against competitors</p> <p>ii) <i>risk management</i></p> <ul style="list-style-type: none"> <li>• Risk (and opportunity) management fully embedded in strategic planning process; actively managed; distributed throughout institution</li> </ul> <p>iii) <i>internal controls</i></p> <p>Governing body:</p> <ul style="list-style-type: none"> <li>• Owns and drives internal audit annual plans</li> <li>• Reviews internal and external auditors' reports and opinions, and ensures that audit recommendations are effectively implemented</li> <li>• Regularly reviews governing body effectiveness (including against best practice guidance – e.g. CUC, LFHE)</li> <li>• Ensures institution is meeting all requirements of HEFCW's Financial Memorandum and Audit Code of Practice, and is providing timely responses to all key HEFCW returns</li> <li>• Has adequate arrangements for reporting serious incidents (e.g. significant fraud or</li> </ul>	

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
<p>Appropriate quality assurance arrangements</p> <p>HR matters: Proactive and effective management of staff (to help ensure delivery of all</p>	<p>irregularity, or major accounting breakdown)</p> <p>iv) <i>Equality &amp; diversity</i></p> <ul style="list-style-type: none"> <li>• Governing body actively engages with E&amp;D issues, including identification of institutions' own KPIs and progress measures (eg how governing bodies are promoting governing body membership to under-represented groups).</li> <li>• Strategic Plan explains how institution is addressing E&amp;D issues (including any specific matters brought to light by HEFCW-commissioned research and evaluation).</li> <li>• Institution has adequate arrangements to ensure it meets E&amp;D legislative requirements (e.g. publishing annual E&amp;D reports).</li> </ul> <p>Quality assurance:</p> <ul style="list-style-type: none"> <li>• QAA reports</li> <li>• Estyn reports</li> <li>• Student satisfaction surveys [NSS]</li> </ul> <p>HR matters:</p> <ul style="list-style-type: none"> <li>• HR strategy and policy framework</li> </ul>	<p>Equality &amp; diversity:</p> <p>A selection from our annual E&amp;D data analysis publication (age; disability; ethnicity; gender), which includes UK comparisons. Presented graphically.</p>

<b>Key Area:</b> <b>What are the issues ?</b> the other objectives)	<b>Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)</b>	<b>Initial KPIs to include in the Toolkit</b>
<p>Assurance about management capacity</p>	<ul style="list-style-type: none"> <li>• Framework/strategy for staff leadership and management development</li> <li>• Staff recruitment</li> <li>• Staff composition (FT/PT balance; fixed-term/permanent contracts)</li> </ul> <p>As evidenced by all the other KPIs/evidence.</p>	
<p><b>Estates</b></p>		
<p>Evidence of a strategic approach to estates planning. Consistency with HEI's Strategic Plan.</p>	<p>Coherence of estates strategy, and complementarity with overall Strategic Plan.</p>	
<p>Consistency with financial forecasts.</p>	<p>Capital plans in forecasts of ambitions set out in estates strategy.</p>	
<p>Performance against various measures of delivery on estates issues.</p>	<p>Measures of delivery:</p> <p>Ratio of total property costs to HEI income non-residential estate.</p> <p>% of space in condition A/B (residential / non-residential)</p>	

Key Area: What are the issues ?	Evidence currently available to, and used by, HEFCW (for internal purposes and not required to be used by institutions)	Initial KPIs to include in the Toolkit
	<p>Backlog affordability score. This is gross HEI income/ backlog maintenance (non residential)</p> <p>Ratio of maintenance and capital expenditure to insurance replacement value residential/non residential.</p> <p>Utilisation rate of academic space.</p> <p>Total energy consumption in kilowatts and CO<sub>2</sub> per sq metre (residential / non residential)</p> <p>Total actual capitalised expenditure on equipment and this as % of the balance sheet value of equipment.</p> <p>Total expenditure on major and minor works (capital).</p> <p>Total GIA, and total income, per square metre.</p> <p>[Data source: Estate Management Statistics; HESA.]</p>	<p>Backlog affordability score. This is gross HEI income/ backlog maintenance (non residential)</p> <p>Ratio of maintenance and capital expenditure to insurance replacement value residential/non residential.</p> <p>Total energy consumption in kilowatts and CO<sub>2</sub> per sq metre (residential / non residential)</p> <p>Total Grant in Aid (GIA), and total income, per square metre.</p>

## Sources of data / information

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
<b>HEFCW</b>						
<p><b>Reaching Higher targets performance (each HEI)</b></p> <ul style="list-style-type: none"> <li>Progress and estimates <u>by each HEI</u>, year-on-year, against each of the <i>Reaching Higher</i> target outcomes to 2010. Collated and analysed annually.</li> <li>Summary of <u>HE sector's</u> year-on-year progress, and estimates, against each of the <i>Reaching Higher</i> target outcomes to 2010.</li> </ul>	Data provided by each HEI + various other data (e.g. HESA; HEBCI survey; LLWR record)	<p>HEFCW internal use + governing body use.</p> <p>Published by HEFCW (in Annual Reports and in this Toolkit)</p>	✓	✓		✓
<p><b>Financial health analysis</b></p> <p>Summary data and analysis on financial position at each HEI in Wales based on:</p>	<p>i) five-year financial forecasts from each HEI;</p> <p>ii) statutory accounts from</p>	<p>Forecasts: HEFCW internal use + governing body use.</p> <p>Audited accounts: published.</p>	✓	✓		

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
i) five-year financial forecasts, submitted annually  ii) audited financial statements (statutory accounts)	each HEI					
<b>Analysis of financial position of the HE sector</b>  Detailed financial metrics for each HEI in Wales drawn from institutions' statutory accounts.	HEIs' statutory accounts for last 3 years.	Published as Circular on HEFCW website ( <a href="http://www.hefcw.ac.uk">www.hefcw.ac.uk</a> )	✓	✓		✓
<b>Profiles of HE sector in Wales</b>  Brief summary text about each HEI in Wales (history, mission, academic structure), followed by summary statistics showing numbers of students by mode; income and expenditure; and enrolments by mode of attendance and level of study.	Text provided by each HEI.  HEIs' statutory accounts. HEFCW End of Year Monitoring (EYM) student data.	Published (HEFCW website)	✓	✓		
<b>Welsh Higher Education Statistics</b>  Annual publication. Detailed		Published on HEFCW website ( <a href="http://www.hefcw.ac.uk">www.hefcw.ac.uk</a> )	✓	✓		✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
<p>information on Welsh HE enrolments and indicative trends. Tables/ graphs, supplemented by analysis.</p> <p>Includes each year a special study on particular topic.</p>						
<p><b>Participation rates for Welsh students in HE within the UK</b></p> <p>Annual publication. Information on and analysis of participation rates in HE, displayed by Unitary Authority, showing how participation levels vary with age, mode of study and gender across Wales. Comparison between participation rates for each group within each Unitary Authority also included. Includes series of maps and charts.</p>		Published on HEFCW website ( <a href="http://www.hefcw.ac.uk">www.hefcw.ac.uk</a> ).	✓	✓		✓
<p><b>Funding Allocations</b></p> <p>Annual publication. Details of the teaching, research and capital</p>	HEFCW funding allocations & adjustments	Published on HEFCW website ( <a href="http://www.hefcw.ac.uk">www.hefcw.ac.uk</a> )	✓	✓		✓

<b>Data / information and description</b>	<b>Source</b>	<b>Availability</b>	<b>HEI-level</b>	<b>HEI cf Welsh sector</b>	<b>HEI cf UK sector</b>	<b>Sector-level</b>
grants made by HEFCW to HEIs and directly funded FECs in Wales.						
<b>Funding Enrolments</b>  Annual publication. Details of student enrolments and associated credit values on HE courses in Wales.	HEFCW EYM enrolment data	Published on HEFCW website (www.hefcw.ac.uk)  Tables and graphs.	✓	✓		✓
<b>Equality &amp; Diversity data, Welsh HE</b>  Annually produced sector-level data and accompanying analysis of key E&D collected through HESA:  - Age Monitoring Returns - Disability Monitoring Returns - Ethnicity Monitoring Returns - Gender Monitoring Returns	HESA data	Published on HEFCW website (www.hefcw.ac.uk)				✓ (Wales)
<b>Funding gap reports</b>  Annual report comparing overall units of public funding for HE	Grant in aid allocations from published accounts of	Published on HEFCW website (www.hefcw.ac.uk), once cleared by WAG.				✓

Data / information and description	Source	Availability	HEI-level	HEI of Welsh sector	HEI of UK sector	Sector-level
between Wales, England and Scotland.	HEFCW and HEFCE; FTE fundable students; HESA finance data					
<b>UK</b>						
<p><b>Governance website (at Leadership Foundation for Higher Education website)</b></p> <p><b>and</b></p> <p><b>Committee of University Chairs website</b></p> <p>These websites contain key resource for governors, council members and others interested in governance in higher education. A wide range of publications and reports are available to download, including:</p> <ul style="list-style-type: none"> <li>• CUC Guide for Members</li> </ul>	Various research and evaluation projects commissioned by LFHE & CUC	<p>On websites:</p> <p>LFHE Governance website (<a href="http://www.lfhe.ac.uk/governance">www.lfhe.ac.uk/governance</a>)</p> <p>CUC (<a href="http://www.shef.ac.uk">www.shef.ac.uk</a>)</p>				✓

Data / information and description	Source	Availability	HEI-level	HEI of Welsh sector	HEI of UK sector	Sector-level
<p>of Higher Education Governing Bodies in the UK (incorporating Governance Code of Practice and General Principles)</p> <ul style="list-style-type: none"> <li>• Key Performance Indicators project</li> <li>• Governing bodies, equality and diversity handbook</li> <li>• Handbook for Members of Audit Committees in Higher Education Institutions</li> <li>• 'What is an Effective and High Performing Governing Body ?' (summary of existing research and data sources)</li> <li>• Individual guidance documents for HE</li> </ul>						

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
<p>governors in the 'Getting to Grips With' series:</p> <ul style="list-style-type: none"> <li>○ Risk</li> <li>○ Audit</li> <li>○ Finance</li> <li>○ Human Resource Management</li> <li>○ Estates and Infrastructure</li> <li>● 'The Role and Influence of the Secretary in UK Higher Education Governing Bodies'</li> </ul>						
<p><b>Performance Indicators in higher education</b></p> <p>Annual comparative data (produced on behalf of the UK funding bodies) on the performance of institutions in:</p> <ul style="list-style-type: none"> <li>- widening access (including disability)</li> <li>- student retention</li> <li>- learning and teaching outcomes</li> <li>- research output</li> </ul>	<p>Based on data collected by HESA, though adjusted in some respects.</p>	<p>Published (HESA website). Various downloadable tables and charts, and individual HEI and sector level</p>	✓	✓	✓	✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
<p>- employment of graduates.</p> <p>Designed to provide reliable information on the nature and performance of the HE sector in the UK and a consistent set of measures of this performance. Includes sector benchmark data (i.e. sector average, adjusted for each institution to take into account some of the factors which contribute to the differences between them).</p>						
<p><b>HESA (&amp; HEIDI database tool)</b></p> <p>Detailed data collected annually from HEIs covering:</p> <ul style="list-style-type: none"> <li>- students</li> <li>- staff</li> <li>-financial information (accounts)</li> <li>- performance indicators [see separate entry]</li> <li>- destination of HE leavers</li> </ul> <p>The HEIDI website database tool</p>	Data collected by HESA on-line from HEIs	Published (HESA website). Various tables and summary information available free.	✓	✓	✓	✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
(to which most HEIs in Wales subscribe) allows more detailed interrogation of HESA data (pre-defined reports as well as facility to produce bespoke reports).						
<p><b>Welsh Assembly Government ‘StatsWales’ website</b></p> <p>HE reports (all with a Welsh focus), mainly drawn from HESA data. Summary statistical bulletins, and various detailed data tables with sorting and charting options. Coverage:</p> <ul style="list-style-type: none"> <li>- Student data (enrolments; qualifications obtained; cross-border flows; Welsh domiciled)</li> <li>- ITT data</li> <li>- Staff &amp; finance data (e.g. I+E of Welsh sector)</li> <li>- Destination of leavers (Welsh dom; students from Welsh HEIs)</li> <li>- Performance Indicators</li> </ul>	For HE data, mainly HESA	StatsWales website (free access)				✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
A wide range of other data (e.g. population statistics; health information; etc) can also be accessed through StatsWales.						
<p><b>Estates Management Statistics</b></p> <p>Established in 1999 on behalf of HE funding bodies) to provide HE sector with standardized, reliable and useful property information to help managers understand current performance, promote sharing of best practice and drive improvements. Main objective is to give UK HEIs access to relevant information to enable better strategy and decision making. All institutions have access to both data and performance measures for all HEIs.</p> <p>Annual Report summarising findings available on EMS website.</p>	Data from HEIs	EMS website ( <a href="http://www.opdems.ac.uk">www.opdems.ac.uk</a> )	✓	✓	✓	✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
<p><b>QAA institutional reviews</b></p> <p>Works with HEIs to define the quality of learning opportunities and academic standards. Carry out institutional reviews which identify how institutions manage and implement these standards and assure quality of provision which they award. Publish reports on reviews of universities and colleges of higher education and higher education courses (individual HEI reports, and some overview reports).</p>	QAA institutional review outcomes	QAA website ( <a href="http://www.qaa.ac.uk">www.qaa.ac.uk</a> )	✓			
<p><b>National Student Survey</b></p> <p>Annual survey of student opinions on their course (targeted at final year undergraduates). They are also given the opportunity to comment on their student learning experience as a whole at their institution. The outcomes help to inform prospective students' choices and enable</p>	Annual student survey questionnaire	Published on unistats website ( <a href="http://www.unistats.com">www.unistats.com</a> )	✓	✓	✓	✓ (quartiles)

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
participating institutions to identify strengths and areas for improvement. Data published includes overall HEI & subject level satisfaction ratings.						
<p><b>Destination of Leavers from Higher Education survey</b></p> <p>Annual survey of proportion of graduates in work and further study six months after graduation, benchmarked for institutional factors known to affect graduate employment outcomes.</p>	Annual survey (HESA)	Published on HESA and unistats websites.	✓	✓	✓	✓ (quartiles)
<p><b>Higher Education-Business and Community Interaction Survey (HEBCIS)</b></p> <p>Annual survey on knowledge exchange, covering:</p> <ul style="list-style-type: none"> <li>- research-based interactions</li> <li>- intellectual property</li> <li>- consultancy and services</li> <li>- spin-off company formation</li> <li>- social, community and cultural</li> </ul>	Survey, undertaken by HEFCE on behalf of a broad range of stakeholders	Published on HEFCE website ( <a href="http://www.hefce.ac.uk">www.hefce.ac.uk</a> )				✓ (by country)

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
activities - regeneration - education and continuing professional development						
<b>2008 RAE outcomes</b>  (and 2001 RAE outcomes)	RAE 2008	Published on RAE2008 website (www.rae.ac.uk)	✓			
<b>Sustainability Trigger metrics</b>  A set of data (x18 trigger metrics) offering a high level view of HEIs 'direction of travel' w/ respect to long-term sustainability, covering the key resources of money, people, equipment and buildings. The trigger metrics complement institutional framework information.	All data used is from HESA and other publicly available sources.	Funders Forum + UK funding bodies				✓ (& six groups according to HEIs' volume of research activity)
<b>UCAS</b>  Various application and applicant data available to download via statistical enquiry tool, data tables and annual data sets on FTUG	UCAS applications	UCAS website (www.ucas.ac.uk)	✓	✓	✓	✓

Data / information and description	Source	Availability	HEI-level	HEI cf Welsh sector	HEI cf UK sector	Sector-level
student applications. HEIs are able to interrogate UCAS database for more detailed application and applicant information about their particular institution.						
<p><b>Patterns of higher education institutions in the UK – eighth report (2008)</b></p> <p>A regular series of publications commissioned by UUK, with the support of SCOP, as a “yearbook” for higher education.</p>	UUK-commissioned research (most data from HESA)	UUK website (www.universitiesuk.ac.uk) Publicly available to purchase from UUK as hard copy report.		✓	✓	✓
<b>various university ‘league tables’</b>	Various national newspapers, using a variety of measures	Published in newspapers. Searchable on line on newspaper websites, THE website, BBC, etc.	✓			