

**BOARD OF GOVERNORS***6th July 2009***Primary Measures of Performance: “Overall Institutional Sustainability and Profile”**

Purpose: To provide the Board with a report on this aspect of Primary Measures of Performance

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Introduction

1. In adopting a new set of Primary Measures of Performance (PMPs), the Board of Governors agreed to include a section from the CUC's Report on Key Performance Indicators, designed to enable the Board to assess the overall sustainability and profile of the University (Appendix 1). Of course, this particular set of PMPs does not represent the only means available to the Board for this particular purpose. The Board receives numerous reports that help to discharge its responsibility for measuring and monitoring the University's overall performance: regular financial reporting; regular reports on capital and other major development projects; applications data; annual report on academic standards and quality received from Academic Board; reports received from the University's internal and external auditors; the annual reports received in the “single conversation” with HEFCE; the Vice Chancellor's report made to each meeting of the Board, which addresses the key sections of the Strategic Plan; reports of assessments undertaken by external bodies (HEFCE, QAA, etc). Nonetheless, the adoption of a new set of PMPs provides a framework for the Board to measure the University's sustainability and profile on an on-going basis.
2. This is the first occasion the Board has received a report against this particular set of PMPs; at its previous meeting the Board received a report relating to the measures it had established relating to “An Outstanding Student Experience”. The PMPs relating to overall institutional sustainability and profile differ from those in other aspects, which are derived directly from the University's Strategic Plan. The

experience of compiling material for this report suggests that the measures are appropriate, but that further work will need to be done internally to ensure that relevant information is maintained. As will be seen, there are a number of areas where the Board may wish to receive further reports.

Return on Assets

3. This measures the amount of asset value used by the institution to create each pound of income and is calculated by the CE (cost of equity)/ CP(cost of production) ratio. It is recommended that institutions use their insured asset value over income as an each proxy. For Worcester in 2007 and 2008 this was as follows:-

	2007	2008
	£ms	£ms
Insured Asset Value	109,922	123,164
Total income	37,882	44,454
Return on assets employed	2.90	2.77

CE/CP values vary widely across the sector usually in the range of 0.5 to 5. Institutions with higher CE/CP will find it harder to create enough surpluses to service their assets and invest for the future. However, if CE/CP is too low this may indicate under capitalisation. As shown above the University's ratio is in the middle of the range.

Income Growth and Diversity

4. Diversification of income streams is usually an important objective for all institutions when in the current funding climate most institutions need to grow their income to be sustainable. Although institutions vary widely in their dependence on funding council grant it is generally considered advisable that institutions should include in their financial strategy the objective to diversify income streams and therefore reduce dependence on income from funding council and other government sources. This has been a feature of the University's strategy for the past several years. The income sources for the last three years is shown below:-

	2006	2007	2008
Funding Council Grants	16,298	18,626	20,821
Academic fees & support grants	9,465	13,178	16,927
Research grants & contracts	913	650	441
Other operating income	5,303	5,308	6,019
Interest receivable	164	120	246

The income from funding council grants and the NHS (which is included in fees and support grants) for the last three years is shown below:-

HEFCE	11,233	13,377	15,333
TDA	5,015	5,249	5,488
LSC	50	0	0
NHS	4,209	4,498	4,757

It is clear that the University remains dependant on income from government sources and tuition fees although other operating income is showing an increase and this trend will continue in 2009/10 and beyond. A priority for the University is to increase income from research and also from international student fees.

Strategic Relationships and Reputation

5. This measures the quality of the University's relationship with key stakeholders and partners (i.e. those which make a significant contribution to its sustainability). The intention is that governors should receive information to assure themselves that the University's reputation with these key partners is in good standing.

6. The University's key stakeholders are shown here with a brief assessment of the quality of the University's relationship/reputation with them:-
 - i) HEFCE: the University is not perceived by HEFCE as an institution at "higher risk", it has received a high level of support from the HEFCE's Strategic Development Fund and enjoys an excellent relationship with HEFCE officers. The University's ability to deliver growth and to meet so far its ASN targets is well-regarded. The outcome of the last assurance review (2005/06) was very positive. The University responded very positively to the recent data audit.

 - ii) TDA: a high proportion (more than 30%) of the University's students study in the Institute of Education, whose core business (initial teaching training and professional development courses) depends on TDA funding. The University is held in high standing by the TDA: it has retained levels of funding for ITT courses at a time when some institutions have experienced cutbacks; it has a good record in successfully bidding for special funding from the TDA; the TDA regards the University as a high quality provider of teacher education.

 - iii) NHS: the University's contract for providing pre-registration nurse and midwifery training for Herefordshire and Worcestershire, its ability to provide opportunities for post-registration nurse training, and training and education for other professionals in the Health Service (e.g. para-medics) means that the University must ensure that it maintains a good reputation with the Strategic Health Authority, Acute and Primary

Care Trusts and other NHS and related bodies. The University has invested considerable effort in this area of its activities, which has paid dividends. The University has established itself as a leading provider in paramedic education and training and is making strategic investments to develop expertise in specific areas (e.g. neonatal medicine, tissue viability etc). This is an area where the University has developed and improved its relationship with NHS stakeholders in recent years and is an area where there remains potential to achieve further improvements.

- iv) Quality Assurance Agency: in the recent past the University has applied successfully for university title and enjoyed a successful institutional audit in 2006/07, including a number of commendations. It also enjoyed a positive outcome in the review of institutional compliance with the Code of Practice on the Supervision of Postgraduate Research Students. The QAA has recently confirmed that the University's mid-cycle institutional audit report showed good progress in addressing the recommendations arising out of the last Institutional Audit Report. The University has therefore enjoyed a good relationship with the Agency, although the outcome of the QAA consideration of the Royal College of Veterinary Surgeons (RCVS) complaint (and of course the outcome of the RDAP application) will be very significant.
- v) Regional Development Agency (AWM): the University has enjoyed an excellent relationship and reputation with AWM, which has led to considerable success in attracting funding for key developments (MARRC, NPARU, the Joint Library, the second campus). The University's reputation remains excellent, although it is of course unfortunate that AWM has been forced to revisit earlier decisions on funding.
- vi) Local Government: the University has developed excellent relationships with Worcester City, and Worcestershire County Council. These have been particularly important in the context of the Joint Library and History Centre development, but also in the context of the second city centre campus, the developments at St John's, and the acquisition of Grove Farm, as well as managing the impact of the University's growth on the city. This has required considerable effort on the part of the University's senior officers, and members of the governing body. The positive outcome of the first stage of the Scrutiny Committee's assessment of the impact of the University on the city is evidence of success in this area, as is the general support for the University's continuing development and the City's pride in becoming a 'University City'. There is evidence that the City and County are proud of the University, which has not always been the case.

- vii) Business Sector: this has been identified as an important area of development for the University, and as an area where progress has been slower than in some other areas. However, there are indications that the University's profile in this area is on an improving trajectory. The University has worked closely with representative bodies (Chamber of Commerce, CBI, Federation of Small Businesses) as well as with individual employers. The development of the Business School has been helpful and has played an important part. The recent establishment of the Business Development Office provides a focus for building on these successes as do the opportunities provided by the Graduate Intern Scheme. Recent initiatives to improve the University's record on work-based learning, which are on-going, will be important.

- viii) Professional Accrediting Bodies: the University has relationships with an increasing number of professional accrediting bodies. These bodies are responsible for approving and monitoring the awards of the University which lead to professional recognition. Adverse reports or the withdrawal of approval has serious implications for the University's reputation. The University has enjoyed good relationships with such bodies; the problems that have arisen recently with the Royal College of Veterinary Surgeons are an exception but this has caused the University to review its procedure in this area to make sure that the risks involved are minimised.

- ix) Partner Institutions: the University works with numerous other institutions at various levels but has two important relationships that contribute to the University's development and reputation – the accreditation agreement with Coventry University, and the strategic partnership with the University of Birmingham. The relationship with Coventry is very long-standing. (Coventry became the University's validating body following the abolition of the CNAAB). Since the University obtained taught degree awarding powers (in 1997), Coventry has continued to accredit Worcester's MPhil and PhD provision. The accreditation agreement has grown more 'light touch' in recent years and Coventry shows a high degree of confidence in the University's ability to manage its own research degrees and has given strong support to the University's application for RDAP. In the past 2 years the relationship with Coventry has developed further and has resulted in closer collaboration on a number of research projects, including joint studentships. These later developments will ensure that the partnership will endure beyond the acquisition of the University's own powers to award PhDs. The strategic partnership with Birmingham was established in 2001, reflecting the long history of Birmingham's involvement in Herefordshire and Worcestershire (Birmingham validated the

College's BEd provision prior to the establishment of the CNAA and was for many years recognised as the lead University for HE in Herefordshire). The partnership has developed well and the support provided by Birmingham has helped in numerous ways, including the University's growing regional profile. There have been a number of joint research studentships and there are further opportunities for research collaboration. Birmingham supported Worcester's application for both University title and RDAP.

Balance of opportunities and risk

7. This measures the University's capacity to deal with significant strategic risks and its ability to identify ways to improve its reputation and position. The Board of Governors has in place a strategic plan which establishes ambitious strategic objectives, but one which also identifies the key strategic risks. Perhaps the biggest strategic risk the University faces is failure to achieve and properly manage growth, both in terms of student numbers and the management of its physical development. So far the University has demonstrated achievement in both areas. Through close attention to imaginative curriculum development (especially at undergraduate level) and a sophisticated marketing strategy, the University has grown its student numbers successfully and can claim considerable success in becoming a 'University of Choice', a key strategic objective in the existing and previous strategic plans. As well as the two major capital projects the University has been careful to ensure that it achieves improvements in the existing estate and also identifies options to acquire additional assets that address short term needs (The Garage, Regency High School) as well as the longer term development and sustainability of the University (Grove Farm). The Board is closely involved in discussing the strategic options facing the University and there is evidence that the University although ambitious, is also aware of the risks it faces, and takes steps to ensure that these risks are mitigated.

Academic distinctiveness

8. It is the objective of most institutions to be recognised for the quality and distinctiveness of its academic provision, to have positioned itself academically in a way that has a specific appeal to students and academic partners. The University's mission and ambitions in this area are set out in the Strategic Plan. At the core of its mission is the provision of an outstanding student experience, and to make an outstanding contribution to the economic, social and cultural life of the Region. The University also seeks to achieve a national and international reputation.

Evidence of achievement includes:-

- Growing popularity of the University (biggest year-on-year increase in applications through UCAS over the last 5 years)
- High levels of student satisfaction as revealed by the National Student Survey (Additional Note: 2009 NSS results a course for concern)
- A significant proportion of the University's students are educated to work with children and young people through provision in Health, Education, Sport, Drama etc.
- The University collaborates with all FE colleges in Herefordshire and Worcestershire and a number of other colleges in the surrounding region, validating a wide range of HE provision and providing opportunities to progress from FE to HE
- The University is the lead body for the further development of HE in Herefordshire, and in managing the bid for a HE Centre in Hereford.
- Through the development of the City campus and the Joint Library the University is involved in the biggest regeneration project in the sub-region and making a significant contribution to the development of a new cultural and learning quarter in the City of Worcester.

Position in League Tables

9. Although the Board views League Tables with a degree of cynicism and believes that the University should not stop doing what it believes in or start doing things it does not believe in simply to improve its position, league tables cannot be ignored. There is little evidence to suggest that the University's relatively poor performance in league tables is affecting applications (although they are more important in the international market), tables are important in the public perception of the University's reputation and position, and do impact on staff and student morale. The University's performance in the 2009 tables is analysed in the attachment at Appendix 1. (Additional note: a report on the recently published Sunday Times League Table is included in the report of the Finance & Development Committee).

The University's position has worsened in all three tables, albeit only slightly in the Independent and the Times. The analysis shows that the University does well in student satisfaction, completion and career prospects, which is important, given its mission. Although the University's position has improved slightly for Research (in those tables that include this aspect) as a result of the recent RAE, the University is still in the low regions of the tables. The work of the Research and Knowledge Transfer Committee, and recent appointments (including new Heads of Institute), should contribute to the development of a better profile but there is unlikely to be much movement in this aspect of the Tables until the next RAE exercise (in 2013).

Other areas where the University performs badly include: entry standards; the proportion of good degrees; and spend on service/facilities. Clearly, the continuing popularity of the University has allowed a number of subject areas to increase entry requirements and

not all of these changes will have been reflected in tables. There is probably scope to raise entry standards, albeit in a way that does not conflict with the University's Widening Participation agenda, and all Institutes have been asked to review their requirements. Improved entry standards may in due course improve levels of attainment, although in the analysis of UoW's performance against benchmarked institutions, this is not always the case. The review of assessment strategies in 2009/10 will look into the impact on degree classification of the type, number and timing of assessments. Spend on services and facilities is the most volatile aspect of the Tables and is an area where the University should see improved positioning as a result of recent investment in the estate. The University will ensure that its financial returns to HEFCE maximise its position.

Contribution to academic relationships/partnerships

10. Collaboration is considered a central part of higher education, and is important to the reputation and performance of the institution. The University has a total of 37 partnerships with FE colleges and other providers and as at 29th April 2009 1032 fte students were registered on courses provided by these partner organisations. A further 541 students were registered on UoW validated awards but on directly funded programmes (at North East Worcester College, Worcester College of Technology, and the Devon and Somerset SCITTs (School Centred Initial Teacher Training)). Clearly, the health of these partnerships and the quality of provision is very important to the reputation and good standing of the University. It is recognised as an area of high risk and considerable effort is expended on ensuring the security of this aspect of the University's activities. Some of the provision is small-scale but in some cases, the provision is significant (e.g. Warwickshire College and the Learning Institute), and important to the University's ability to achieve its recruitment targets. Payments to partner colleges is a significant item in the University's budget (an allowance of £4m has been included in the 2009/10 draft budget), but overall the yield is positive.

The University is seen as an attractive partner, not least because it has a reputation for high quality academic provision and there is a continuing demand from partners for numbers. This will need to be carefully managed should the cap on student numbers continue for any length of time. The monitoring of quality and standards of courses at partner colleges confirms that in the majority of cases there are no problems and the University has in place a range of arrangements to monitor the health of individual partner organisations: Strategic Planning Groups are established with partners who run more than one course; Link Tutors are appointed for all courses; there is a partnership review process; all courses come within the University's quality assurance procedures; the partnership approval process for new partners is rigorous. Given the significance of this area of activity, guidance suggests that governors may want to receive a periodic

review of the health and vitality of partnerships, their cost to the institution, and the opportunities they offer.

Integration of academic and strategic planning

11. This is intended to demonstrate how well the academic and financial strategies are linked. The University's planning process is derived from the Strategic Plan and an annual corporate planning statement is produced (this is a HEFCE requirement). Individual academic and service departments are required to produce their own planning statements. The arrangements have been the subject of discussion and review in 2008/09. The corporate planning statement for 2009/10 will be adopted by the University's Executive Management Board on 16th July 2009. Academic Institutes will then formulate their own development plans within the context of the Planning Statement using the same headings; it has been agreed that the planning period should extend to a 3 year period (previously 2). Service departments will produce planning statements indicating the priorities for the development of the service provided, demonstrating how this will contribute to the overall achievement of the objectives in the strategic and annual corporate plans. Individual plans are shared through the Executive Management Board. Academic and service departments are expected to use their plans as the basis for their annual planning and budget meetings; progress is monitored through the mid-year planning meetings. These arrangements seek to ensure effective integration between academic, strategic and financial planning. There is in addition an Academic Portfolio Committee, which is a sub-committee of Academic Board. The Committee considers all proposals for new courses, which have to be presented with a full analysis of income and expenditure, as well as market analysis. These arrangements are kept under review so that the resource implications of newly proposed provision (staff, non-pay, library and IT, space etc) can be identified and assessed.

Medium-term academic ambitions

12. This is intended to provide a context so that governors understand the academic vision for the institution and can judge whether it makes sense, is exciting, achievable, relevant and affordable. This is partly achieved through the Strategic Plan, although the type of statement envisaged is different from the approach taken. It may be that such a statement could be one of the outcomes of the review of the Strategic Plan that is intended to take place in 2009/10.

