

Meeting
04/07/14

Agenda Item
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Reference No
HEFCW/14/51

1 Issue

- 1.1 This paper informs Council of the outcome of the consultation process with the sector regarding the proposed revision of the process for engagement with HEIs on strategic planning. It also seeks approval of the revised process.

2 Rationale for paper

- 2.1 HEFCW's Strategic Engagement processes were set out in the *Strategic Engagement* circular (W09/20HE, June 2009). These processes include those in relation to: engagement with institutions on their strategic planning; institutional risk review; and institutional assurance visits. Institutional Strategic Plans and Sub-Strategies are sought to inform our understanding of the strategic direction of HE institutions and their alignment with HEFCW Corporate Strategy targets.
- 2.2 This paper details the proposed revisions to HEFCW's process for Strategic Engagement with institutions, which largely relate to Strategic Planning, on which officers have consulted with the sector. The paper outlines key points raised in consultation responses and seeks Council approval of the revised Strategic Engagement process.

3 Recommendations

- 3.1 The Council is invited to:
- i. Note the responses to the consultation on proposed revisions to the Strategic Engagement process and officers views on these;
 - ii. Approve the revised Strategic Engagement process; and
 - iii. Delegate authority to the Chief Executive to finalise the arrangements.

4 Timing for decisions

- 4.1 Approval of the revised Strategic Engagement process is sought at this meeting in order that the new arrangements may be introduced from 2014/15.

5 Further information

- 5.1 Contact Ewen Brierley (Tel 029 2068 2291; E-mail: ewen.brierley@hefcw.ac.uk)

6 Background

6.1 Proposals for potential changes to HEFCW's Strategic Engagement processes were initially discussed by officers in November 2012, with more detailed proposals subsequently prepared in respect of changes to engagement with institutions on all aspects of their strategic planning. Feedback on these proposals was sought from Higher Education Wales in June 2013. Extensive informal consultation was undertaken with sector Planners over the proposed revisions to the Strategic Engagement process, with the finalised proposals published for consultation on 6 May 2014 (W14/16HE)¹. Following review of the responses to the consultation, the revised Strategic Engagement process is provided for approval.

7 Purpose of Strategic Engagement

7.1 The purpose and principles of HEFCW's Strategic Engagement processes remain largely unchanged from those outlined in Circular W09/20HE². 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 Government and HEFCW priorities; and
- allow us to meet our statutory responsibilities in advising the Welsh Government on the funding needs of the sector and on other matters relating to the development of higher education in Wales.

7.2 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 Welsh Government priorities.

8 Current Arrangements for Strategic Planning

8.1 Our current Strategic Engagement process is based to a large extent on the submission and analysis of institutional Strategic Plans, and subsequent engagement with institutions in relation to these plans and their implementation. We currently request Strategic Plans every three years, on a cycle agreed with each institution to inform/fit its planning process. The detailed analysis and triennial feedback in relation to plans includes dialogue (preceded by a letter giving initial feedback which is, itself, preceded by officer dialogue as appropriate between HEFCW and institutional staff) with the head of institution and others. This complements the existing range of meetings

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www.hefcw.ac.uk/documents/publications/circulars/circulars_2014/W14%2016HE%20Strategic%20Engagement%20Consultation%20on%20proposals%20for%20changes.pdf

²www.hefcw.ac.uk/documents/publications/circulars/circulars_2009/W09%2020HE%20Strategic%20Engagement.pdf

with the sector, including the institutional visits. We also currently seek an annual report on progress against plans from each institution.

- 8.2 We also currently request and review Sub-Strategies, such as Innovation and Engagement, Learning and Teaching and Widening Access on a three-year cycle and those in relation to Estates on a periodic basis. Reporting of progress against Sub-Strategies takes place through the submission of Annual Monitoring Statements (AMS), with the exception of Estates strategies for which detailed information on estates condition, space utilisation etc. is submitted via separate arrangements.
- 8.3 One aspect of the current process that is not ideal is the submission of separate Strategic Plans and Sub-Strategies, and separate reporting arrangements in respect of these (in the form of progress reports and AMS), which provides some potential for duplication of effort, confusion and inconsistency. The production of these separate documents, together with the number of related letters sent to institutions, also represents a significant burden on institutions. Similarly, the analysis and feedback in respect of these separate documents has resource implications for HEFCW.

9 Consultation on Arrangements for Engagement on Strategic Planning

- 9.1 It was proposed that a more streamlined Strategic Engagement process be introduced with an institutional 'Strategic Planning and Engagement Document' to be requested on a three-yearly cycle to start with effect from 2014/15, with all institutions to submit these three-year Strategic Planning and Engagement Documents by 31 October 2014 to cover the period to 2016/17. The three-yearly Strategic Planning and Engagement Document sought by HEFCW would replace the requirement to submit separate Strategic Plans and Sub-Strategies (wherever possible³). It was intended that this would reduce the institutional effort required to prepare separate planning documents and handle the various responses received from HEFCW following analysis of these documents. It was also intended that a reduction in the overall amount of information requested would further reduce the institutional effort required, recognising that institutions would need to produce much of what is to be requested by HEFCW for their own planning purposes.
- 9.2 A standard template was proposed for Strategic Planning and Engagement Documents to ensure consistency and enable ease of analysis by HEFCW. This template was based on a proposal arising from discussions with the Planning Directors of Welsh institutions. The proposals shared with the sector for consultation are outlined in circular W14/16HE⁴.
- 9.3 Responses to the consultation have raised a number of issues, which are outlined below. Officers' views on each of these points are also provided:

³ Separate Estates Strategies will still need to be sought due to the periods covered by these strategies. Regionally based strategies (Regional Planning and Reaching Wider) will also need to be sought separately.

⁴ www.hefcw.ac.uk/documents/publications/circulars/circulars_2014/W14%2016HE%20Strategic%20Engagement%20Consultation%20on%20proposals%20for%20changes.pdf

- The Charity Commission has requested that HEFCW emphasise the independence and charitable status of HEIs in the final published process. *Officers agree that the independent, and charitable, status of institutions should be emphasised.*
- Aberystwyth, Bangor, Cardiff, Cardiff Metropolitan, Glyndŵr and Swansea Universities expressed reservations regarding level of detail to be sought in the Strategic Planning and Engagement Document template. Officers note that the proposed level of detail to be sought in Strategic Planning and Engagement Documents is significantly less than is currently sought through the combination of institutional strategies and sub-strategies. *Officers consider the level of detail to be sought to be reasonable and also necessary to provide the understanding of institutional strategy, and its delivery, that is needed to underpin effective face-to-face dialogue with institutions. However, officers agree with the suggestion from Glyndŵr University that the Strategic Planning and Engagement Document template might be reviewed after its first year of use.*
- Aberystwyth, Bangor, Cardiff Metropolitan and Swansea Universities have suggested that the timescale for submission of Strategic Planning and Engagement Documents be put back from the proposed 31 October deadline, in part due to the timing of data availability. *Officers agree with Aberystwyth and Bangor's suggestion that the deadline for submission of Strategic Planning and Engagement Documents be amended to mid-December.*
- Cardiff Metropolitan University has suggested that, following the cessation of the current strategy funding in 2013/14, HEFCW's information requirements on individual strategic areas should be discontinued. In addition to suggesting discontinuation of detailed information on those areas currently covered by HEFCW strategy funding (e.g. Widening Access, Innovation and Engagement, Learning and Teaching etc.) the University is suggesting that strategies in relation to Estates, Reaching Wider and Regional developments should also be discontinued. *Officers do not agree with this suggestion, as such information is essential to underpin HEFCW's understanding of the sector and the contribution institutions make to Welsh Government priorities.*
- Cardiff Metropolitan University has suggested that HEFCW is acting outside current legislation in seeking to influence the setting of institutional strategy through use of a standard 'Strategic Planning and Engagement Document' template. *Officers do not agree as the proposed Strategic Planning and Engagement Document will be provided to HEFCW for information purposes, with HEFCW playing no role in the setting or approval of institutional strategy.* Officers consider this suggestion to be surprising given the leading role played by the University's Planning Director in the informal consultation leading to the current proposals.
- Cardiff Metropolitan University has requested that the HEFCW Corporate Strategy target in relation to annual income be removed from the Strategic Planning and Engagement Document template as the University considers the target to be anachronistic. *Officers do not agree, as this is a current Corporate Strategy target and therefore should be included in*

order to underpin HEFCW's understanding of the contribution institutions make to each Strategy target and Welsh Government priorities

- 9.4 Officers consider that the revised Strategic Engagement Process should remain largely unchanged from that on which consultation took place with the sector. However, it is agreed that the timing for the submission of Strategic Planning and Engagement Documents should be amended and the format of the Document template should be reviewed following the first year of use.

The Council is invited to note the responses to the consultation on proposed revisions to the Strategic Engagement process and officers views on these

10 Revised Strategic Engagement Process

- 10.1 The proposed revised Strategic Engagement process is outlined below for consideration by Council. Approval is sought for the revised process, with a delegation of authority to the Chief Executive sought to finalise the arrangements.

Strategic Planning and Engagement Document format and content

- 10.2 It is proposed that a single Strategic Planning and Engagement Document be submitted by each institution to cover a three-year period to start from 2014/15. The document would replace the submission of separate Strategic Plans and Sub-Strategies for HEFCW purposes (with the exception of Estates Sub-Strategies⁵ and regionally based strategies⁶). It should be noted that as higher education institutions are independent charitable organisations, the document should reflect an institution's own strategy, albeit taking account of Welsh Government priorities, with the document being provided for information rather than regulatory purposes.
- 10.3 It is proposed that a standard template is used for Strategic Planning and Engagement Documents to ensure consistency and enable ease of analysis by HEFCW, with the proposed template format provided at **Annex A**. The template includes an Overarching Strategy Section and sections covering Strategic and Enabling Themes which map to themes in HEFCW's Corporate Strategy: Widening Access; Student Experience; Skills, Employability and Enterprise; Innovation and Engagement; Research; Reconfiguration and Collaboration; and Governance.
- 10.4 It is proposed that the Overarching Strategy section provide the following brief information:
- A statement of the institution's vision.
 - High-level narrative, outlining the key themes across the full breadth of the institution's strategy.

⁵ Estates Sub-Strategies run over a longer time scale rendering it impractical to integrate these within the proposed process

⁶ Regional Strategies and Reaching Wider Strategies

- Brief narrative on the governance mechanisms by which progress, outcomes and success against all aspects of the institution's strategy will be monitored; reviewed; and measured.
- Brief narrative on how the institution's strategic approach and its impact will be evaluated on an on-going basis.
- Confirmation that the institution possesses a risk register, which includes adequate and effective controls over key risks in all areas.
- Specific information on the institution's approach to internationalisation, in the context of the Welsh Government's interest in enhancing the sector's international reputation.

10.5 It is proposed that the Strategic and Enabling Theme sections provide the institutional targets in relation to the HEFCW Corporate Strategy priorities. The sections should also include institutional aims under each theme together with brief narrative text to provide a concise sense of how these aims are to be achieved. Officers consider that this narrative will be essential to enable us to understand the approaches taken to achieve the various aims and inform more detailed face-to-face dialogue with institutions. The sections should also include SMART targets against which delivery of the aims is to be monitored and reported. Some example text has been included in the template at Annex A to illustrate the level of detail that is sought. Whilst in most instances it will be for institutions to determine the range of aims, narrative and targets included, there are some areas in which specific information requirements are proposed, in order to ensure that essential information is provided. These are outlined below:

- a) A specific requirement is proposed in respect of the content of the Innovation and Engagement Strategic Theme section. In line with the Welsh Government's innovation strategy *Innovation Wales*, and as a condition of future Welsh Government support, the institutional aims and accompanying narrative and targets should confirm an institution's long-term commitment to knowledge exchange and commercialisation activity, to the benefit of the social, cultural and economic development of society.
- b) Where research is central to institutional mission, we are asking institutions to include coverage of a number of specific topics under the Research Strategic Theme, as indicated in the template.
- c) Specific requirements are proposed in respect of the content of the Student Experience Strategic Theme section. We are asking institutions to include coverage of student experience; quality assurance and enhancement; and enhancing learning and teaching through technology. In the case of ITT providers, this information should also cover ITT.

10.6 Where institutions have previously submitted joint Sub-Strategies in specific areas (e.g. Learning and Teaching, Innovation and Engagement etc.) it is proposed that they prepare the relevant sections of the Strategic Planning and Engagement Document on a joint basis.

10.7 Each institution's Strategic Planning and Engagement Document will need to be aligned with its Fee Plan. This might mean that those elements of the Strategic Planning and Engagement Document which are covered by the Fee Plan (e.g. Widening Access) include only strategic information additional to

that contained within the Fee Plan, so as to avoid duplication. In addition, the Strategic Planning targets in individual areas (e.g. Widening Access, Learning and Teaching etc.) will need to be fully aligned with those included with the Fee Plans, albeit recognising the differing time-frames covered by the documents and that the targets might need to be reviewed as Fee Plans change

Annual reports

- 10.8 It is proposed that reports on progress against all areas of the Strategic Planning and Engagement Document will be submitted at the end of each year of the three-year planning cycle. The proposed format of the Strategic Planning and Engagement Document includes space to provide these annual reports. This would negate the requirement for separate reporting documents and would replace the submission of Strategic Plan Progress Reports and AMS for HEFCW purposes. The proposed document format would enable the 'aims and measures' to be updated annually as necessary.

Timing

- 10.9 It is proposed that Strategic Planning and Engagement Documents would be submitted by all institutions by mid-December 2014. It would be an expectation that each institution's Governing Body reviews and approves the Strategic Planning and Engagement Document prior to submission. Similarly, it is proposed that updated Strategic Planning and Engagement Documents including annual reports on progress would be submitted by mid-December in 2015, 2016 and 2017.

Analysis and feedback

- 10.10 It is proposed that HEFCW analysis of the first tranche of Strategic Planning and Engagement Documents takes place in January 2015, with this analysis to be used to initiate a dialogue with institutions prior to drafting a single feedback letter for each institution covering all aspects of strategic planning. In subsequent years, a similar process would be adopted for the updated Strategic Planning and Engagement documents containing annual progress reports. It is proposed that the document format be reviewed after the first year of use. It would be the intention that a single letter for each institution would be issued early in each year to provide analysis and feedback on the reported progress. In addition to written feedback, it is proposed that there should be an expectation that meetings are held periodically between HEFCW staff and relevant institution staff to discuss the various Strategic and Enabling Theme areas.
- 10.11 It is proposed that the Strategic Planning and Engagement Documents and subsequent annual reports would be treated as confidential by HEFCW, although information derived from these documents would be used to inform other HEFCW processes, such as the Institutional Risk Review (IRR) process, and also to fulfil Welsh Government information requirements. No further changes are planned in respect of the IRR process, beyond those internal HEFCW aspects previously implemented in response to the 2012 Internal Audit Report.

Council is invited to:

- i. approve the revised Strategic Engagement process; and*
- ii. delegate authority to the Chief Executive to finalise the arrangements.*

11 Other aspects of institutional engagement

- 11.1 No changes are currently planned in respect of the Institutional Assurance process or the Information Toolkit for Governors.

12 Financial implications

- 12.1 There are no financial implications arising from the issues set out in this paper.

13 Communications implications

- 13.1 Communication will be required with the sector in respect of the outcomes of the consultation on proposed revisions to the process for engagement with institutions on strategic planning. The final process will also need to be communicated with the sector via the issue of circulars.

14 Equality and diversity implications

- 14.1 This paper has no implications for age, disability, marital/civil partnership, maternity/pregnancy, race, religion or belief, sex, sexual orientation, any other protected characteristic or Welsh Language.

15 Risk Assessment

Risk	Action to address risk
HEFCW's engagement with institutions is ill-focussed and ineffectual.	HEFCW's Strategic Engagement arrangements and the various activities associated with it, including Institutional Risk Reviews, are designed to provide for more strategic engagement between HEFCW, the sector, and individual institutions' senior management and governing bodies.
Strategic Plans inconsistent with other information	Regular cross-checking of all returns including financial returns, fee plans etc.