

# **REPORT ON THE CITIZEN-CENTRED GOVERNANCE REVIEW OF THE HIGHER EDUCATION FUNDING COUNCIL FOR WALES**

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## 1. Foreword

- 1.1 This is the report on the Citizen-centred Governance Review undertaken at the Higher Education Funding Council for Wales (HEFCW) as a joint initiative between the Council and the Welsh Assembly Government's Performance and Governance unit during the period June to August 2009.
- 1.2 The review is part of a wider programme of governance reviews established in 2008 by the Welsh Assembly Government as part of its public service improvement agenda. The Performance and Governance unit is taking forward the commitment in *One Wales* to 'review the governance of public service bodies in Wales to ensure their alignment with this improvement agenda'. This reflects the Assembly Government's goal of promoting common purpose across public services in Wales and the commitment applies to public bodies in all sectors, including the NHS and local government.
- 1.3 The Welsh Assembly Government has developed a unique set of Citizen-centred Governance Principles against which alignment can be matched (see annex 1). The Principles concern the way that public service bodies direct their activity and engage with the communities they serve: governance here encompasses culture and values as well as systems and processes.
- 1.4 The Citizen-centred Governance Reviews supersede the former quinquennial reviews of Assembly Government Sponsored Bodies (AGSBs) but are different in character: shorter, with a focus on adding value and problem solving.
- 1.5 The review approach is forward looking and developmental rather than inspectorial or audit based. This means exploring current practice and delivery against each Principle to see what is going well and less well; capturing good practice and innovation; and identifying future challenges, barriers to change and areas for action.
- 1.6 We are grateful to the Chair and Chief Executive for the opportunity to work as partners with HEFCW, and to the council members and officers of HEFCW, and individuals from external bodies, who took part. All those who engaged in the process gave their time generously and participated fully.
- 1.7 This report sets out the findings of the review. We will now appraise the approach we adopted for the review with HEFCW, the Minister for Children, Education, Lifelong Learning and Skills, the Welsh Assembly Government sponsor division, and others as a prelude to further action.

- 1.8 It is important to stress that the reviews, in considering how alignment with the Citizen-centred Governance Principles might be strengthened in future, are designed to look at the organisation as a whole and are not technical audits of business processes. This review does not form part of HEFCW's assurance arrangements on corporate governance and the associated work of the Wales Audit Office or seek to cover ground that falls within the province of statutory regulators and inspectors.
- 1.9 It was equally not the business of the review team to comment on the content of HEFCW's policies and priorities. Although part of a programme commissioned by the Welsh Assembly Government, Ministers have not contributed to the findings set out below and they are not an expression of Assembly Government policy. The views are those of the review team.

## 2. Executive summary

- 2.1 The context for the review is the challenges facing HEFCW, and all other public service providers, over the next few years in responding to the sustainability agenda, economic uncertainty, social change and pressure on resources. Success will depend on the way public services respond, with a continuing need for innovation and smarter ways of working. This report suggests some of the ways in which HEFCW might build on the progress it has been making in developing governance arrangements which enable the necessary flexibility, agility and innovation.
- 2.2 We have sought to build up a picture of the citizen-centred governance challenges facing HEFCW. The review team conducted desk research, observed meetings of the Council, Audit Committee, and Management Board, and had about fifty meetings and discussions with Council members, officers, external organisations and Welsh Assembly Government officials.
- 2.3 The evidence set out in this report shows that HEFCW is a well respected organisation, made up of highly committed staff and acknowledged experts. The organisation is active in promoting partnerships, working towards delivering on its remit targets, and engaged with national strategies.
- 2.4 The report offers a range of examples of good practice and innovation against each of the seven Citizen-centred Governance Principles. These include:
- **Putting the citizen first:** recent exchange visits arranged by HEFCW between the Reaching Wider Partnerships in Wales and the Scottish Widening Access Regional Forums;
  - **Knowing who does what and why:** having undergone an organisational design review, HEFCW has undertaken a staff survey, an evaluation after a year of the start of the review and plans to undertake a further evaluation next year to ensure that the process has addressed all the issues it was designed to;
  - **Engaging with others:** following a stakeholder survey, HEFCW has developed a more strategic model of engagement with HEIs. This demonstrates the organisation's commitment to listening and responding to its stakeholders, and to cultivating a more integrated, responsive service;
  - **Living public service values:** several members of HEFCW staff have been trained as Fair Treatment Advisers to provide confidential support and advice to officers where there is a perception of discrimination or unfair treatment, and investigation officers, to deal with complaints of harassment and bullying should they arise;

- **Fostering innovative delivery:** through funding largely identified by DCELLS from savings made elsewhere, the University of the Heads of the Valleys initiative, driven by the participants and DCELLS, is looking to demonstrate how four institutions across the HE and FE sector can work together to create life-changing opportunities for communities in some of the most socially, economically and educationally disadvantaged areas in the UK. HEFCW's role in supporting this novel project is essential to ensuring a positive outcome;
- **Being a learning organisation:** there are several examples of HEFCW learning from and working in partnership with funding councils elsewhere in the UK to develop policies and approaches. HEFCW is also conscious to ensure any such solutions are appropriate for and tailored to a Welsh context;
- **Achieving value for money:** the organisation participates in UK-wide projects that only require minimal funding from HEFCW but deliver considerable benefits to Welsh HEIs, for example the Joint Academic Network (JANET) that supports a UK-wide IT infrastructure.

- 2.5 In considering each Principle, we note good practice and offer some suggestions, in the form of reflections for HEFCW to consider. These include some complex issues which may require detailed consideration by HEFCW. The reflections in this report are designed to assist the Council, should it wish to undertake that exploration.
- 2.6 As a key feature of governance, we look at the future direction of the relationship between HEFCW and the Assembly Government. During the course of the review we actively sought and encouraged feedback on the way in which the Welsh Assembly Government interacts with HEFCW. Learning lessons for the Assembly Government itself is an important part of this exercise. These messages are included in the body of the report and will be considered carefully.
- 2.7 One issue, although not within the original remit of the review, was raised, unprompted, by most of the contributors. The issue was whether HEFCW should continue to exist as a standalone organisation. The reason it should be included in the report is that there was such a strong and unanimous view expressed by the higher education sector. It was recognised by contributors that in terms of value for money, in comparison with its larger counterparts in other UK nations, HEFCW was unable to benefit from economies of scale and so would appear to be relatively more expensive; however this was not tested during the review. There was a strong and clear message that having a 'buffer' organisation that stands between the universities and the government, despite some operational issues that will be explored further in the report, is highly valued and concern was expressed at the concept of it being merged into the Assembly Government.

### 3. Putting the citizen first

*Putting the citizen at the heart of everything and focussing on their needs and experiences; making the organisation's purpose the delivery of a high quality service.*

- 3.1 The concept of the citizen for whom an AGSB serves is not as straightforward as it might be for local authorities or other public services which are more directly citizen-facing and customer-focused. Sponsored bodies in many ways can be seen as being 'arms length' both from the government and the citizens they serve. This potentially can mean that the sector that an AGSB works with to fund becomes its key customer, rather than the citizens of Wales.
- 3.2 For HEFCW, the question of who the organisation serves has several answers. Its primary interface is with higher education institutions (HEIs), but higher education has an impact on students and lifelong learners, employers of students, businesses who are customers of the research undertaken in HEIs, and the population of Wales who benefit from the outputs of this research, innovation, and economic development. Throughout our interviews, it became clear that serving this wide-ranging group of 'citizens' is at the heart of the commitment and core values of HEFCW staff and council members.
- 3.3 HEFCW is striving to deliver for citizens in a range of ways. Some of these are outlined below.

#### ***Listening to the student voice***

- 3.4 HEFCW, in conjunction with its sister agencies in England and Northern Ireland, annually commissions the National Student Survey across all publicly funded Higher Education Institutions (HEIs) in Wales, England, Northern Ireland and participating HEIs in Scotland. The survey asks final year undergraduates to provide feedback on their courses and their student learning experience as a whole.
- 3.5 The results play an important part of HEFCW's assessment of the quality of learning and teaching in higher education. HEFCW works with its partners to actively look at ways to improve areas identified by students in the survey, and there is evidence of improvements being made. An example of this was the response to an issue identified within the surveys of a lower level of satisfaction from students from ethnic minority backgrounds including their degree results. HEFCW have begun to address this issue by working with HEIs on race relations strategies and by looking at the disparity of how data is collected across the sector. For example, not all institutions were separating out degree results by ethnicity or gender, frustrating the opportunity to improve the outcomes of particular sectors within the student population for the sake of not having data analysed to a finer mesh size.

- 3.6 After full consideration, the President of NUS Cymru has been offered observer status at HEFCW Council and attended her first meeting in October 2009. It is clear from interviews with HEFCW staff and Council members that the contributions made by the Union are valued. The inclusion of student representation at Council level has been in operation in Scotland for some time and feedback showed that this is considered to have been a positive move forward.
- 3.7 HEFCW engage with the NUS Wales on a number of fronts. The Union is represented on the Student Experience, Teaching and Quality Committee (formerly the Learning and Teaching Committee) of the Council and produces joint press releases with HEFCW on university league tables. The dialogue between the two has led to funding for the appropriate training of students to become skilled as reviewers working with the Quality Assurance Agency (QAA) on their assessments of HEIs from a student perspective.

### ***Widening access to and participation in higher education***

- 3.8 The widening access agenda is a key priority for the Assembly Government and has been broadly embraced by HEFCW and the HEIs in Wales. In discussions with vice chancellors and other stakeholders, there would seem to be a stronger emphasis on widening access to currently under-represented groups by the post '92 universities, who also demonstrate a closer relationship with further education institutions within reasonable proximity. There is also good evidence that the traditional HEIs are working with post '92s to increase opportunities for learners who may not have considered the prospect of going to a more traditional institution.
- 3.9 There is concern about the retention of students who access higher education. Although statistics show that the number of students accessing higher education under the widening access agenda in Wales is higher than in England, the percentage of students completing their chosen course is lower. There has been some monitoring of this by individual institutions and NUS Cymru. Evidence suggests that the main cause of students failing to complete their course is inadequate information about the nature of the course. That is, the course, as actually experienced, turns out not to be what the student expected. After that comes a range of factors, of which funding is an important one. HEFCW have recently begun a dialogue with NUS Cymru on how to address this issue, which is mainly about ensuring early and clearly flagged information, and also information on the financial help available.
- 3.10 HEFCW directly funds and monitors four regional Reaching Wider Partnerships, which work with higher education institutions, further education colleges, schools and communities in each region of Wales to raise awareness of and aspirations to higher education, particularly among groups currently under-represented in HEIs. The Partnerships are able to reflect the specific needs of their regions and as such have each developed slightly differently.

- 3.11 We spoke to representatives from each Partnership, who generally felt that their relationships with HEFCW are good, with regular and open dialogue. HEFCW encourages knowledge exchange, both in keeping the partnerships up-to-date with developments in the higher education sector, and in assisting the sharing of good practice with partners and peers in other parts of the UK. An example of this is the recent exchange visits arranged by HEFCW between the Reaching Wider Partnerships in Wales and the Scottish Widening Access Regional Forums.
- 3.12 HEFCW also supports individual institutions through a Widening Access Fund. This is less closely monitored by HEFCW and is lighter touch in terms of reporting.

### ***Reflections***

- 3.13 The success of the Reaching Wider Partnerships varies across Wales and although HEFCW facilitates the sharing of good practice, it may wish to consider being more directive where clear evidence of successful programmes are not being translated into the plans of other regions.
- 3.14 These are long term projects, for example on projects where the partnership is working with children entering secondary schools at eleven, the outcomes often cannot be fully assessed for up to ten years when those youngsters would be potentially graduating from university. HEFCW needs to ensure its funding streams and monitoring mechanisms adequately reflect this, to avoid short-termism and ultimately to get the best value for money.
- 3.15 Largely the Partnerships have tended to concentrate most of their resources on working to raise the aspirations of young people to higher education. While this involves working with families and communities, the focus has thus far been mainly on young people rather than adults. Given the issues about part-time provision and lifelong learning raised in the recent Jones Review, there is scope for HEFCW and the Reaching Wider Partnerships to consider ways to raise aspirations among adults to access higher education.
- 3.16 Another significant issue discussed in the Jones Review is that of retention of students. The Reaching Wider Partnerships are not currently funded by HEFCW to support students once they reach universities, the Widening Access monies, where applicable come into play then. There has been a shift towards the Partnerships working more closely with HEIs' student support services in most areas; the linking up of funding to provide a more streamlined service may be another issue that HEFCW wish to consider.
- 3.17 HEFCW may wish to consider how it could encourage HEIs through their Widening Access work and the Reaching Wider Partnerships to ensure the issues highlighted in 3.9 are communicated clearly to students, so that they are made fully aware of the content of courses and where appropriate have additional funding streams identified to them in advance.

- 3.18 The invitation to the NUS to attend and contribute at council meetings with observer status will create an important link to the citizen as learner and may lead to better outcomes for the students and HEIs.
- 3.19 Overall, we would echo the recommendations in the Jones Review to consolidate the various strands of support and funding of widening access to ensure the highest impact around a range of key priorities. In reality, this could mean reducing the number of individual activities by focussing on the demonstrably successful ones and concentrating funding on these, although not to the exclusion of new and innovative ideas.

## 4. Knowing who does what and why

*Making sure that everyone involved in the delivery chain understands each others' roles and responsibilities and how together they can deliver the best possible outcomes.*

### **Organisational Structure**

- 4.1 In 2008 HEFCW undertook an organisational design review and subsequently made a number of changes to its internal structure. This included the establishment of two directorates, Strategic Development, and Finance and Corporate Services, restructuring HEFCW's senior management, reducing the number of senior officers and strengthening the teams below them. The reorganisation established a Policy Forum as a 'think tank' for key policy issues and amended the terms of reference of the Management Board to concentrate solely on operational issues, making it more streamlined and efficient.

### **Internal understanding of who does what and why**

- 4.2 HEFCW has recently reviewed the effectiveness of the changes, inviting comments from the Management Board and anonymously from staff. The overall perception is one of improvement. The new directorate structure seems to provide the organisation with a better balance than previously in responding both internally and externally to a changing HE agenda. This has enabled the Chief Executive to spend more time working on strategic issues, delegating operational issues to his directors. Another positive effect is to have enabled HEFCW to respond more promptly to external enquiries.

### **Reflections**

- 4.3 While the new structure is seen by HEFCW's management as having improved the organisation's capacity for cross-team working, there remains a sense among some staff that a 'silo mentality' continues to exist. Moreover, throughout our review we heard several anecdotes about some senior staff not knowing who does what at a more junior level since the reorganisation.
- 4.4 A further review is proposed in a year's time to assess the extent to which things have further improved and bedded in. These staff comments should be taken on board in the meantime, and actions taken to address the issues identified in this year's evaluation.
- 4.5 Communication internally appears to be the biggest issue for resolution. A programme of informal lunchtime knowledge-sharing sessions has been held by some teams to inform colleagues from other parts of the organisation about their roles and the scope of their work. This is helping to improve cross-team communication and improve understanding of the knowledge held within other teams. However, this has been undertaken on a voluntary basis, and could

become more formalised, something currently being considered by HEFCW's Management Board.

- 4.6 A range of further internal improvements are also currently under consideration. These include, improving internal communication channels by making better use of the staff intranet, using a Core Brief to cascade messages and decisions to staff following Management Board meetings, and allocating more time to people management through regular 'catch ups' between line managers and their staff. We would endorse such changes as tools to strengthen consistency, cohesion and effectiveness within the organisation.

### **External understanding of who does what and why**

- 4.7 The new organisational structure is available on HEFCW's website, ensuring that external parties are able to easily find out who does what and contact the appropriate person.
- 4.8 Most of HEFCW's external stakeholders and partners who participated in our review had good relationships with the contacts they dealt with regularly in HEFCW, although not all were aware of the wider organisational structure into which they fitted.
- 4.9 Many of those we spoke to felt their relationships, both operational and strategic, had improved since the reorganisation, in some cases significantly. Some were less aware of the changes to HEFCW's structure, but this was mainly as their contacts had remained the same.

### ***Reflections***

- 4.10 A significant number of those we spoke to view the Chief Executive as their main point of contact. While this was generally not described as a criticism, rather that the Chief Executive is seen as the 'ambassador' or face of the organisation, there is a risk that this could be interpreted as HEFCW not having a strong, decision-making senior team. This is an issue of perception, and not one which we found any evidence to support within HEFCW; however, consideration may need to be given to mitigating this risk by delegating a range of external representation roles to directors and other senior officers.

### ***HEFCW's Council***

- 4.11 Recently HEFCW's governing board, the Council, has taken on several new members, including a new Chair. This has given renewed impetus to the role of the Council in providing oversight and constructive challenge to HEFCW officers.
- 4.12 There is a good induction process for new Council members, including one-to-one meetings with senior executive officers and an extranet which provides a wealth of information and guidance.

### ***Reflections***

- 4.13 As part of the review process, we observed a full Council meeting, and a sitting of the Audit Committee, which also has a new Chair. Our impression was that both provided effective arenas for debate, through a thorough examination of issues and rigorous probing of officers.
- 4.14 The quality of the papers was good, and there was consensus that these have become much pithier since the recent changes to the Council make-up. This allows plenty of time for all members to contribute to frank and open debate. However, there is potential scope to further streamline the agendas and therefore the amount of paperwork, to reduce duplication.
- 4.15 The level of experience and expertise that the new Council members bring to the table is an asset to the organisation. It is worth noting that many of HEFCW's stakeholders and peers hold the Council in high esteem.

### ***Relationship with the Welsh Assembly Government***

- 4.16 As an Assembly Government Sponsored Body, HEFCW is positioned between the Assembly Government to whom it is accountable, and must advise and deliver Ministerial priorities, and the broad sector it funds: the higher education institutions, learners and in relation to the third mission, the research and development partners in Wales.
- 4.17 Many of those we spoke to saw this position as potentially 'uncomfortable', having to balance the needs of both. The relationship was by some parties described as 'triangular' and by others a 'buffer'. The best description given was that HEFCW was a 'translatory body', unpacking and contextualising government policy for the HE sector to realise in practice, and providing advice to Ministers based on HEFCW's expertise and knowledge of issues within HE, through consultation with the sector.
- 4.18 While there is a huge amount of respect for HEFCW's role from the HE sector, the overall impression we had was that this 'balancing act' inevitably proved challenging at times, in managing complex sets of relationships.

### ***Relationship with DCELLS***

- 4.19 The most significant of these challenges is widely regarded as HEFCW's interface with its sponsor and policy department in the Welsh Assembly Government, the Department for Children, Education, Lifelong Learning and Skills (DCELLS).
- 4.20 HEFCW's 2009 Remit Letter from the Minister for Children, Education, Lifelong Learning and Skills recognises the need to re-examine the HEFCW/DCELLS relationship in the light of our review, asserting that 'a strong and productive relationship is vital.' Below we set out the issues that in our view

are the most significant, and suggest some possible options to begin to resolve them.

### **Mutual understanding of roles and outcomes**

- 4.21 The Minister's recent statement to the Assembly's Enterprise and Learning Committee laid out the need for 'clear lines of expectation and responsibility' between Welsh Assembly Government officials, HEFCW and the HE sector. This is something we would wish to reaffirm and endorse. Throughout the review process it became increasingly apparent that there is a need for greater clarity and understanding of each other's roles and responsibilities.

### **Reflections**

- 4.22 There are several possibilities to consider, including away-days or facilitated workshops, bringing the relevant DCELLS officials together with HEFCW staff.
- 4.23 An option we favour strongly is to roll out a programme of 'shadowing' opportunities between the two organisations, which has recently been employed as part of an induction process for a new member of the DCELLS HE team. However, we feel that other existing staff, and in particular senior management, in both DCELLS and HEFCW would benefit from this experience.
- 4.24 Many of those we spoke to were enthusiastic about the idea and the potential benefits to their work, but felt that day-to-day pressures and commitments had prevented this from happening until now. We advise that managers recognise the importance of this kind of learning and development, and value the opportunity as a priority for their staff.
- 4.25 At a strategic level, there is a need to agree on outcomes to be achieved and the relative roles and responsibilities in achieving them both to ensure all parties are 'singing from the same hymn sheet,' and to reduce duplication of work. The Minister's proposed strategy, *For Our Future*, in response to the Jones Review provides a timely opportunity and should establish the key priorities for HEFCW to act as an 'agent for change,' a concept promoted in the 2009 Remit Letter.

### **Trusting and using HEFCW as a resource**

- 4.26 The collective expertise of HEFCW's staff and Council members is widely recognised within the HE sector and by stakeholders and peers across the UK as an unparalleled source of knowledge on issues facing the Welsh higher education sector.
- 4.27 However, throughout the course of our interviews we repeatedly heard examples of DCELLS policy developments to which HEFCW had not been invited to contribute until the consultation stage, along with other external stakeholders. The cumulative effect of this was to make many HEFCW

officers feel excluded, 'frozen out of the process,' and mistrusted by Welsh Assembly Government officials. There is evidence that this is starting to change and HEFCW are now a key partner on internal, current policy development groups.

- 4.28 The recent organisational changes within DCELLS, aimed at embedding a more cross-cutting culture within the department, has resulted in the policy relating to higher education being spread across the department. This has brought its own challenges and a different way of working. To ensure all heads of policy with an interest in HE are regularly appraised of what is happening elsewhere within the department, a formal group has been formed that meets on a bi-monthly basis. The agenda is well thought-out and the discussion constructive; however from the perspective of completeness, where policy is on the agenda, in our opinion the missing component is HEFCW.
- 4.29 HEFCW's Chair and Chief Executive meet regularly with the Minister and separately with the Director General of DCELLS. Another regular meeting is held between DCELLS senior team and HEFCW's executive team. These quarterly meetings are chaired alternately by each organisation and are intended to keep both teams up to date on progress.
- 4.30 HEFCW senior staff and senior Welsh Assembly Government officers are members of the Project Board for the development of the new Higher Education strategy and action plan (now published as *For Our Future*) and HEFCW's Chair and senior staff attend meetings of the external stakeholders' reference group for this development.

### **Reflections**

- 4.31 HEFCW's latest remit letter has since placed a greater emphasis than ever before on the need for HEFCW to work together with DCELLS officials; it is imperative that this is adhered to on both sides, and at an early stage in future policy developments. Doing so will help to engender a sense of 'team', which will not only improve working relationships but also make the policy development process more efficient and effective.
- 4.32 An invitation to HEFCW to attend the Higher Education forum within DCELLS could be considered.
- 4.33 Trust could also be strengthened in other ways. For instance, the DCELLS response to HEFCW's Operational Plan should be far more strategic and light touch, focussing on its alignment with high-level ministerial priorities, and empowering HEFCW to take responsibility for operational detail.
- 4.34 Moreover, the need for regular communication, on a strategic policy and day-to-day basis, is essential.

### **Timeliness and responsiveness**

- 4.35 We heard several examples of responses from DCELLS to HEFCW requests having been delayed, in some cases over periods of several months. While this was understood to have been unavoidable in some instances, there appears to be a more general issue about responsiveness.
- 4.36 A particular issue was the delay in HEFCW receiving its Remit Letter, which has a knock-on effect on the organisation's corporate and operational planning process. Consequently, HEFCW staff can feel frustrated, and this adds to a sense of being undervalued or disregarded by DCELLS colleagues. A commitment has been given by DCELLS that a draft Remit Letter will be issued by December 2009 at the very least, which should lead to a smoother planning period for both.

### **Reflections**

- 4.37 There is a need for better communication and information about the reasons for any such delays. Better planning processes within both HEFCW and DCELLS should be put in place to ensure that complex pieces of work are prepared in advance in order to meet deadlines. A more open dialogue between colleagues in both organisations would enable each to be aware of what may be on the horizon.
- 4.38 Consideration should be given by the Welsh Assembly Government as to whether in some cases structural impediments could be removed, such as allowing HEFCW staff to meet directly with relevant Assembly Government officials from other departments (e.g. HR, Finance, Legal or Corporate Governance), in a round table discussion with DCELLS colleagues.

### **Structural issues**

- 4.39 Since a recent internal reorganisation, the HE focus in DCELLS is seen by many external stakeholders, as well as HEFCW staff, to have become more fragmented. The small team working on sponsorship is geographically dispersed across three locations, and this work is one component of a wider range of agendas and priorities. There is a significant level of understanding within HEFCW of the difficulty that this presents and a belief that the individual members of the team work hard to mitigate the situation.
- 4.40 It is the opinion of a range of external stakeholders that the reorganisation has made dealing with DCELLS on HE issues more difficult. This may be perception rather than actuality and may be based on the inevitable communication issues that arise from many major reorganisations. The restructuring – and further adjustments to the structure of DCELLS which are about to take place at the end of this year – will have resulted in a greater staff resource being devoted to higher education policy than was present in the pre-2008 structure, despite the overall downward pressure on staffing levels within DCELLS.

### ***Reflections***

- 4.41 Assembly Government officials may wish to reflect on the DCELLS departmental structure, and take stock of options to ensure resources are deployed to best effect. There is also a need to consider ways to develop, capture and bolster corporate knowledge within the department where people with HE expertise have moved on.

### **Relationship with other Welsh Assembly Government policy departments**

- 4.42 HEFCW also works closely with other parts of the Assembly Government, including the Department for Economy and Transport, the Wales Office for Research and Development, and the Welsh European Funding Office.
- 4.43 These various working relationships operate through formal arrangements such as quarterly strategic meetings, attending committees, and regular meetings on specific issues. Most of those we spoke to described having a 'pick up the phone' attitude, to use each other as a resource on a more informal basis, which has helped to cement positive working relationships.

### ***Reflections***

- 4.44 Relationships between HEFCW officers and government officials from these departments are professional, productive and positive. HEFCW was described as 'an extension of our team' by Assembly Government officials, and was regarded as a source of advice and expertise. These relationships are by their very nature less frequent, detailed or concerned with lines of accountability than a typical sponsorship arrangement.
- 4.45 The key lessons to ensure a productive relationship between a Welsh Assembly Government department and AGSBs are those of trust, communication, and maximising and utilising the expertise that each organisation brings to the table.

## 5. Engaging with others

*Working in constructive partnerships to deliver the best outcome for citizens.*

### ***Relationship with higher education institutions***

- 5.1 HEFCW maintains relationships with the twelve higher education institutions in Wales through a range of interactions. At officer level this involves regular meetings and conversations, which are mostly seen to enable open and honest dialogue. Vice Chancellors feel able to pick up the phone and discuss specific issues with HEFCW's senior officers when necessary.
- 5.2 At Council level, there are twice yearly strategic dialogue meetings with the representative bodies of the heads of Welsh HEIs, Higher Education Wales (HEW), and the chairs of governing bodies, Chairs of Higher Education Wales (CHEW). There are also separate quarterly meetings between the Chair and Director of HEW and senior HEFCW officers.
- 5.3 A programme of institutional visits by HEFCW's Council and senior management has proved a successful means of engaging with the HE sector. The visits allow HEI governors and HEFCW council members, as well as executives from both organisations, to interact, showcase new developments, improve understanding of each other's roles and responsibilities, and discuss strategic issues specific to the institution and those facing the sector as a whole. The opportunity has been welcomed by HEIs and has generally been seen as rewarding.
- 5.4 An example of HEFCW listening and responding to its stakeholders is the way that it has changed its engagement with HEIs to become more strategic. This followed a stakeholder survey which identified some criticism of HEFCW as being too concerned with operational detail and peripheral issues rather than strategy, particularly in regards to the monitoring of strategic plans.
- 5.5 In response to this feedback, HEFCW has developed a new model of strategic engagement, outlined in HEFCW's June 2009 Circular to Heads and Chairs of HEIs in Wales, centred around several principles. These include: clarity of criteria; an integrated, responsive approach to engaging with institutions; more explicit communication of processes and outcomes, and clearly defined actions; and using existing data wherever possible.
- 5.6 In practice, this will mean HEFCW moving away from an annual assessment of all institutions' strategic plans to a three-yearly cycle, which is more concerned with the high-level strategic direction of each institution, and alignment with Assembly Government strategic objectives. HEFCW is also refining its processes for institutional assurance, employing a more holistic and risk-based approach.

- 5.7 The stakeholder survey also revealed that several HEIs felt HEFCW could do more to support governance, leadership and management issues in the HE sector. The organisation has since developed a governance toolkit for governors of HEIs, and is working to promote best practice in this area by sharing a range of information used by HEFCW to assess institutional risk. This is an important tool in supporting HEIs to embody the principles of good governance, while respecting the autonomy of institutions.

### ***Reflections***

- 5.8 Day-to-day, operational communication mechanisms appear to be working well, and the increasing use of email and web-based communications has been welcomed by HEIs who see this as having made considerable improvement to relationships, particularly at a functional level. However, there is a real desire for further transparency about HEFCW's decision-making, and the rationale behind decisions, which could be made available for other institutions to learn from. HEFCW appears slightly reluctant to do this, partly due to a fear of being seen to be publicly critical. However, it is important that the organisation finds a way of explaining its reasons for making decisions in a way which is constructive and enables the sector to learn lessons about good practice and areas for improvement.
- 5.9 These concerns may well be assuaged by HEFCW's new Strategic Engagement model; however, at the time of our review this had not yet taken effect. Among the HE sector stakeholders who participated in the review, we generally encountered enthusiasm for the prospective changes, and optimism that HEFCW recognises some of these issues and is trying to make improvements to resolve them.
- 5.10 Throughout our review several stakeholders raised concerns about the heavy administrative burden they felt was placed on them by HEFCW. Examples were given of systems and processes which led them to feel HEFCW has a tendency to try to 'micromanage' in some areas, such as the complexity and detail required in bidding for relatively small sums of money. There was also concern about the number of separate funding streams and initiatives, and a desire to streamline these separate 'pots'.
- 5.11 Consideration should be given by HEFCW as to whether there is scope to rationalise the way funding is administered, taking into account customer needs whilst providing the most effective and efficient service in distributing funds. In cases where the complexity of HEFCW's systems is directly linked to Assembly Government requirements, it is essential that relevant HEFCW and Assembly Government officials collectively take responsibility for assessing ways to streamline processes, and ensuring the system works smoothly throughout all stages of the delivery chain.

5.12 HEFCW's role involves balancing the importance of institutional autonomy, protected by statute, with accountability for the use of public funds, ensuring the organisation delivers on its Ministerial remit while avoiding interventionism in the sector. HEFCW is highly sensitive to this balance, but must ensure, particularly in the current economic climate, that it remains innovative, flexible and responsive.

### ***Relationship with other agencies***

- 5.13 HEFCW works in close collaboration with the other UK HE funding councils, jointly funding of a wide range of quadrilateral, pan-UK initiatives and projects. These include the Leadership Foundation for Higher Education, the Equality Challenge Unit, and Joint Information Systems Committee (JISC). As part of this review, we spoke to representatives from several of HEFCW's partner and stakeholder organisations. A full list of those who participated in the review is provided at Annex 2. The relationship between HEFCW and the other funding councils is discussed in more detail in Chapter 8, Being a Learning Organisation.
- 5.14 At a strategic level, HEFCW engages annually on an individual basis with the chief executives of its partner organisations, an interface which is valued by partners as providing a useful opportunity for open, high-level dialogue.
- 5.15 Stakeholders generally described their operational relationships with HEFCW as useful, responsive and open, with regular meetings and dialogue. HEFCW staff are seen as very approachable and there are good 'pick up the phone' relationships, whereby HEFCW and its partners keep each other informed of developments and rely on each other for advice.
- 5.16 HEFCW is seen as transparent and provides a wide range of information to its partners, enabling them to feel well-informed of HEFCW's strategic and policy direction. HEFCW's stakeholders generally felt they were consulted about issues that affect them. This has led to partners feeling equally confident about sharing information with HEFCW; there were evidently high levels of trust in the organisation among the stakeholder bodies we spoke to throughout the course of our review and a common belief that HEFCW senior officers had a high level of integrity.
- 5.17 There is also general consensus that relationships have improved since HEFCW's internal reorganisation, which is felt to have made the organisation more transparent and better at explaining why they are doing things.
- 5.18 Memoranda of Understanding and Service Level Agreements between HEFCW and its partners underpin the interactions between the organisations and have helped to clarify the roles and responsibilities on both sides of the relationship.

- 5.19 HEFCW is seen as a supportive organisation and has played a useful role in the past in mediating between different stakeholder and partner organisations, helping to ensure all those involved in the delivery chain are working effectively together.
- 5.20 HEFCW is respected by many of its partners for being open to innovation, listening to new ideas and providing stakeholders with opportunities to trial them, leading to a sense of being valued and included in driving forward agendas.
- 5.21 Many of HEFCW's partners told us that they value the role the organisation plays in championing Welsh and devolved interests in a UK HE context.

### ***Reflections***

- 5.22 While new annual monitoring statements are seen to have improved and become more strategic, the main criticism we heard about HEFCW from its stakeholders was the heavy administrative burden many feel is placed on them by HEFCW's systems for reporting and monitoring. This was echoed by several of the representatives from HEIs who participated in the review (as mentioned earlier in this chapter). HEFCW may wish to reassess such processes, to ensure that the requirements it issues to partners and stakeholders are proportionate, in line with Hampton Principles.
- 5.23 HEFCW invites relevant stakeholder organisations to participate in or attend as observers at some of its committees. The meetings are generally felt to be inclusive and committee members open to listening to the views and comments of stakeholders and observers. However, there was some concern expressed to us by a minority of participants about the high volume of papers and extensive background reading required for these committees. While the quality of the papers was not disputed, HEFCW may wish to consider possible ways to streamline the level of administrative burden in relation to its committee papers. This is aligned to reflections made in 4.13.
- 5.24 Generally partner organisations feel that HEFCW provides them with reasonable timeframes in which to plan ahead. However, an issue which emerged from some stakeholder representatives was a concern about the occasional lack of continuity of projects, describing some examples of short-termism by HEFCW. Sustainability is a key issue in public services provision in the current climate, which HEFCW needs to ensure is central to its strategic vision and long-term planning.

## 6. Living public service values

*Being a value-driven organisation, rooted in Nolan principles and high standards of public life and behaviour, including openness, customer service standards, diversity and engaged leadership.*

### **A value-driven organisation**

- 6.1 HEFCW's seven strategic aims and four core values are clearly mapped out in its strategic plan, annual report and on its website. Internally, HEFCW has broadened its use of corporate values, to increase its staff's understanding of how their work impacts on the overall aims of the organisation. This is a highly important tool in developing a culture of involved, motivated and empowered staff.

#### **Reflections**

- 6.2 HEFCW has been a recognised Investor in People for a number of years, and its liP status was renewed for a further three years in May 2009. We would like to echo the recent liP Assessment's proposal that there is scope to bolster this use of values through the strategic plan, by separating the strategic objectives from the more detailed operational objectives. This will help to ensure that all those within the organisation focus on the 'big picture' and are able to align their work to a corporate vision.
- 6.3 Similar suggestions were made by representatives from HEIs, both throughout our review and in HEFCW's stakeholder survey, who felt HEFCW's strategic plan would be more useful to them if it were more 'visionary' in how it intends to deliver the Minister's priorities. There is a real desire from the sector to be involved in shaping the 'big picture' about the direction in which the Minister would like to see HE moving towards in the coming years. This could be expressed more clearly by HEFCW, provided it was a vision developed in conjunction with all those involved in the policy and delivery chain. The new HE strategy, *For Our Future*, provides a significant opportunity for this kind of vision setting.

### **Customer service standards**

- 6.4 HEFCW's openness with its customers and stakeholders was discussed in the previous chapter. Generally HEFCW's operational relationships with its stakeholders are good at individual officer level, and initiatives such as the Council's programme of institutional visits have been well received by HEIs.

#### **Reflections**

- 6.5 Corporately, some further improvements could be made to build on the successful progress made to date. There is some desire for HEFCW to be more transparent and provide a deeper level of feedback, and scope for administrative processes to become more streamlined.

### ***Culture of good debate***

- 6.6 The organisation seems to embody a culture of good debate, with staff encouraged and empowered to voice ideas and concerns with their line managers and other senior officers. Feedback is regularly given both from the bottom-up, through a standing agenda item at Management Board meetings, and top-down, through team meetings when discussions from Management Board and Council are fed back to staff. Further ways to improve consistency and strengthen communication channels, such as the use of a Core Brief to cascade messages from the Management Board to staff, were discussed in more detail at 4.6.
- 6.7 The level of debate at Council and committees is high and enables a free exchange of ideas and probing challenge. Through observing Council members at meetings it was clearly demonstrated that the members were well prepared, having read the papers, which were of a high standard and contributed positively throughout the well chaired meetings. The Executive were frequently challenged on issues in a constructive way, there was no question of the Council members having insufficient information on which to make informed decisions. Reflections on this are provided in Chapter 4.
- 6.8 Since HEFCW's Organisational Design Review last year, an internal Policy Forum has been established to provide a structured space to concentrate on broad, strategic policy issues. While still seen by some officers as a 'work in progress', there is general agreement that it will make policy development within the organisation more inclusive, as relevant officers, including those at a junior level, are invited to contribute to discussions.

### ***Equality and diversity***

#### **Commitment to being an equal opportunities employer**

- 6.9 HEFCW is a member of the South East Wales Equality Network and its steering group, enabling the organisation to learn and share good practice and develop its equality and diversity employer role. Some of the ways HEFCW is working to provide equal opportunities and promote equality and diversity are outlined in the following examples.
- 6.10 Equality and diversity training is provided for all new starters, and refresher training for existing staff is provided at least biennially. Other training provided to all staff has included effective equality impact assessing and roles and responsibilities under equalities legislation. Further training has been offered to those interested, for example British Sign Language taster sessions.
- 6.11 Several members of staff have also been trained as Fair Treatment Advisers, to provide confidential support and advice to staff where there is a perception of discrimination or unfair treatment, and investigation officers, to deal with complaints of harassment and bullying should they arise.

- 6.12 In early 2007 HEFCW undertook an access audit of its offices and facilities. HEFCW has subsequently worked with its building manager to make improvements to the office, including hearing induction loops for reception and meeting rooms, ergonomic equipment and automated doors.
- 6.13 HEFCW enables its employees to operate different patterns of working to suit their individual needs and those of the organisation through a flexible working hours policy.
- 6.14 The organisation has undertaken an equal pay audit with ACAS to assess and address any pay gaps between staff of different genders, ethnicity, disability and age.

### **Promoting equality in the HE sector**

- 6.15 HEFCW actively promotes equality and diversity in higher education in Wales. It funds the UK-wide Equality Challenge Unit for higher education, and contributes to its Welsh advisory group, a discussion forum for staff of HEIs with equality and diversity specialisms and responsibilities to share good practice.
- 6.16 The organisation has worked for several years with institutions to evaluate their equality schemes and action plans, to ensure compliance with legislation and identify development opportunities.
- 6.17 HEFCW is addressing and promoting disability equality in a range of ways including: asking institutions to include provision for disabled students in their widening access strategies; providing disability premium funding allocations to HEIs (based on numbers of students in receipt of a Disabled Students' Allowance); and through visits to staff and students at institutions by HEFCW's disability and diversity coordinator.
- 6.18 HEFCW has funded a project to investigate issues about ethnicity and degree attainment and raise awareness of the needs of students from all ethnic backgrounds across the HE sector. It is also involved in a Race Forum action research project which looks at the experiences of BME staff in HEIs and develops interventions aimed at improving their experiences.
- 6.19 The organisation is working with the HE sector to encourage the recruitment of students into non-traditional gender subjects, such as science, technology, engineering and maths (known as STEM subjects).
- 6.20 The organisation recognises that while there are a number of women in Deputy or Pro-Vice Chancellor roles in Wales, there are no women heads of Welsh HEIs, and progress has generally been fairly slow in strengthening the profile of women in higher level management posts in institutions. HEFCW has funded an initiative to promote understanding and address the barriers identified through a Wales-wide mentoring programme aimed at developing future women leaders.

## 7. Fostering innovative delivery

*Being creative and innovative in the delivery of public services - working from evidence, and taking managed risks to achieve better outcomes.*

### **Reconfiguration and collaboration**

- 7.1 Reconfiguration and collaboration has been a key priority for the Assembly Government dating back to its inclusion in 'Reaching Higher', the Strategy for a Higher Education Sector in Wales published in March 2002. Since then, significant funding has been allocated to deliver this initiative and there have been a number of notable successes. HEFCW's role in this area of policy delivery is seen as being reactive to organisations that choose to consider this move, rather than being proactive in engaging with potential institutions. Reasons for this are outlined in the next few paragraphs. Those institutions that have utilised the funding stream either for full mergers or for collaborations, for example to increase critical mass in terms of research capability, have all been highly complimentary of the support they received from HEFCW throughout the process.
- 7.2 During the course of the review there was little dissent from the HEI sector that the current situation of twelve small (relative to the rest of the UK), geographically dispersed institutions is unsustainable. Given these factors, it may be seen as surprising that in seven years there has not been greater movement towards formal reconfiguration and less formal collaborative working.
- 7.3 There is a frustration within some institutions as to why greater success has not manifested, including a belief that there is a lack of a joined-up, strategic vision of what the HEI sector in Wales should look like and what outcomes are desired. In order to motivate governing bodies of HEIs to make fundamental changes to their organisations, it is necessary to clearly articulate the benefits and an overarching way forward for higher education in Wales. The Jones Review makes clear that although there is logic for reconfiguration, there is a need for a strategic context or vision of where we are trying to get to, rather than a 'mantra' of collaboration for its own sake.
- 7.4 Recognition of the difference between the pre- and post- '92 institutions is a cause of some concern within the HEI sector, with fears that HEFCW may perceive them in excessively differentiated ways. That is, that the pre-'92s should be aiming to increase their research capacity and the post-'92s concentrating on the widening access agenda, delivering foundation degrees and reconfiguring and collaborating with further education institutions. Although a need for greater understanding of differences is welcomed by HEIs, the post-'92s in particular are keen to avoid a situation of creating a two-tier university system whereby a 'research intensive' versus 'teaching intensive' fragmentation occurs. It is important that students and employers do not view what they are being offered as a second rate opportunity but as a first rate route.

- 7.5 There is a clear message from the sector that reconfiguration and collaboration is still needed, but should be based on local synergies, be part of a regional approach and requires a strategic framework. It was also made clear that 'forced marriages' would not work, that these could lead to friction, wasted energy, and require closer management by HEFCW in the longer term.
- 7.6 There is a view within the sector that the agenda has been pushed hard by the Assembly Government but not always to great benefits, and that now it is essential that it is driven by the right motives, funded in the right way and takes into consideration other policies within higher education. HEFCW could have a greater impact on this move to an integrated approach if enabled to have a more strategic methodology in the use of all its funds rather than have pockets of funding allocated to individual policy initiatives. This would require a different, more open and closer relationship between the funding council and the Assembly Government.

### ***Reflections***

- 7.7 HEFCW may wish to consider drawing together some of the innovative good practice that has been demonstrated across the HEI sector in Wales and disseminate it so that others can benefit from the learning experiences.
- 7.8 The range of reconfiguration and collaboration that has taken place in Wales has been varied. The demonstration of benefits derived from the process could be a way that HEFCW may want to incentivise others that have not considered using the approach.

### ***Links with further education***

- 7.9 The links between higher and further education institutions have grown and continue to develop. The introduction of foundation degrees has further built on this, and provides a sound basis for a strengthened sector that serves a wider community of learners. There is however quite a strong feeling within the HE sector that closer collaboration and potential mergers between HEIs and FEIs could diminish the 'hard fought for' university status by post-'92s, despite the Assembly Government wanting HE and FE to continue to have distinct missions. The Jones Review picks up on this issue and highlights how strengthened relationships and partnerships will enable greater access to and a wider distribution of higher education throughout Wales. Both HE and FE institutions will benefit, as well as local employers and ultimately citizens. The pilot being undertaken in the Heads of the Valleys region will be a good indicator of what level of take-up there is likely to be in an area where education to Level 4 amongst working age people is one of the lowest in the UK and traditionally a significant proportion of the population has not relocated for education or employment purposes.

- 7.10 The introduction of foundation degrees is an important link in the integration of policies being incentivised by HEFCW. It could have been used as a stronger lever to deliver on widening access, the collaboration agenda and even the third mission. The momentum that is now taking forward the policy needs to be taken advantage of and promoted in locations where currently it isn't being considered. The lack of funding attached to this issue has been regularly given as the reason for its slow start in Wales, however if there was more flexibility in how HEFCW are able to incentivise delivery of key priorities this may help.
- 7.11 On 23 June 2009, the Minister for Education and Lifelong Learning referred to a 'distinctive mission' in her statement in response to the Jones Review and in essence this has been a thread throughout the interviews undertaken for this review. There are some institutions that clearly work much more closely and effectively with their local communities, employers and with the existing FE providers with which many could be described as having a shared mission. There is a sense of the organisations being locally owned and delivering for their specific local requirements. Others are more proficient and better set up to deliver world class research. Many have a foot in both camps and for some, it is difficult to see how this can result in the best outcomes for an institution, its students and its sustainability in a highly competitive sector.

### ***Reflections***

- 7.12 The importance of FEIs in delivering HE is growing. HEFCW may wish to consider broadening the Council's expertise by including a member with specific FE experience.
- 7.13 As Assembly Government policy on Foundation Degrees clarifies, HEFCW may wish to consider how best to promote this particular qualification, in partnerships between HEIs, FEIs and employers.
- 7.14 HEFCW may want to explore having a more formal and creative relationship with Colegau Cymru/ Colleges Wales (formerly Fforwm), the representative body of FEIs, alongside the relationship with HEW which represents the HE sector.

### ***Third Mission***

- 7.15 Higher Education's 'third mission' refers to the exploitation of knowledge to the benefit of the social, cultural and economic development of our society. HEFCW funds third mission initiatives and collaborative projects, which in many cases will potentially lead to ground-breaking new products including medicines and fuels.

7.16 Examples of collaborative projects that HEFCW and the Department of Economy and Transport (DE&T) within the Assembly Government are funding are outlined below.

- Aberystwyth University's Biofuels project has a potentially global impact.
- University of Cardiff and a medical device company in West Wales are researching the use of magnets to stimulate the brain after strokes and the potential use with people suffering with Alzheimer's disease. This is a small project with potentially great quality of life implications.
- Glyndwr University and a local aerospace engineering company are looking at the effect of lightning strikes on composite wings of aeroplanes. The non-metal wings are lighter and therefore, if safe to use, will save fuel.

These are good examples of innovation and of HEFCW's part in delivering them, fully utilising the talent and expertise within the organisation, other departments of the Assembly Government and external specialists when deemed necessary. The relationships developed in delivering on the third mission are highly valued by external bodies and the DE&T in the Welsh Assembly Government as positive, constructive and productive.

7.17 Another funding stream to encourage a positive third mission outcome is Academic Expertise for Business (A4B), a six year project funding up to £70m by the Welsh Assembly Government and European Structural Funds. It is geared to ensure Wales maximises the economic impact of its academic institutions. A4B will support a range of activities in higher and further education institutions to develop more effective knowledge transfer mechanisms, to commercialise their intellectual property, develop new products and processes, increase business investment in research and development, and extend and exploit the research base. The work is very much designed to complement the work that HEFCW is currently doing.

### **Reflections**

7.18 As a sector, HEFCW has sometimes found Welsh businesses difficult to engage with. To improve the position, HEFCW may wish to expand its influence by using funding as a lever to encourage businesses to work with and ultimately utilise the HEI sector in Wales to their mutual advantage. There is more to be done in Wales to maximise the commercial funding component of research within HEIs, and HEFCW could look to take a more prominent role in this, as the main funder of research in Wales (compared with the position in England where business is a greater contributor than government),

## 8. Being a learning organisation

*Always learning and always improving service delivery.*

### ***Learning within the organisation***

- 8.1 HEFCW is seen to be continuously learning and improving, through a wide range of ongoing learning and development opportunities provided to all staff, including a perpetual programme of Welsh language courses. The organisation has a training plan which documents training needs that have been identified either through individual forward job plans or at a corporate level, with the aim of being able to match skills to organisational and operational objectives.

### ***Reflections***

- 8.2 We would echo the recommendation in HEFCW's recent Investors in People assessment that consideration is given to ways to capture information about the extensive range and impact of informal, on-the-job learning that takes place within the organisation.
- 8.3 We note that in response to the liP review, the Management Board has developed an action plan to take on board and seek to resolve all such suggestions for improvement. Many of the changes that are being considered are in line with the Citizen-centred Governance Principle 'Knowing who does what and why' and were discussed in Chapter 4. The Management Board's responsiveness to this kind of advice demonstrates real commitment to improving the organisation.

### ***Staff attitude survey***

- 8.4 HEFCW has run an annual Staff Attitude Survey for the past five years. The online survey of all HEFCW employees highlights areas which staff feel are working well and provides an opportunity to raise issues anonymously and confidentially. The results are analysed and discussed with all staff. The Management Board takes the results of the survey very seriously, and has developed a range of improvements to address issues that have emerged.

### ***Stakeholder survey***

- 8.5 A significant example of HEFCW listening to and learning from its service users is its stakeholder survey, the first of which was commissioned in Autumn 2007. External stakeholders were asked about the quality and effectiveness of the services, communication and support they receive from HEFCW, the relationship more generally, and priority areas for improvement. There was a good response rate, with 65 responses from HE institutions and 48 responses from partner organisations in Wales and elsewhere in the UK. The results of the survey were published on HEFCW's website, demonstrating a commitment to providing openness and transparency.

- 8.6 The survey itself asked for stakeholders' views on whether HEFCW was a listening and learning organisation. Approximately two thirds of participants felt they were given opportunities to provide HEFCW with feedback, and slightly less felt HEFCW acts on the feedback it receives.
- 8.7 HEFCW learnt considerable lessons from the exercise, and acted upon the feedback it received in several ways. Perhaps the most significant change made subsequently was the new model of strategic engagement with HEIs, discussed in Chapter 5, Engaging with others. This tackles several issues identified through the stakeholder survey, including:
- views that HEFCW was not seen as committed to supporting leadership, governance and management issues in HEIs (addressed through HEFCW's new governance toolkit);
  - perceptions that HEFCW's analysis and feedback on institutional strategic plans could be more effective and less focussed on operational detail (addressed through a new more strategic analysis every three years rather than annually);
  - and a desire for better dialogue with the sector (now being developed through initiatives such as institutional visits by HEFCW's council, which provide further opportunities for listening to stakeholders and learning about their service needs).

While some of these new developments are yet to take effect, we found much enthusiasm about the proposals from the stakeholders participating in our review, who felt that the changes would improve the relationship and service.

### ***Reflections***

- 8.8 The stakeholder survey was evidently a highly effective tool in garnering information directly from service users and using their views to make tangible improvements. It will be worthwhile repeating the exercise, perhaps on a biennial basis, in order to measure the impact and success of the changes made since the last survey, assess whether HEFCW's approval rating among its partners has increased as a result, as well as identify further areas for improvement.

### ***Learning from peers***

- 8.9 There is evidence of much learning and knowledge transfer between HEFCW and the other UK HE funding councils. The governance of each is slightly different, as is their scope and cultural context. However, the relationships between the four agencies responsible for HE funding are productive, positive and provide opportunities for much sharing of best practice.
- 8.10 These learning opportunities and networks operate at a range of levels throughout the organisations, both through formal arrangements and more

informally between officers. The Chairs and Chief Executives of all funding councils meet formally twice a year, and all have observer status on each other's council meetings. There is also some cross-over at each other's committees. There are a range of 'four nations' groupings centred around functional areas, such as research policy, as well as more informal interfaces between HEFCW staff and their counterparts from elsewhere in the UK, with a good deal of regular communication.

- 8.11 These relationships are seen as strong at all levels, and valued as helpful by officers and Council members alike. All those we spoke to, including representatives from other funding councils and central and devolved government departments, described the networks as providing invaluable opportunities to tap into the expertise of others, drawing on their knowledge and experiences of what has happened in other parts of the UK, both successes and lessons learned, and get different perspectives on analogous issues. Many used extremely positive language in talking about these relationships, such as 'generous', 'open', 'very willing to share' and 'inclusive'.
- 8.12 We heard several examples of HEFCW developing policies and approaches based on elements of similar work being done by funding councils elsewhere in the UK. There were also cases of HEFCW having considered processes being employed by peers, tested them with stakeholders, and following such consultation decided that it would not work for a Welsh context, or needed to be modified to suit the needs of HEIs in Wales. This kind of learning, and applying it appropriately to meet the needs of customers, is also consonant with the governance principle.
- 8.13 Moreover, this learning operates within a reciprocal framework; those we spoke to from other funding councils also offered us examples of lessons they have learnt from HEFCW. The overall picture was one of HEFCW being valued by its colleagues and recognised as a source of advice by peers.

## 9. Achieving value for money

*Looking after taxpayers' resources properly, and using them carefully to deliver high quality, efficient services.*

### **HEFCW as a cost centre**

- 9.1 One of the lines of enquiry pursued with participants in the review was whether they felt HEFCW provides value for money. As stated in the Executive Summary, if using crude comparisons with counterparts in the UK, then HEFCW would not benefit from economies of scale and may appear expensive. However, to counter this, there are a number of key areas where HEFCW contributes to a UK-wide fund and receives on behalf of Wales a greater proportion of the outputs, for example in supporting the Leadership Foundation for Higher Education.
- 9.2 The Council is responsible for undertaking the role of ensuring that value for money is achieved, issues are addressed and the executive are constructively challenged. The changes in membership of the Council over the last two years have strengthened this. The Audit Committee was observed during the review and evidence of a thorough process of challenge to the executive was seen. Senior representatives of the Wales Audit Office were also present and confirmed that this was a typical meeting. The papers for the meeting were extensive and required about five hours of pre-meeting preparation by Council members in order to be able to challenge and contribute effectively. This level of commitment is one that was fully accepted by all members of the Council who were interviewed for the review.

### **Scope for more shared services**

- 9.3 There are already some good examples of where sharing services with other institutions has provided value for money. For example, HEFCW along with the other UK HE funding councils supports a UK-wide IT infrastructure project, the Joint Academic Network (JANET), which in Wales links with the Assembly Government's Public Sector Broadband Initiative. HEFCW's funding contribution only represents 5% of the total, but Wales undoubtedly receives an output significantly greater than 5% in value. The same can be demonstrated from the 5% share of the UK drive to increase the participation in STEM subjects.
- 9.4 As discussed in Chapter 7, there are opportunities for collaboration between HEIs that could be exploited by sharing common services, and these could also be extended to FEIs. We understand that there is an unresolved issue regarding VAT chargeable on transactions between individual organisations which currently, in order to make it worthwhile, results in collaborations being limited to those that make savings in excess of what the VAT penalty would be.

## ***Risk management***

- 9.5 The process of risk management within an organisation can give a strong indication of the level of importance given to value for money issues. Within HEFCW there is a clear process that starts from the bottom up. Each risk is owned by the person who identifies it and is best placed to manage it. There are layers of risk to take account of the impact they may have, starting with the individual owner, through their project or team and ultimately it will be included within the corporate risk register. The risks with the highest impact will be included in the papers for the Audit Committee. There is a strong understanding throughout the organisation about what constitutes a risk and the detail of the risks presented in the corporate risk register are known and understood by the Chief Executive and the relevant Director.
- 9.6 The level of confidence held by the external auditors of an organisation is also a good indicator of how seriously they take value for money issues. The recent reports and interviews undertaken identify clearly that the Wales Audit Office see HEFCW as a relatively low risk organisation, and although they have a significant amount of funding to distribute, it is done in a well controlled manner. There is also a high level of confidence in the senior officers as well as the Audit Committee.

### ***Reflections***

- 9.7 Commitment to the Accounting Officer role is clearly taken very seriously by the Chief Executive and there is evidence that his steerage, along with that of a highly competent Audit Committee is a considerable strength for HEFCW. However, with the breadth of responsibilities required, HEFCW may wish to consider whether it may be more appropriate for some of the responsibility to be taken on by some of the very able second and third tier officers.

## Annex 1: Citizen-Centred Governance Principles for Wales

- **Putting the citizen first -**  
Putting the citizen at the heart of everything and focussing on their needs and experiences; making the organisation's purpose the delivery of a high quality service;
- **Knowing who does what and why -**  
Making sure that everyone involved in the delivery chain understands each others' roles and responsibilities and how together they can deliver the best possible outcomes;
- **Engaging with others -**  
Working in constructive partnerships to deliver the best outcome for the citizen;
- **Living Public Service Values -**  
Being a value-driven organisation, rooted in Nolan principles and high standards of public life and behaviour, including openness, customer service standards, diversity and engaged leadership;
- **Fostering Innovative Delivery -**  
Being creative and innovative in the delivery of public services - working from evidence, and taking managed risks to achieve better outcomes;
- **Being a Learning Organisation -**  
Always learning and always improving service delivery;
- **Achieving Value for Money -**  
Looking after taxpayers' resources properly, and using them carefully to deliver high quality, efficient services.

## Annex 2: Fieldwork Activities

### Conversations held

#### Meetings observed

- HEFCW Audit & Risk Committee (25<sup>th</sup> June 2009)
- HEFCW Management Board (1<sup>st</sup> July 2009)
- HEFCW Council (3<sup>rd</sup> July 2009)

#### HEFCW Council members

- Roger Thomas, Chair
- David Allen, Chair of Audit Committee
- Dame Sandra Burslem
- Prof. Mari Lloyd Williams

#### HEFCW Officers

- Phil Gummett, Chief Executive
- David Blaney, Director of Strategic Development
- Richard Hirst, Director of Finance & Corporate Services
- Bethan Owen, Head of Governance, Leadership & Information
- Celia Hunt, Head of Strategy, Learning & Funding
- Roger Carter, Head of Research, Business & Communities
- Nick Williams, Head of Resources

#### Minister

- Jane Hutt AM, Minister for Children, Education, Lifelong Learning and Skills

#### Welsh Assembly Government Officials

- David Hawker, Director General, Children, Education, Lifelong Learning and Skills
- Ian Butler, Special Adviser on Children, Education, Lifelong Learning and Skills
- Dennis Gunning, Director of Skills, Higher Education and Lifelong Learning Group, DCELLS
- Mike Hopkins, Head of Lifelong Learning and Providers Division, DCELLS
- Peter McAllister, Head of Lifelong Learning Branch, DCELLS
- Helen Jones, Head of Higher Education Policy Branch, DCELLS
- Rob Joyce, Senior Higher Education Policy Manager, DCELLS
- Dr. Virginia Chambers, Director of Technology & Innovation, Department for the Economy and Transport
- Damien O'Brien, Director, Welsh European Funding Office

### **Partners and stakeholders**

- Bangor University: Professor Merfyn Jones, Vice-Chancellor
- Cardiff University: Dr. David Grant, Vice-Chancellor
- Glyndwr University: Professor Michael Scott, Vice-Chancellor
- Swansea University: Professor Richard B. Davies, Vice-Chancellor
- Swansea Metropolitan University: Professor David Warner, Vice-Chancellor
- University of Glamorgan: Professor David Halton, Vice-Chancellor
- University of Wales Institute, Cardiff: Jacqui Hare, Pro-Vice-Chancellor (Learning and Teaching), and David Price, Head of Strategy Development
- Open University Wales: Rob Humphreys, Director
- Higher Education Wales: Professor Noel Lloyd, Chair (and Vice-Chancellor, Aberystwyth University), and Greg Walker, Acting Director
- Chairs of Higher Education Wales: Mr Andrew Wilkinson, Chair (and Chair of Governors at University of Wales, Newport)
- Alliance for Sector Skills Councils: Elaine Moore, Wales Manager
- Department for Innovation, Universities and Skills: Dr Graeme Reid, Head of Exploitation Directorate
- Equality Challenge Unit: Nicola Dandridge
- Estyn: Simon Brown, Acting Head of Directorate, Education Partnerships, Training and Inclusion, and Lin Howells, Managing HMI: Adult and Teacher Education
- Fforwm: John Graystone, Chief Executive
- Higher Education Academy: Gabriel Jeziarski, Senior Adviser Wales
- Higher Education Funding Council for England (HEFCE): John Selby, Director for Education and Participation
- Leadership Foundation for Higher Education: Heather Graham, Associate Director for Wales
- National Union of Students Wales: Sophie Buchaillard-Davies, Policy and Public Affairs Manager
- Quality Assurance Agency for Higher Education: Julian Ellis, Officer for Wales
- Reaching Wider North Wales regional partnership: Linda Evans, Partnership Manager
- Reaching Wider South East Wales regional partnership: Kathryn Maddy, Partnership Manager
- Reaching Wider South West Wales regional partnership: Heather Pudner, Partnership Manager
- Reaching Wider West & Mid Wales regional partnership: Sue Pester, Partnership Director
- Scottish Funding Council: Riona Bell, Director, Funding
- Scottish Government: Gillian Mawdsley, Branch Head, Joint Sponsorship of Scottish Funding Council & Skills Development Scotland, and Ann McVie, Strategic Funding & International
- UK HE Europe Unit: Paul Dowling, Policy Officer
- Wales Audit Office: Mike Usher, Partner, and Terry Lewis, Audit Manager
- Wales Employment and Skills Board: Sir Adrian Webb, Chair

### **Annex 3: Review Team contact details**

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