



Evaluation of the Leadership Foundation for Higher Education

A report to HEFCE by Blue Alumni

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Glossary

ACE	American College of Education
AUA	Association of University Administrators
AUDE	Association of University Directors of Estates
AHUA	Association of Heads of University Administration
BUFDG	British Universities Finance Directors Group
CEO	Chief Executive Officer
CRM	Customer Relationship Management
CUC	Committee of University of Chairs
DEL	Department for Employment and Learning, Northern Ireland
ECU	Equality Challenge Unit
ESRC	Economic and Social Research Council
FE	Further Education
FTE	Full-time equivalent
HE	Higher Education
HEA	Higher Education Academy
HEFCE	Higher Education Funding Council for England
HEFCW	Higher Education Funding Council for Wales
HEI	Higher Education institution
HEPI	Higher Education Policy Institute
HESA	Higher Education Statistics Agency
HESDA	Higher Education Staff Development Agency
HOD	Heads of department
JISC	Joint Information Systems Committee
LF	LF for Higher Education
LGM	Leadership, governance and management
LGMF	Leadership, Governance and Management Fund
MASHEIN	Management of Small Higher Education Institutions Network
MIS	Management information systems
NHS	National Health Service
OPM	Office for Public Management
OU	The Open University
PSSL	Preparing for Senior Strategic Leadership
SFC	Scottish Funding Council
SCONUL	Society of College, National and University Libraries
SCOP	Standing Conference of Principals
SME	Small and medium sized enterprise
SMT	Senior management team
SSL	Senior Strategic Leadership Programme
TMP	Top Management Programme
UCISA	Universities and Colleges Information Systems Association
UK Funding bodies	DEL, HEFCE, HEFCW and SFC
UHR	Universities Human Resources
UUK	Universities UK
VFM	Value for money

Foreword

We thank the several hundred HEI staff and those of associated bodies who have taken time to give us their views and to submit evidence to this evaluation. Their comments and opinions have been extremely helpful in obtaining a balanced view of the impact and work of the LF for Higher Education (LF).

We particularly thank the staff and Board members of the LF who have responded to the needs of the evaluation by providing information and by discussing their work. Their support has been informative, constructive and invaluable in helping us to complete our work in a relatively short timescale.

1 Executive summary

1.1 Change in leadership, governance and management in HE

- 1 Over the last decade the UK Higher Education (HE) sector, with support from the Funding bodies, has transformed its approach to leadership, governance and management development. Several policy initiatives have been implemented including HEFCE's Good Management Practice Fund, its successor the Leadership, Governance and Management Fund, the Rewarding and Developing Staff initiative and other specialist initiatives aimed at discrete areas such as equal opportunities and inclusion. In 2000, 70% of HEIs provided little formal development of their leaders. Now, this situation has changed significantly so that:
 - (a) 73% of HEIs have systematic leadership management development programmes in place.
 - (b) 84% of staff value leadership alongside academic prestige.
 - (c) 52% of managers look for formal management development when appointing staff and 90% of academics believe it is advantageous for their careers.
 - (d) 77% of HEIs maintain a formal pool of potential leaders.
 - (e) 70% of HEI staff are engaged with the wider organisational issues in their HEIs and work in joint multidisciplinary teams.

1.2 How the LF for Higher Education has helped bring about these changes

- 2 We have found substantial evidence that the LF has played a key role in bringing about these changes. It has promoted and supported change at the most senior levels among governors, heads of institutions, senior management teams (SMT) and academic and professional leaders and has introduced the sector to innovative ideas and best practice through four major service offerings:
 - (a) Open learning and development programmes.
 - (b) In-house learning and development programmes and consultancy.
 - (c) Conferences and networking events.
 - (d) Research and publications on best practice in leadership and management.
- 3 These have been well received by most (more than 75%) governors, leaders and managers in the sector. Virtually all HEIs have used them and, with some minor differences in participation rates, the LF's services are used by all UK countries.

1.3 Comparability of its products and services

- 4 The LF's products and services compare well on quality, relevance and cost with other national and international providers. Underlying fee rates are lower than those of all competitors and programme prices are lower than most. The reasons for choosing the LF most frequently cited by alumni are its reputation and relevance to HE.

1.4 The business model and options for the future

Current status

- 5 The LF has established itself as a high quality agency and has progressed a long way towards self-sufficiency. From a starting position in 2004 when over 70% of its costs were funded by grants, it now generates nearly 80% of its income from fees it charges for services to the sector. However, as a small to medium sized enterprise (SME), the LF is highly susceptible to fluctuations in demand. With modest income, there can only be

small surpluses available to support overheads. Due to its constitution and public funding arrangements, the LF has greater accountability requirements than a typical private sector SME. It has coped with these financial challenges by:

- (a) Keeping its overheads as low as possible and using its pool of associates to manage changes (mainly growth) in demand.
 - (b) Being well governed and well managed with sound financial controls.
- 6 Despite this, the LF is still vulnerable to financial pressures. Our main concerns in this regard are that:
- (a) With the exception of three premier programmes and membership services, all products and services still require grant funding to subsidise participants' fees.
 - (b) Although the use of associates has been vital to the LF's delivery of its core products and services – particularly open programmes – over-reliance on this form of resource, which is also relatively expensive, reduces the margins required to support overheads.

Future challenges

- 7 The LF is facing a future that is particularly challenging in the current economic and sector funding climate. It needs to maintain and extend its excellent set of products and services and, at the same time, continue its progress towards self-sustainability.
- 8 From our assessment of the evidence we have gathered and the options we have identified, we believe the LF should take the following measures to increase self-sufficiency:
- (a) Increase the margins on all its services by a combination of revenue and/or price increases and reduce direct costs.
 - (b) Increase the volumes of its in-house programmes in the UK HE sector where there is the greatest opportunity for growth.
 - (c) Expand into the UK FE sector where there are HE programmes (known as "HE in FE") and also into the international HE market.
 - (d) Develop membership services so as to engage members more closely with its operations and fully establish with them the benefits and value of membership.
- 9 Given the above changes, we expect the LF's main trading activities would be able to generate further surpluses towards the support of overheads and investment in product and service development. However, we doubt if these surpluses will be sufficient fully to finance the LF's less commercial activities such as research, publications and its professional networks.

Future funding

- 10 Taken in its sector context, the Funders' overall investment in the LF is relatively small and provides, in our view, an excellent return in that there is a high beneficial impact delivered from a small and well-run organisation. Although there is a good prospect – through the measures recommended above – that the LF will become self-sufficient commercially on its core programmes and services, part of its benefits come from the less commercial activities currently provided. These activities, though income generating, will require further funding if they are to continue at present levels. Other areas may arise that require public funding. These activities may be sector-wide initiatives or support specific groups of individuals or HEIs.
- 11 We therefore suggest that, as the LF moves beyond the current grant funding agreement which ends in July 2012, the funding bodies consider providing further support

specifically for these less commercial activities. Several funding models are available (see paragraph 184 onwards) and we suggest that all would be contingent on there being a business case demonstrating an incremental public benefit and a reason why the activities would not occur as required if left to commercial factors.

- 12 Continued provision of less commercial activities would reinforce the LF's position as being "of and for the sector". This position was envisaged in the original business case, is intrinsic to the LF's brand and underpins much of its mainstream work.

1.5 Summary of recommendations

- 13 The report is structured to answer the range of questions posed in our terms of reference. The following table provides a summary of the recommendations and brings together the themes woven through the various questions. We have cross referenced each recommendation to the relevant paragraphs which provide supporting evidence.

Number	Recommendation	Paragraph
Products and Services		
Open Programmes and developing individuals		
1	Continue to offer and to develop the open programmes.	38
2	Take further steps to involve all UK countries proportionately.	38
3	Review and, if necessary, refine the process of matching the level and content of the programmes to potential participants.	38
4	Clarify the objectives for offering international programmes, communicate these objectives more fully to the sector and ensure that the international programmes do not distract from other well established open programmes and activities.	38 and 176(6)
5	Improve the gross contribution on core, established services.	180(1) and 206
6	Identify the underlying causes of the worsening financial position on international programmes and take corrective action to focus on profitable opportunities and longer term growth. If this cannot be done, reduce international activities to an affordable baseline where they support the general open programmes and leave the international support role to other UK bodies.	228
In-house programmes and consultancy		
7	Increase contribution and then volume of in-house and consultancy programmes.	64 and 180(1)(b) 213
Conferences, events and academic and professional networks		
8	Continue to provide these activities within available funding as they are a useful forum for staff to update their knowledge and to obtain continuing professional development.	79
9	Seek grants for this activity and/or look at their complete restructure to make it more financially viable.	216

Number	Recommendation	Paragraph
Publications, research and innovation		
10	Only fund publications and research where it is of significant public value and is unlikely to be provided via other mechanisms/organisations.	90 and 224
Membership		
11	Develop membership services to tie in institutional members more closely and fully establish with them the benefits and value of membership.	180(2) and 220
Product and service development		
12	Maintain a range of products and services encompassing the current range, but enhanced using a flexible, modular approach designed to serve, as far as possible, open and in-house programmes and distance learning. Membership services may also leverage this approach within a shared service/centre of excellence in providing LGM support.	197(2)
Markets		
13	Ensure that any market diversification does not detract from the unique HE focus of the LF or dilute the offering to the HE sector.	192(2) and 192(3)
14	Remain focussed on HE in the UK, but leverage the skills and product and service range in the international HE market and those parts of the UK FE sector delivering HE programmes.	192 and 197(3)
Operational management		
15	Retain the current organisation structure and processes, but take note of, review and, where the Board and Management Team deem it appropriate, act on our observations where improvements might be made. These observations cover:	129
15a	Marketing – coordinate approaches across the various product/service lines and undertake more focused/targeted marketing.	137, 171 and 176(3)
15b	Review temporary staff contracts.	141
15c	Strategic plan:	
	– Responsibilities for planning.	147
	– Improve the links between purpose, mission, strategic objectives, inputs, outputs and outcomes set out in the plan.	149
15d	Risk management – more regular reporting.	156
15e	Financial systems – make adjustments to the presentation of monthly reporting and apportionment of indirect costs.	158 and 159
16	Take steps to refresh the Associate pool to mitigate supply risks, build capacity and demonstrate value.	129, 163 and 176(1)

Number	Recommendation	Paragraph
17	Examine the possibilities of increasing the number of permanent in-house staff in established business areas to improve margins and hence to support self-sufficiency.	196 and 197(4)
18	Undertake an immediate and then periodic – possibly annual – review of the associates’ contracts. This should be completed with specialist legal advice to ensure compliance with legislative and tax requirements and protect all parties appropriately.	129 and 165
19	Complete the implementation of, or rule out, the remaining recommendations from the first evaluation, as appropriate, that are not covered above.	176(2),176(4) and 176(5)
Financial and competitive positioning		
20	Make more of the strong position on quality, content and cost of services, in comparison with other providers, and communicate this to the sector.	117
21	Reconsider forward plans, especially covering the two years to July 2012, and embrace fully a move towards self sustainability on core programmes. Those areas that can be made to generate a surplus should do so and areas which still need subsidy should be carefully examined and detailed business cases for their continued funding developed.	129 and 145
Funding		
22	The LF and Funding bodies should implement a funding regime in which: <ul style="list-style-type: none"> - Income from the established trading activities covers LF direct and indirect costs for those activities. - In time, accumulated surpluses could be used to support specific projects for public benefit. - Grants from Funders are used for specific projects and/or activities which have public benefit, but are not commercially viable in the short term. 	197(1)
23	After July 2012 the Funding bodies should consider progressively reducing any non-competitive element of the LF’s funding and replace this with grants that flow from a competitive process.	235

2 Background and remit of the Leadership Foundation for Higher Education

2.1 The policy focus on leadership, governance and management

- 14 The four UK Funding bodies (The Department for Employment and Learning, Northern Ireland (DEL), Higher Education Funding Council for England (HEFCE), Higher Education Funding Council for Wales (HEFCW) and the Scottish Funding Council (SFC)) have developed a series of policies and programmes to assist and encourage HEIs to become more effective and efficient. HEFCE's Rewarding and Developing Staff initiative, the current Leadership, Governance and Management Fund (LGMF) and its predecessor the Good Management Practice Fund are three examples of these improvement programmes. All four UK HE Funding bodies contribute to these programmes as well as having their own specific initiatives.

2.2 The remit of the Leadership Foundation for Higher Education

- 15 Against this background, the remit of the LF was set out in its business case in June 2003. The organisation was launched to respond to a range of challenges facing the sector combined with a history of under-investment in leadership and management development. As detailed in the original business case, a UK-wide survey in 2000 (funded by HEFCE's Good Management Practice Fund) revealed that up to 70% of institutions had no systematic institutional approach to senior management development. Management qualifications among senior staff were not the norm. A follow-up survey of individual senior managers' experience and expectations of leadership and management development confirmed the general picture. A majority of respondents reported dissatisfaction with the status quo and supported the contention that formal management training was essential for the development of effective senior management in higher education. Independent studies carried out in Wales and Scotland in 2001 and 2002 reported similar findings.
- 16 The specific case for channelling such investment through a new organisation such as the LF for Higher Education rested on four key premises:
- (a) HEIs are distinct and autonomous institutions with diverse missions and markets. A dedicated Foundation was expected to be sensitive to different customer needs and market drivers as well as to the specific HE context.
 - (b) There was a need to respond to global competition and to collaborate with other sectors to achieve social and economic goals. It was recognised that HE has to work increasingly closely with business, health, other education sectors and international organisations. It was expected that a Foundation would have access to multiple sources of expertise and information and would provide a variety of high quality products and services for the sector as well as creating new opportunities for institutions and individuals.
 - (c) A Foundation in itself would create a higher profile for the roles of leaders, governors and managers in HE, both within and outside the sector. It was expected that it would promote cross-sector dialogue about comparable strategic challenges and opportunities. It was expected that such promotion would generate better understanding across sectors, stimulate joint development opportunities and increase the confidence of stakeholders in the management capabilities of the sector.
 - (d) A Foundation could build on existing provision, expertise and commitment in the sector (such as the contribution of the then Higher Education Staff Development Agency, the Association of University Administrators and other professional associations). It could stimulate further demand for leadership, governance and

management development by extending the volume, quality and variety of what is available to institutions and individuals.

- 17 The business case envisaged that what was subsequently called the LF would require initial funding to enable it to establish a presence in the sector. However, over time it would move to greater self-sufficiency through the charging of fees to HEIs for its development programmes and activities. The Funding bodies have reaffirmed this position over time in their regular Funders' meetings with the LF. The Funding bodies contributed £10 million for its first three years of operation and then extended this by a further £5 million for the period to end July 2012. However, the Funding bodies have an expectation that the LF will move towards financial self-sustainability in this period.

3 Our terms of reference and approach

- 18 This report documents the findings, conclusions and recommendations which arise from our evaluation of the activities of the LF. Our detailed terms of reference and the questions we were asked to respond to have been included in Appendix 2 – Terms of reference and approach. In summary, they cover an assessment of:
- (a) The impact of the LF on its stakeholder groups.
 - (b) The benefits that have accrued.
 - (c) Its future business options and the likelihood of it becoming financially self-sufficient.
 - (d) The areas where continued public investment would be beneficial.
- 19 Our approach is also detailed in Appendix 2 – Terms of reference and approach. In summary, we completed the evaluation by undertaking:
- (a) An internal inspection of the current operations of the LF.
 - (b) A review of the LF's own management information on its activities.
 - (c) A review of published research and other papers.
 - (d) An interview programme of key stakeholders in 42 HEIs and sector bodies.
 - (e) A web-based survey of opinions and views on the LF among users of its services.
 - (f) Comparison of the LF's programmes with other providers.
- 20 We open each section in our report following this introduction with, where possible, an initial summary of the key conclusions and recommendations. The remainder of the section then expands on these findings. The sections cover:
- (a) How leadership, governance and management has changed in the sector over the last decade.
 - (b) How the LF has helped to bring about these changes – including a review of its programmes, how the sector has received them and the impact and benefits they have generated.
 - (c) Comparison with leading providers and what makes the LF different. This covers an analysis of content, costs and the reasons why individuals in the sector choose the LF for their leadership development.
 - (d) Review of internal structures and operational business model – covering an analysis of how the LF conducts its day-to-day business and undertakes strategic planning.
 - (e) Progress against the recommendations made in the first evaluation of the LF.
 - (f) Business models and self-sufficiency – consideration of options for the future operating model of the LF including an analysis of its funding options, products and services, markets and customers and its operations.

4 How leadership, governance and management has changed

21 As indicated in paragraph 14 above, the LF is one of several policy initiatives that have been aimed at the sector over the last 10 years. In order to separate out the specific impact of the LF we first examine, in this section, the degree of transformational change these initiatives have generated. In subsequent sections, we go on to examine the role of the LF and how it has contributed to, and led improvements in, leadership, governance and management in HEIs.

Summary of findings in this section

- 22 *Leadership, governance and management in the HE sector have changed considerably over the last decade. Our survey has identified that:*
- (a) *Academics are increasingly valuing leadership and management and the prestige of these has increased.*
 - (b) *HEIs are actively planning succession for their senior and middle managers, identifying their future leaders and routinely identifying the developmental needs of their staff.*
 - (c) *HEIs are increasingly using formal leadership and management development programmes for all levels of staff to develop their capabilities and to equip them for leadership roles.*
 - (d) *Academic staff are increasingly appreciating wider organisational issues and the need to take account of the performance of their institutions alongside academic excellence.*
- 23 *An earlier report on the impact of public policy investment in human resource management (HRM) since 2001 also supports these views and concludes that HRM practice across the English HE sector has been transformed. (see http://www.hefce.ac.uk/pubs/rdreports/2009/rd12_09/)*

The prestige of leadership

- 24 Academic excellence in teaching and research attracts the highest prestige in HE. As evidenced in the original business case for the LF, ten years ago little investment was put into the development of leaders and managers of HEIs and there was a fair degree of scepticism about the importance of these roles.
- 25 This position has been transformed. In our discussions with senior HEI staff, 84% felt that the importance of good leadership was now understood across their institutions and 74% of academic and professional staff responding to our web survey felt that the role and importance of institutional leadership and governance was generally or fully recognised.
- 26 Having formal leadership and management development programmes on an applicant's curriculum vitae is also seen as increasingly desirable. Whilst senior staff and governors first look for previous job-related performance when recruiting managers, about half of the leaders and governors we interviewed (52%) also looked for formal leadership and management development in applicants' CVs.
- 27 Individuals applying for management posts see formal development as being even more advantageous. Around 90% of academics and a similar number of professional staff responding to the web survey believe formal leadership and management development is of help in job applications and approximately 22% felt it was highly advantageous.

Succession planning and the development of potential leaders

- 28 The practices of systematic planning of the succession and the development of new leaders in the sector are growing. In our interviews, 77% of the HEIs either have identified, or are in the process of formally identifying, potential future leaders within their staffing complement and most of the remainder have an informal process.
- 29 The need to develop good leaders has also resulted in more systematic staff development. Seventy-three per cent of HEIs now have formal management development programmes and staff have access to shared learning resources for leadership and management development. Access to these resources is underpinned by formal and systematic staff review and appraisal systems. These systems identify developmental needs, which may be met by a combination of in-house and external programmes. Around 65% of the leaders and governors indicated that most of the staff in their HEIs have their own personal development plans.

Staff are taking an organisation-wide view

- 30 The net result of these changes and increased emphasis on leadership and management has contributed to HEI staff having a much greater appreciation of the broader organisational issues and the strategy of their institutions. They appreciate the need to take an active part in their institution's management. Over 70% of the leaders and governors felt that their staff generally or fully appreciated the overall vision of the HEI and would work in cross-departmental teams to implement change; nearly 70% of the less senior respondents to the web survey concurred with this view.
- 31 Progress is less strong in performance management. Fewer senior staff we interviewed (43%) felt that their staff had a good or full understanding of their performance measures. We have interpreted this as "work in progress" as senior teams clearly understand the need for coherent strategies that are communicated and understood by a wide range of staff. They understand the need for working collaboratively in cross-departmental teams to implement change but not everyone has yet signed up to these new approaches.

4.1 Individuals' views on the status of leadership, governance and management

- 32 Table 1 provides some examples of the many comments we received. The section which follows examines how the LF has helped to bring about these changes through its range of leadership development activities.

Table 1

Prestige of leadership

"We are currently recruiting a new Vice-Chancellor and the staff are concerned that we get as good a leader as we currently have. They really see the value of good leadership."

"People in the university are increasingly recognising the need for good leadership. I've noticed a very big difference since I joined six years ago."

"Our staff are increasingly seeing leadership as a highly valuable skill. They see the benefits of good leadership and increasingly understand how it helps in an academic setting. However, I think that there will always be a residual 15% to 20% of academic staff who we may never 'convert'."

Succession planning

"This was as a result of recent work to review what was needed and a proposal was forwarded to the Senior Management Team. We chose 12 managers for the programme from a pool of 22 relatively new starters. We hope that the new course will lead to the start of succession training."

"Succession planning is both formal and informal. On an informal basis, we take soundings from staff on who is likely to be next in line for specific leadership posts. This is formalised at a Board of Studies where nominations are made for people for promotion."

"Only informally in the sense that we might know who they are. We have just appointed a new Principal and one of his interests is succession planning and identifying key people across the HEI as future leaders."

Staff appraisal and development plans

"All our staff development needs are regularly assessed during their performance appraisal. Staff members and their managers agree a personal development plan."

"Yes we have a leadership and management development centre for use by all members of staff. For team leaders and first line managers we have Level 2 and 3 qualifications that are externally accredited. For academic leaders and senior staff we have two programmes that we run jointly with the LF and also with other HEIs in the region. All our incoming heads of department are put through these programmes."

"We have a working framework which maps out different programmes for each level of management: senior, middle and first line managers. For first line managers we use mostly in-house training and a range of Institute of Leadership and Management accredited programmes at Level 5. I am now 'filling in the gaps' between various programmes as we are less advanced in providing development at the very senior tiers, but some of these people have opted for the LF Top Management programmes, of their own volition."

Perception of the advantage of formal staff development

Comments from staff appointing leaders and managers

“For internal candidates I would expect to see that they had been on our own long-standing internal leadership programme. For external candidates I would look for LF programmes, MBA and DBA qualifications.”

“Having attended LF programmes is quite important and would show continual development...”

“Management development qualifications are desirable but not mandatory – we look at their overall previous performance in other situations. For very senior staff, we would expect them to have already demonstrated good managerial and leadership skills in earlier job roles.”

Comments from staff applying for positions

“Increasingly applicants for senior roles are being asked for evidence of engagement in some kind of leadership development.”

“I think it is naive to assume that academics can naturally take on leadership roles, and appropriate levels of leadership and management training are advantageous at any level, whether managing a research group or a department.”

“The LFHE Top Management and Senior Staff programmes are particularly valuable in my view. And any qualification programme in management at Masters or PhD level would be a great advantage.”

Staff organisational views

Working in teams

“I have been at this institution for 32 years and the LGM capability over the past ten years has become immeasurably different, with the SMT changing from an autocratic to a professional team with each of Finance, Estates, HR and Registry having clear briefs and objectives alongside faculty and departmental groupings on the academic side. I see these changes as being a direct result of LGM interventions from the LF and others.”

“We have a specific initiative aimed at encouraging cross academic/professional team working – this is seen as a big change since the 1990s (support now known as professional services). We are using this approach in our reorganisation from nine schools to five colleges. We have established a change management group involving interdisciplinary work and targeting of efficiencies across seven key work streams. One work stream is building an internal change management resource, with web-based learning featuring key management competencies.”

Performance management

“We used the LF to help us introduce Kaplan Norton Balanced Scorecard type measures across all our operating units. We now have a set of KPIs for each area that link into the overall strategic plan for the university. Our annual staff review and development scheme sets objectives for each operational unit and makes sure that school and service strategies are aligned with our overall objectives and priorities.”

“People generally understand the institution mission at the highest level; not so much though the associated strategies to enable the mission, where there are 'interesting differences': lots of effort is required to keep people aligned to reshape the organisation and to keep it on track.”

5 How the Leadership Foundation for Higher Education has helped bring about these changes

- 33 We find that the LF has played a key role in supporting the changes in leadership, governance and management. It has worked in parallel with the other policy initiatives to introduce the sector to innovative new ideas and best practice. It has focused most of its efforts on the senior management of HEIs and their governing bodies. Since the formation of the Top Management Programme (TMP) in 2001 by its predecessor – the Higher Education Staff Development Agency (HESDA) – 44 of the TMP alumni have been appointed as heads of HEIs. The LF has worked with virtually all UK HEIs, of all sizes and in all four UK countries in rough proportion to their size.
- 34 We have found that its support has helped leaders, managers and governors to think more strategically, operate more effectively and helped them personally and also in dealing with others. This has resulted in better management and generated benefits for the HEIs and the communities which they serve. Some examples of best practice that have come from the strong partnership between the LF and HEIs include:
- (a) One university is introducing a leadership programme that integrates the university's aims and values, leaders' behaviours and performance measures with learning provision that uses the same frameworks delivered in-house with the support of selected external resources – including those of the LF.
 - (b) A regional group of HEIs is now running joint regional development programmes in conjunction with the LF. The programmes are aimed at engaging those working in senior positions with the challenges of the leadership, strategic planning and change agendas in higher education. Their Academic Leaders programme is aimed at new and relatively new Heads of School/Deans or those who are about to take up the position.
 - (c) A Russell Group university has completely revised and updated its management structure, processes and performance measures, linking these changes with a programme of replacing and retraining its managers. Its Vice-Chancellor and Registrar describe their current arrangements as equivalent to those of leading, complex, multi-million pound international corporations.
 - (d) An HEI has set up joint working arrangements and established a change management group under the Registrar, delivering interdisciplinary work across seven work streams, with professional and academic staff working together.
 - (e) A large civic university has undertaken a complete review of departmental performance measures using Kaplan and Norton Balanced Scorecard techniques and has cascaded these to individual managers across the institution.
- 35 The remainder of this section examines the LF's contribution to the sector under its four main service headings:
- (a) Open learning and development programmes.
 - (b) In-house learning and development programmes and consultancy.
 - (c) Conferences and networking events.
 - (d) Research and publications.

5.1 Open development programmes

Overview of findings and recommendations on open and international programmes

- 36 *We examined the open learning and development programmes offered by the LF. We also, as requested in our terms of reference, single out the open international programmes for specific examination at the end of this subsection. We conclude that the LF Open Programmes are considered a success by a significant proportion of HEIs leaders and governors; they:*
- (a) Are attended by delegates from all UK countries representing almost 50% of the senior and academic leadership roles and a third of professional leadership roles.*
 - (b) Have a significant penetration into virtually all UK HEIs.*
 - (c) Have helped over 80% of the attendees develop new strategic, operational and personal skills, which they have applied to the benefit of their institutions.*
 - (d) Are perceived by over 80% of the attendees as being high quality programmes.*
 - (e) The few staff that did not find the open programmes useful were generally already qualified to the level provided by the programmes.*
 - (f) There is a slight imbalance in activity rates between UK countries, but this can be adjusted with some minor corrective action.*
 - (g) International programmes, though used by only a minority of staff, may be important for the future – based on findings from other research conducted by Professor Drummond Bone.*
- 37 *Taking all views into account, the overall impact of the open programmes has resulted in benefits to the individuals attending, their institutions and to the wider community they serve.*
- 38 *Based on these conclusions we recommend that the LF:*
- (a) Continues to offer and to develop its range of open programmes.*
 - (b) Takes further steps to involve all UK countries proportionately.*
 - (c) Refines the process by which potential participants are matched to the level and content of the programmes.*
 - (d) Clarifies its objectives for offering international programmes, communicates these objectives more fully to the sector and ensures that its international programme does not distract it from its other well established open programmes.*

39 The remainder of this subsection expands upon these findings, conclusions and recommendations.

Programme overview and level of participation

40 The open programmes are the premier offering of the LF. They include:

LF Open Programmes

Top Management Programme (TMP)	Insight Programme
Senior Strategic Leadership Programme (SSL)	International Activities
Preparing for Senior Strategic Leadership (PSSL)	Leadership/Holborn/Essential
Heads of Department (HOD)	Leading Teaching Teams
Heads of Department Scotland (HOD Scotland)	Learning From America

Introduction to HE	Making Management Work
Chairs and VCs Seminars	Professional Groups
Governor Development Programme	Research Team Leadership
Top Leaders Forum	Scottish Programmes (Exc HODS)
Business Development Centres	Welsh Programmes
Development Centres	Regional Events
Diversity Champions/Forum	Strategic XChange
Management of Small Higher Education Institutions Network (MASHEIN)	

- 41 The open programmes are aimed at staff from HEIs in governance or senior leadership positions or those about to move into these roles. TMP is specifically aimed at the most senior management in HEIs. The other open programmes are aimed at governors, less senior managers and to staff in specific professional roles – such as registrars, librarians or management information systems (MIS) professionals. The open programmes for Librarians and MIS staff are organised in conjunction with the Society of College, National and University Libraries (SCONUL). Similarly the LF works with Universities Human Resources (UHR) and the other professional bodies. All the open programmes run to a published schedule and typically contain cohorts of about 20 participants.
- 42 Virtually all of the HEIs from the four UK countries have at some time sent delegates on the LF's open programmes. The number of delegates varies between countries to some degree – when expressed as a ratio of delegates to the total HE staff in each country. As can be seen from Figures 1 and 2 below, Scotland uses the Foundation's open programmes proportionately more while Northern Ireland uses proportionally fewer places. The picture for governors is more uniform, with each country sending between seven to ten participants per 1,000 employed staff.

(These charts are based on data gathered since the formation of the LF.)

Figure 1 Number of HEIs in each country using the Open and Governor programmes

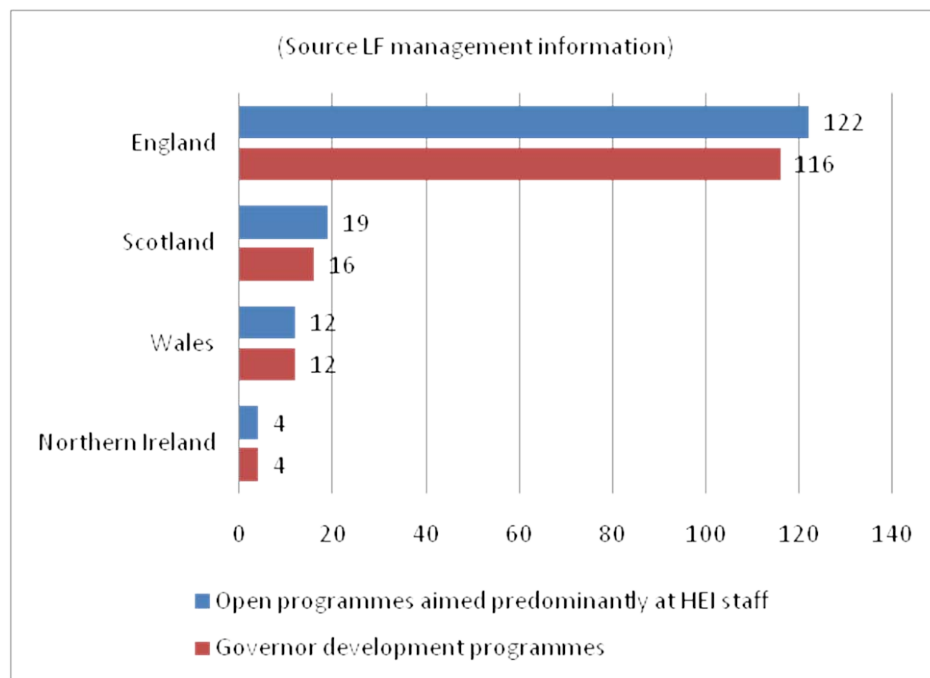
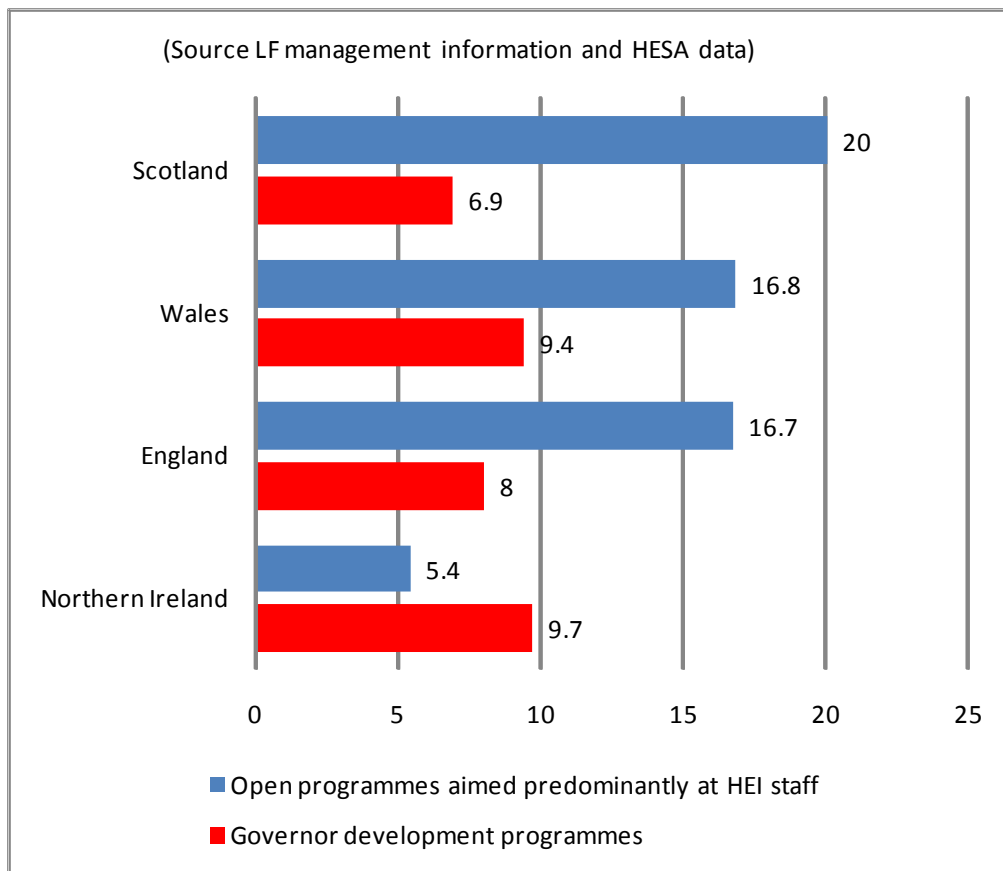


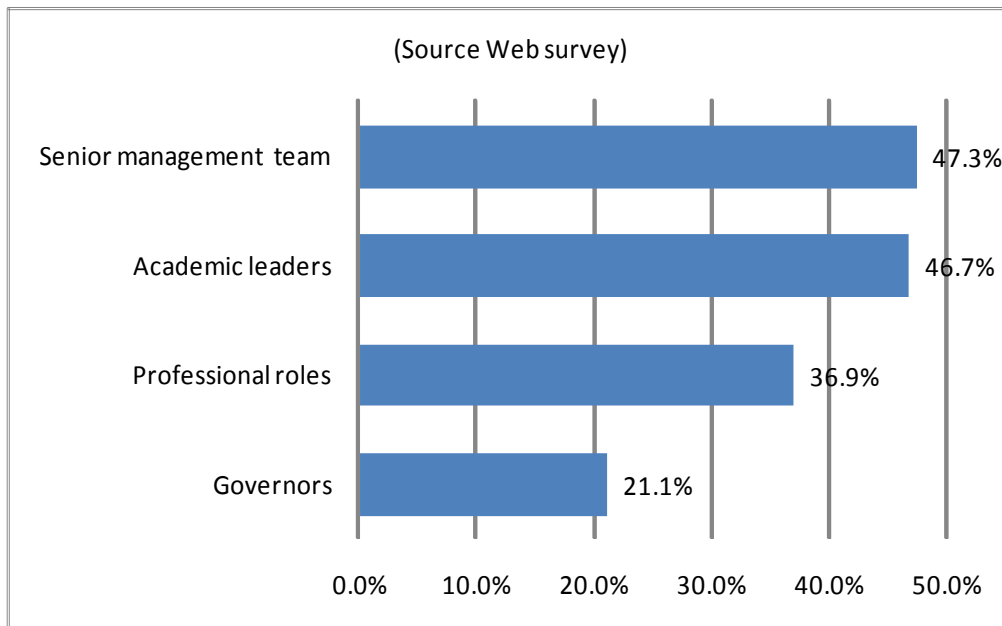
Figure 2 Numbers of programme delegates per 1,000 staff in each country attending LF programmes



- 43 We conclude from these findings that the LF promotes and makes its open programmes available appropriately to staff in all UK countries, but should continue its efforts to encourage greater participation in Northern Ireland given its separation from the UK mainland and the increased travel costs for their delegates. We understand that the Foundation is investigating ways of increasing support in this country.
- 44 The LF maintains personal records of alumni against the Open Programmes they have attended. However, it does not cross-reference these records between programmes. Hence, it does not believe it would be practical to identify the number of different individuals by programme as this would have to be done manually, and that would be a large task.
- 45 In order to assess participation rates, we asked in our web survey if the individuals responding had been on any LF open programme. Bearing in mind the comments on the statistical accuracy made in Appendix 2 – Terms of reference and approach, Figure 3 below provides an estimate of the level of participation.

Figure 3 Percentage of each category of staff who had been on an LF programme

46 Of the senior managers and academic leaders responding to our survey, slightly under

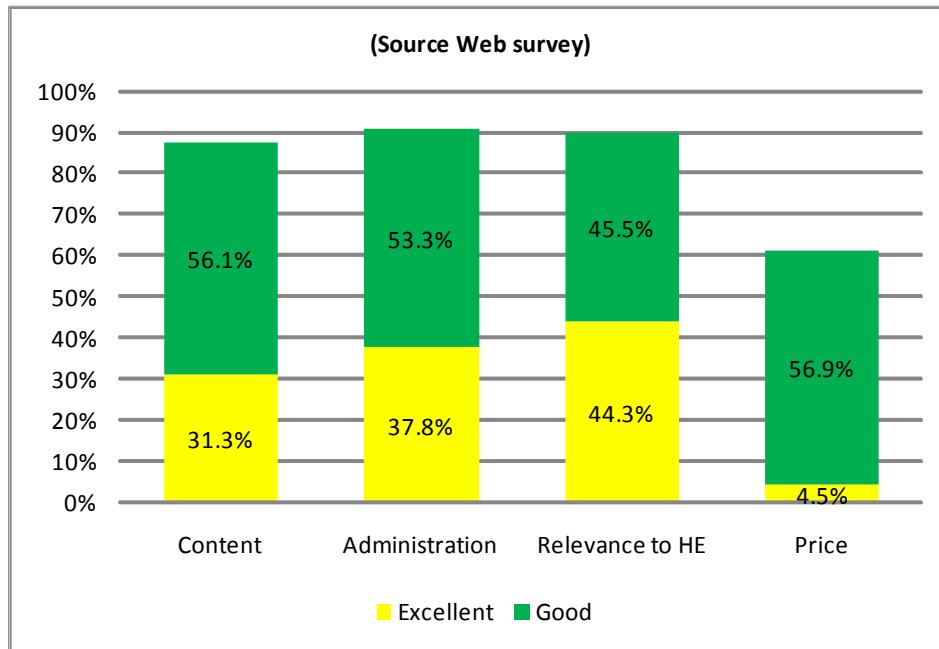


half have participated in the Foundation’s open programmes. Just over a third of staff in professional roles have done so. Among the academic leaders and professional staff who have participated, around 90% had attended just one open programme with the balance of 10% attending two or three. Among senior managers, around 75% had attended one open programme and 25% at least two.

Sector and participants’ views of the open programmes

- 47 The open programmes have been well received by the sector. Not surprisingly, the most cited objective (34% of respondents) for attending the open programmes was to develop personal leadership skills and confidence in a leadership role. The next most cited reason (21%) was career and personal development. Many people felt that having the open programme on their CV would improve their chances of selection. For some, this gave the opportunity to “test the water” for leadership, have a better insight into the issues and enable them to assess whether they really wished to move into a managerial role. Other reasons for attending, around 17% each, were generally to update skills and knowledge and build networks with other colleagues in the sector. Seventy-eight per cent of the respondents felt that their objectives had been met, with the majority (63%) feeling that they had been met to a large extent.
- 48 Over 80% of our respondents felt that the open programmes were either good or excellent in relation to content, administration and relevance to HE, but that there was less satisfaction over the price of the open programmes (see Figure 4 below). However, based on a comparative analysis of the course price with those of other major providers, while the LF does not charge the lowest overall fees, its fee rates per day are the lowest of similar providers. We return to this price issue in Section 6 – where we compare the LF with other providers in more detail.

Figure 4 Respondents' rating of the LF on quality of content, quality of administration, relevance to HE and price



- 49 There was some dissatisfaction – less than 15% of our respondents were not satisfied with the open programmes. Based on a review of their comments, the underlying reason can often be put down to poor initial assessment of their suitability for the open programme and their resultant disappointment. Those who were dissatisfied generally already had significant experiential learning in leadership and saw themselves as highly accomplished managers. Their concerns would point to better initial diagnosis of need and appropriateness of the open programmes and to managing their understanding of what to expect.
- 50 The LF already reviews applications for the senior open programmes to ensure that they are appropriate for needs. We are not sure if these individuals' experiences pre-date this activity. Consequently, we recommend that the LF reviews its initial advice and guidance and strengthen this if necessary.

Helping leaders to develop their skills and benefits to their HEIs

- 51 Turning to whether the delegates had acquired and used the skills from the open programmes, the majority (82%) felt that they had helped them in their roles in their HEIs. Nearly half felt that the help had been substantial. The open programmes enabled them to acquire new skills and gave them confidence to apply them in their institutions. As can be seen from Figures 5 and 6 below, delegates feel that open programmes have helped them personally and in their operational and strategic roles.

Figure 5 The extent to which the programmes helped delegates develop skills

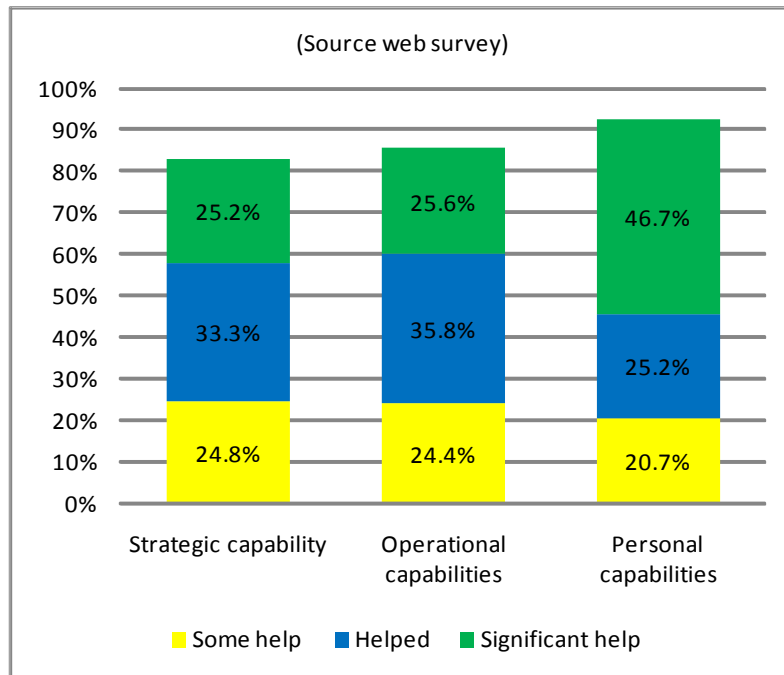
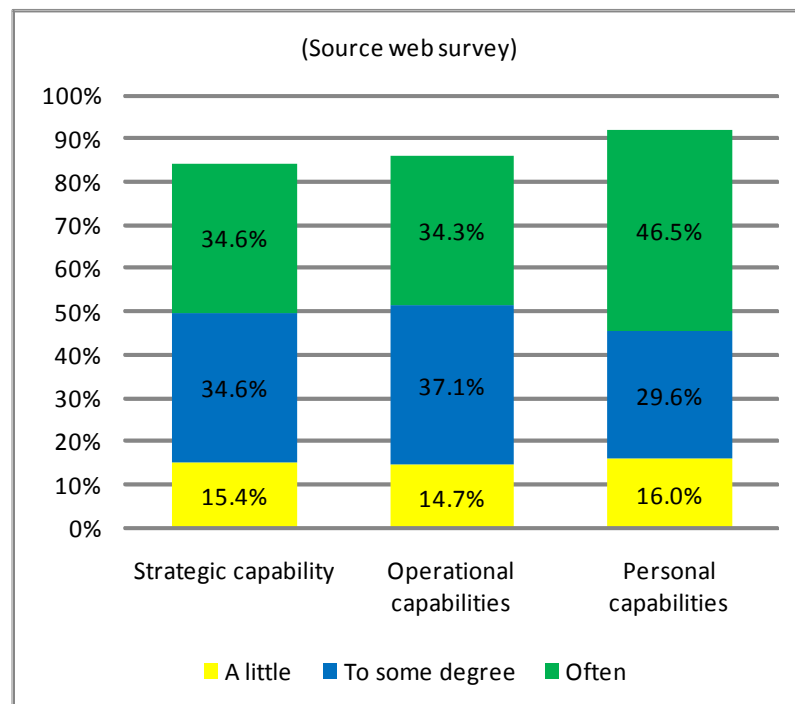


Figure 6 The extent to which delegates have been able to apply the leadership, governance and management skills



52 These improved skills have delivered several benefits for their HEIs' overall performance. We have provided some descriptive examples from the comments we received from heads of institutions at the end of this section. In summary they cover:

- (a) Improved confidence and hence performance of staff in their roles.

- (b) More collaborative working and reaching better decisions that are then owned by teams and gain speedier acceptance/implementation.
- (c) Better results for students and other stakeholders.
- (d) HEI-wide and in some cases collaboration across two or more institutions contributing, in one case, to a successful merger of two HEIs and gaining of economies of scale.

53 Given this level of positive response, we conclude that the open programmes are appropriate to the needs of attendees, are delivering benefits to the delegates and that the capabilities they have acquired are helping them personally and also helping their HEIs. We therefore recommend that the LF continues with these open programmes, while also continuing to enhance them to keep them up to date.

International programmes

54 We were asked to comment specifically on the LF's international programmes. The LF commenced offering these in 2007-2008. The programmes provide senior managers with the opportunity to discover the approaches taken in other countries, stimulate ideas to apply in their own HEIs and to introduce them to the opportunities of building further relationships with overseas institutions.

55 The LF's international strategy is aligned with Professor Drummond Bone's review of internationalisation issues in Higher Education (see footnote¹). There is a perception that our universities are excessively interested in international students as a source of revenue. This could result in a negative international reaction with UK HEIs being seen as seeking pecuniary gain (and in any case could be argued as a risky or unsustainable strategy). Professor Bone suggests that a longer term collaborative approach of internationalisation by UK HEIs should be the only safe way forward. Consequently, helping UK HEIs to address their international strategies may constitute a key future role for the LF.

56 There are four main types of LF international programme:

- (a) Inward programmes – These are tailored leadership development programmes which can be delivered either abroad or in the UK. These may be bespoke or based on one of the LF's open programmes, tailored to an HEI's particular requirements.
- (b) Dialogue events – Allowing senior leaders from the UK and overseas countries to meet and exchange views.
- (c) Twinning schemes – Allowing UK HEIs to twin with a specific overseas institution – currently available in China and India.
- (d) Study tours to review HEI approaches in North America.

57 It should be noted that there are also international elements in open programmes – TMP for example includes modules delivered in Abu Dhabi, Brussels, Dubai, Qatar and Washington. These are covered in the earlier part of this section, rather than here, as they form part of the main UK HE sector activity.

58 However, only around a quarter of the staff in the interviews and less in the web survey had used the international programmes since they were introduced in 2007/08. The few staff that had participated found them very useful. However, the volume of activity has not grown to any major extent in the 2½ years since they were introduced and, as we see in Section 9.2 Financial self-sufficiency, the programmes are showing a decreasing

¹ See

http://webarchive.nationalarchives.gov.uk/20090902220721/http://www.dius.gov.uk/higher_education/s_hape_and_structure/he_debate/international_issues.aspx

financial return. A strictly commercial assessment might suggest that they should be withdrawn or curtailed unless they can be made financially self-supporting.

- 59 Given the relatively low take up, it seems that there is some way to go to persuade UK HEIs of the benefits of engaging with the LF to support their international strategies. We therefore recommend that the LF clarifies its objectives in undertaking international work, communicates these objectives more fully to the sector and supports improvements in internationalisation in UK HEIs, without distracting from its primary UK role, and delivers its interventions at an affordable cost.

Individuals' views of the open programmes

- 60 Table 2 below provides some examples of the views individuals expressed to us either in our interview programme or via the web survey. They illustrate what they found good or bad about the open programmes and the international offerings.
- 61 The next sub-section covers the in-house and consultancy offerings of the LF.

Table 2

Did the open programmes meet your objectives?

Positive comments – 80% of respondents

“I achieved promotion and felt confident to secure new position.”

“The Leadership Development Centre was an excellent, well-organised event which I found to be strongly motivating. I was challenged to explore my skills and as a result am able to define the role and level in HE to which I aspire. Even though I attended the centre some time ago, I still reflect upon the experience and what I learned.”

“The Future Leaders Programme was a truly transformational experience for me. I have come away with much greater self awareness, appreciate my personal strengths, recognise my areas of weakness and when I need to be careful to keep them in check. I am now a far more confident manager, value my strengths more highly and am able to productively reflect on my weaknesses.”

Negative comments – 15% of respondents

“I felt it was at rather a low level for me at that time although recognise that my fellow members found it helpful.”

“It was a weak programme, pitched more at the level of middle management than top management.”

(No responses/not applicable 5%)

To what extent has the open programme helped you develop skills?

"I particularly recollect a session on change management in which we looked at the types of people in an organisation and which of the types we would need to convince to manage a change successfully. This has been very useful – our HEI is an ambitious organisation, but with some staff who are deeply opposed to change."

"Exploring issues within an action learning set brought new thinking into the way I approached the management of a project to bring together a series of departments to form a business school at my previous institution."

"The programme has helped me in working strategically within the team and managing some of the more tension-filled relationships. I think more specifically about goals and outcomes and am more likely to take a step back to reflect and consult before decision-making"

"I used to take on too much and then be swamped. I am now more selective about what I take on and more realistic about my abilities."

How HEIs have benefited from any new ways of working

"Acquired networking and report writing skills and also contacts that contributed to setting up a new unit providing a further 139 places."

"Seminar on mergers and acquisitions provided a model for the process which we applied to our own successful merger."

"As a Vice-Chancellor I can definitely link training interventions individuals' capability and performance in their management roles – transforming their skills, strengthening their character and developing their networking, and making lasting changes on key aspects of the institution."

"In my own experience, the programme helped me to relate to my team better and when we had to re balance our teaching and research loads to position us for the next Research Excellence exercise."

"The new approaches I picked up helped me to resolve a particular problem for an individual foreign student very quickly and ensured we were able to recruit them and gain full fees for their attendance."

International programmes

Positive comments

"I hold the college's international brief, so the experience of TMP (including an international visit to Dubai) has been very useful in shaping and developing my work."

"Closer relations with a Chinese university have developed as a result of a senior colleague participating in an international programme."

Not found the international programmes helpful

"We have developed and revised new policies on international recruitment successfully, but have done this ourselves without the need for outside help. "

"It could be relevant in the future – part of our new strategic plan is to have many more international collaborations and partnerships."

"We have a very ambitious international strategy, but I don't think we have really used the LF at all in developing and implementing this (I'm not sure we know that it could be of assistance)."

5.2 In-house programmes and consultancy

62 This subsection examines the LF's programmes that are tailored to the needs of individual HEIs or those working in partnerships.

Summary of findings, conclusions and recommendations

- 63 *We have found that the use of these services is far less widespread than the open programmes and with less penetration into the sector. Despite this, on the data we have available, we have found that:*
- (a) What has been accomplished has been well received.*
 - (b) In-house programmes offer a tailored approach to individual HEIs or groups of HEIs operating in partnership that can be much more aligned to their precise requirements.*
 - (c) The in-house programmes are at lower unit costs compared to the open programmes – although there may be some hidden internal HEI overheads that are not fully costed in the current provision.*
 - (d) It is the area of greatest potential growth in leadership and management development in the sector – there are upwards of 50,000 HEI staff in some type of leadership role.*
 - (e) Widening the LF's offering to middle and junior managers would have high levels of impact in the operation and management of HEIs.*
- 64 *Based on these conclusions, we recommend that the LF seeks ways of increasing its activities for in-house and consultancy programmes, recognising that it needs to do this at affordable costs.*

Overview of in-house programmes and consultancy and level of engagement across the sector

- 65 These programmes are tailored for individual HEIs or groups of HEIs that want to deliver collaborative programmes across their institutions. They cover activities such as:
- (1) Coaching of individual managers on a one-to-one basis.
 - (2) Tailored programmes to support organisational change or team building.
 - (3) Tailored in-house programmes for groups of staff within one HEI or in collaboration with other institutions. A good example of this type of approach is the joint programme run by Durham University and Newcastle University for their new or prospective heads of department.
- 66 In comparison to the open programmes, in-house programmes are a smaller part of the LF's activities. Figures 7 and 8 below show the number of each type of consultancy project since 2005 and the number of HEIs per country using the service in 2008-09.

Figure 7 Number of HEIs using the LF's consultancy services 2008-09

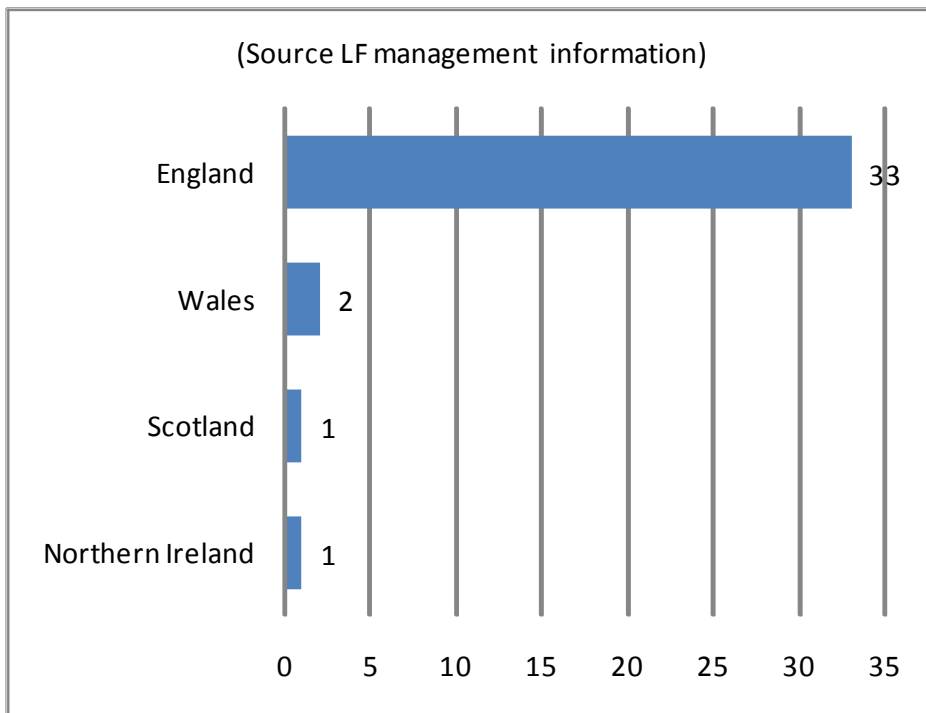
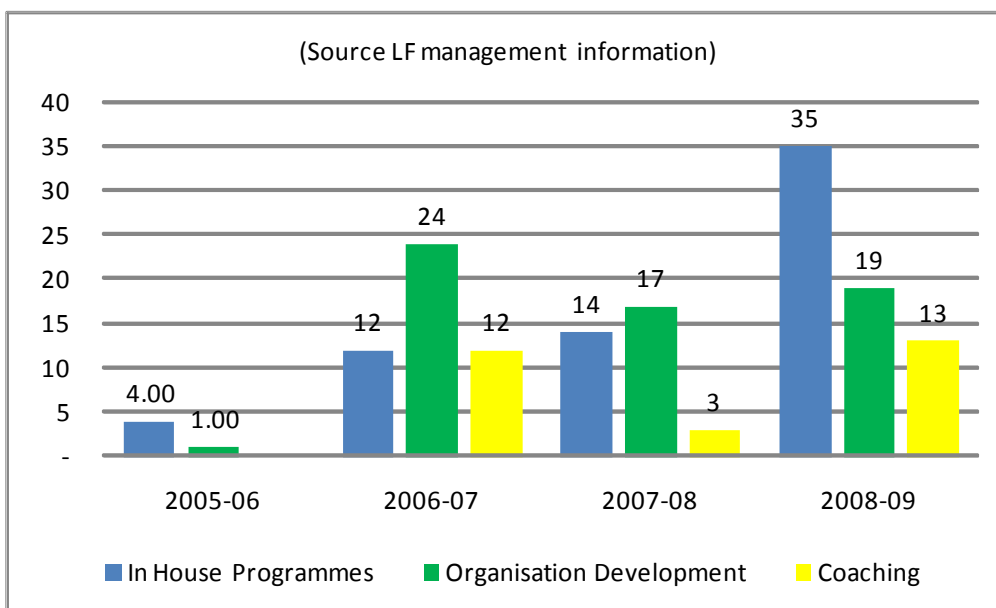


Figure 8 Number of consultancy projects



67 As can be seen there has been far less penetration of these services into the sector than the other services of the LF. In broad terms, the number of coaching projects effectively equates to the numbers of HE staff using this service. The number of organisational development and in-house projects equate to the number of HEIs using the service – although one of the largest users of the service in 2008-09 was a Learning and Skills body.

68 The LF has only recently commenced keeping records of the individual members of staff attending the in-house learning programmes – they previously left this to the record keeping of the individual HEIs. Consequently, data on the individuals using these in-

house programmes is quite difficult to reach. In our web survey, there were only 14 individual respondents who had used the in-house programmes or the consultancy services. However, we did obtain institutional views from ten of the HEIs that had used the in-house services from our interview programme.

Sector and participants' views on the in-house programmes and consultancy

- 69 Given that the use of the in-house programmes and, particularly, that the organisational development and coaching services is relatively small, it is difficult to provide a definitive, sector-wide, view of their general reception. In addition, as the scale of operation is relatively small, the impact on the sector as a whole will be correspondingly low. However, the above figures on the number of projects show some increase and/or repeat business with a number of HEIs using the services on a regular basis. This alone suggests a valued service.
- 70 The in-house development programmes show the steadiest year-on-year growth. These are aimed at mid-tier managers such as heads of department (HODs) or those about to be appointed to the position. They are often accompanied with additional modules – such as finance for non-financial managers – that are not contained in the pure leadership programmes and these modules give the HODs a broader understanding of the skills needed to fulfil their general managerial responsibilities.
- 71 Some of the HEIs we interviewed had created these in-house programmes in partnership with other HEIs in their region. This gave them the chance to build on the LF basic programmes, share the costs of further development to tailor the programmes to their target cohorts of managers and to include a range of views from across their region. This approach also allowed their staff to build networks with colleagues in other HEIs, which gave them a confidential sounding board when presented with management challenges.
- 72 The satisfaction ratings for the in-house programmes run in conjunction with the LF follow broadly the same pattern as the open programmes. The ratings show a positive response for 70% or more of the delegates who feel they have given them new skills, the confidence to apply them and can illustrate how this has been of benefit to their HEI and the community it serves. However, given the relatively small sample size and the possibility for statistical sampling error, we have not quoted the full range of statistics here. We nevertheless have taken the view that the results are sufficient to indicate that the in-house programmes are of a similar success as the LF's open programmes.

Costs and possible further use of in-house programmes

- 73 Virtually all of the individuals we spoke to highlighted that the direct cost of in-house programmes is lower than sending staff on the LF's open programmes. In one HEI, for example, the cost for a member of staff to attend their internal programme run jointly with the LF was less than £2,500 compared to £4,500 for the LF's Senior Strategic Leadership open programme. While there may be some hidden cost of delivery in the internal programmes (such as premises and other internal overhead costs), this is likely to be marginal. Increasing uptake of these activities could be of considerable benefit to HEIs and provide them with access to specialist expertise in leadership development at lower costs.
- 74 There also appears to be market potential. The original business case estimated that there are in the order of 8,000 heads of service/department and up to 50,000 individuals in leadership roles – such as course and research team leaders. So far, the LF has focussed its efforts on senior institutional management and in comparison had far less involvement in the wider group of leaders. This attracted a comment from one sector body on the “elitism” of the LF's work.

- 75 Working more closely in partnership with in-house provision would be a way of widening the services provided by the LF and doing so at reduced cost to HEIs. It would engage with a much larger group of leaders and managers. Building and tailoring the core LF's open programmes could short-cut the development time of internal programmes and provide further benefits to the sector.
- 76 Providing this activity can be done at affordable costs, we see this as an area for growth of the LF. The LF has already commenced its investigation of how this might be done. We recommend that it continues with this activity and prepares a more detailed business case for expanding the support of in-house provision. We return to this issue in Section 9 of this report – Business models and financial self-sufficiency, where we consider future business options and development plans for the LF.

Individuals' views on the in-house programmes and consultancy

- 77 The following table provides some of the comments we received from individuals on their use of in-house programmes and consultancy from the LF. As can be seen, they tend to use them as they are less costly, more tailored to their needs at middle management level and have at least equal impact and in some cases more impact than open programmes since they are aimed at staff with little or no prior leadership experience or management development input.

Table 3

In-house programmes

"In-house training generally has far more impact. An in-house course is probably a person's first engagement with management training, whereas by the time they go on a LF programme, they are likely to have previously been on other programmes, so the rate of change per programme becomes less."

"We have rated the VfM we receive from the LF as good for our internal programmes. However, I feel the LF programmes for senior managers are expensive at around £13,000. Even the Senior Strategic Leadership programme is costly at around £4,000. In comparison, our internal academic leaders programme, which we run jointly with the LF, costs only just over £2,000 per person, has more contact time and is fully tailored to our needs."

"I particularly liked the fact that this was a joint programme with one of our neighbouring universities. I have built some very good networks and it is often very helpful to speak with a colleague in another university on problems as it provides a degree of anonymity. I also like the approach where we could bring real management challenges to the table and seek help and advice from our peers in other universities."

Coaching

"Discussions through coaching have enabled me to explore alternative approaches to how I manage my relationships with certain senior colleagues within my team and to think about using some diagnostic tools to reflect on my management style."

"For me the most useful products/services are: courses to prepare for the next level which get you thinking and acting for the next step; followed by courses to help you once you've taken that next step; supported by a coach/mentor to help you think things through faster than if you were on your own."

5.3 Conferences and events

Overview of findings and recommendations

78 *In this section we examine the use made of the LF's portfolio of conferences and events. We have concluded that they are generally well received, appreciated by the sector, introduce new ideas and provide opportunities for networking and confidential discussion on leadership issues.*

79 *Consequently, we recommend that they are continued as they provide a useful forum for staff to update their knowledge and to obtain continuing professional development.*

Overview of conferences and events and activity levels

80 These activities include:

- (a) Open conferences run either solely by the LF or in conjunction with other sector bodies.
- (b) Closed programmes for alumni from the other open programmes.
- (c) Specialist one-off events on specific topics for key staff.

81 As can be seen from the two graphs in Figures 9 and 10 below, either all or the majority of HEIs from each UK country have sent staff on LF conferences and events since its formation. The numbers attending these events range from 5.9 per 1,000 staff in Scotland to 10.4 in Wales.

Figure 9 HEIs in each country attending LF events

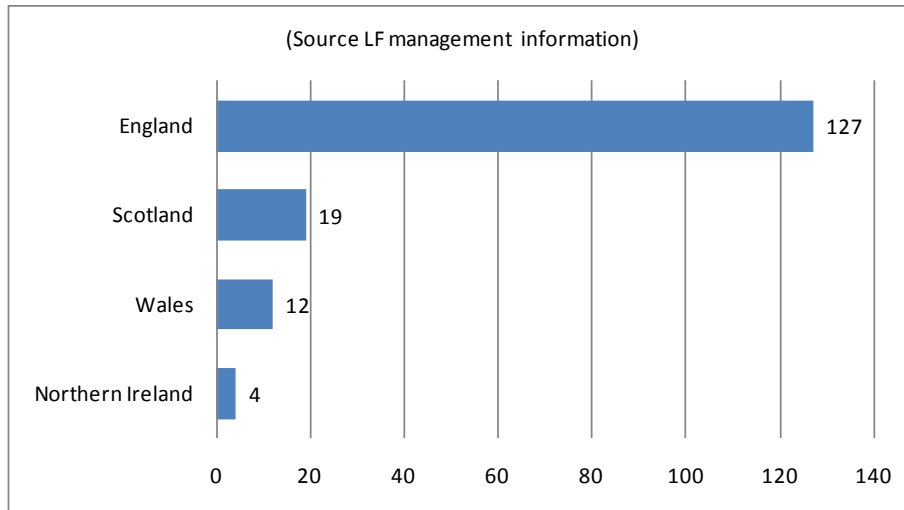
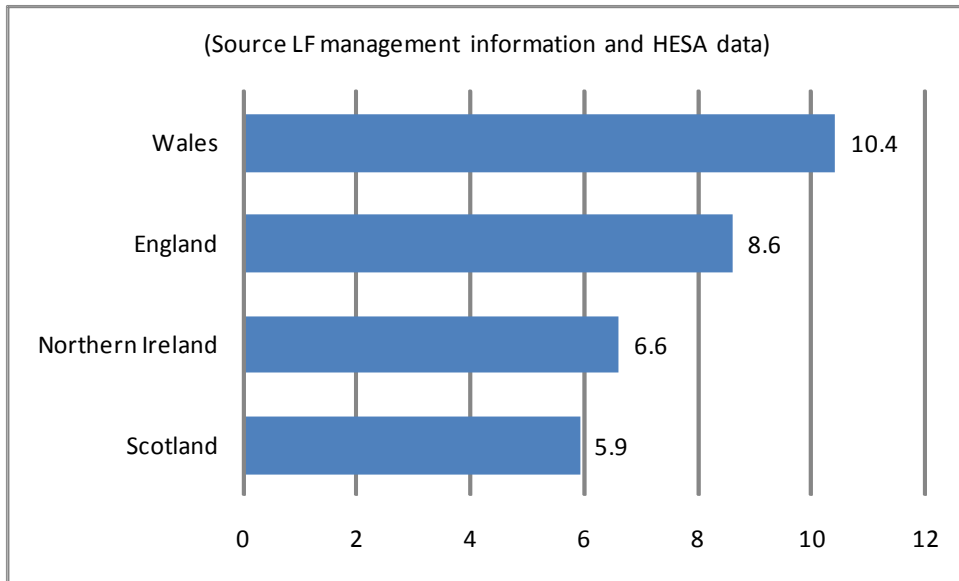
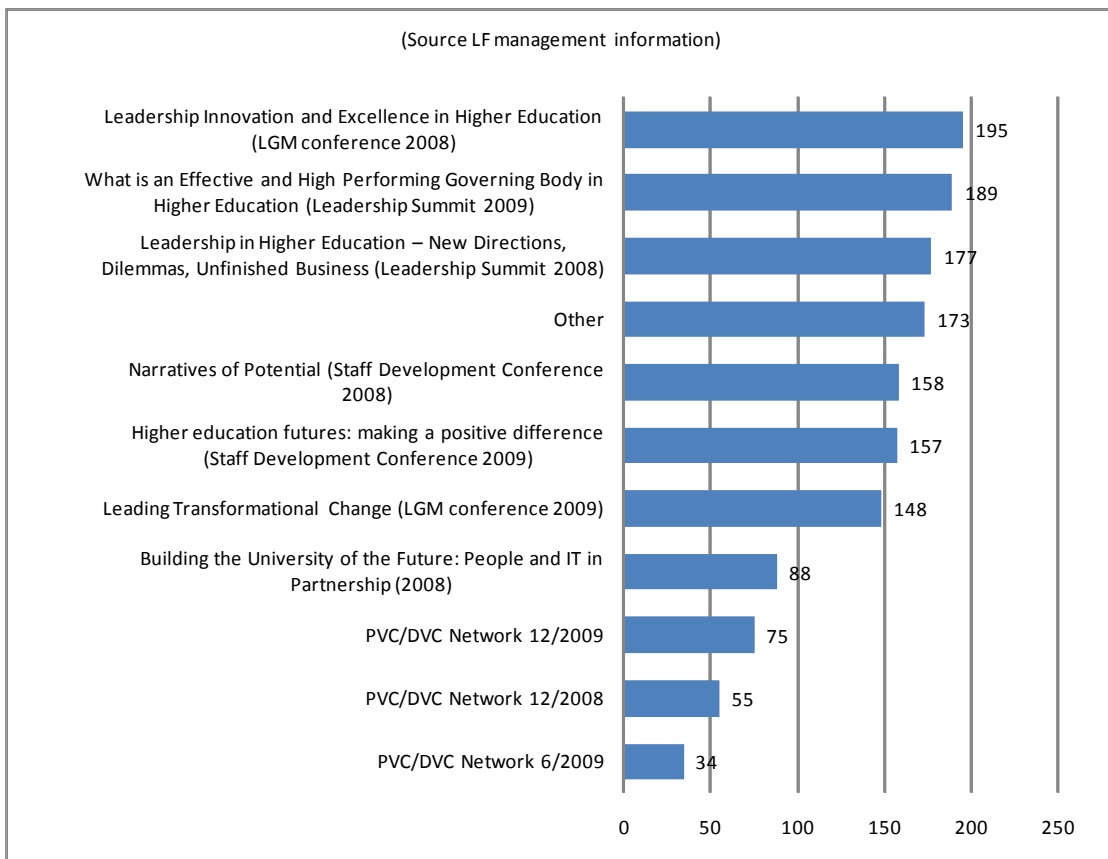


Figure 10 Number of attendances at LF events per 1,000 staff in each country



82 The conferences and events have generally been well attended. Figure 11 below provides a list of the main conferences. The 2008 LGM conference had the highest attendance of 195 delegates. We do not have details of the attendance of different categories of staff or their home countries in relation to individual conferences.

Figure 11 Number of attendees at LF conferences and events

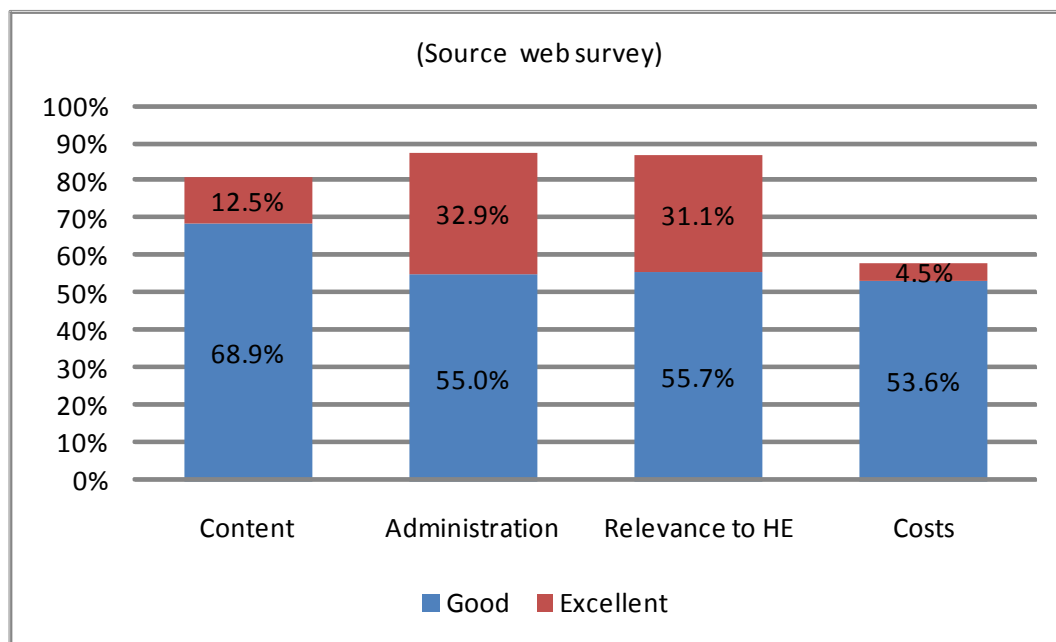


(NB The PVC/DVC learning network events are aimed at a much smaller audience of senior managers.)

Participants' views of conferences and events

- 83 About half of the people responding to our web survey had attended one of these conferences or events. As can be seen from Figure 12, around 80% or more of them found that their content, administration and relevance to HE were either good or excellent. Over 50% of them felt that the value was good or excellent.

Figure 12 Respondents assessing the LF Conferences and events as good or excellent



- 84 The conferences also helped 85% of them at least to some degree in their role in HE and just over a quarter felt they had been of substantial help. Respondent comments indicate that these events helped on operational and strategic issues and in providing networking opportunities with others. They helped delegates to consider new approaches and also to learn how other organisations both within and outside the sector have tackled similar challenges and issues.
- 85 The minority (5%) of respondents who felt the conferences had not helped them at all generally thought they did not address the issues deeply enough or did not add greatly to their understanding.

Individuals' views of conferences and events

- 86 Table 4 below provides some examples of the comments we received from both our interview programme and our web survey from staff who had attended the LF's conferences and events.

Table 4

<p>How the conferences and events have helped</p> <p><i>“What is an Effective and High Performing Governing Body – it gave a context for what is a difficult area to get right. “</i></p> <p><i>“The review provided a revealing insight into different organisations with all the same leadership challenges and an opportunity to discuss this with senior colleagues. Some good messages and solutions to bring back.”</i></p> <p><i>“The workshops are usually of a high quality and of particular relevance, as they are led by practitioners. Generally the conference is useful as a means of networking and updating knowledge.”</i></p> <p><i>“Both conferences I attended were useful either for specific content and or for the interaction with colleagues from other institutions in considering issues which are of general relevance across HEIs (management of change).”</i></p> <p><i>“Network events have been useful to meet fellow PVC/DVC to compare notes etc. The content of the meetings has been reasonable, although I was already familiar with much of the information conveyed. Questions and discussions are the most useful aspect.”</i></p> <p><i>“The leadership summits allowed a mix of senior people to discuss the big issues in a confidential and neutral environment, getting different ‘takes’ on what are rather common issues and challenges.”</i></p>
<p>Those finding conferences and events not so helpful</p> <p><i>“I attended the seminar for new governors and the effective governing body summit. The new governors’ seminar could have been improved for the governors attending with more information about how things work in HEIs.”</i></p> <p><i>“The leadership summit I attended was an interesting event, but I wouldn’t describe it as ‘useful’ in my day-to-day role. Hence I haven’t attended further summits.”</i></p> <p><i>“Events are too long, too wasteful of high-level time and too costly. They show, in my view, insufficient commitment to stimulating thinking, and the reaction of staff and lay governors alike is that they feel too much like a day off.”</i></p>

5.4 Publications and research,

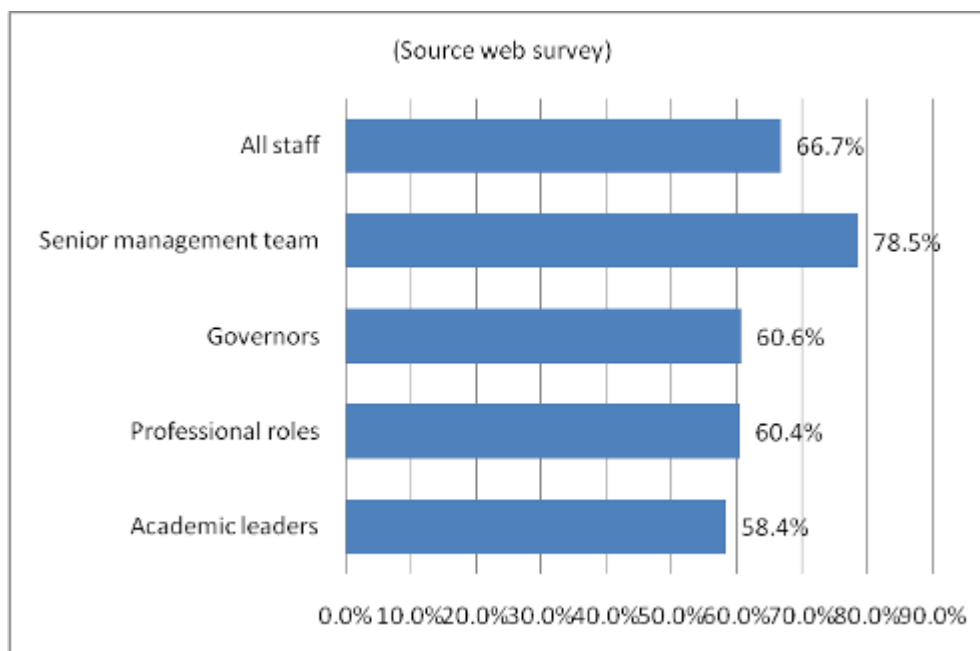
Summary of findings conclusions and recommendations

- 87 *In this section we find that the LF has had some difficulty – as would be expected in such a diverse sector – in ensuring the publications are relevant to all HEIs. With the exception of the newsletters, this has resulted in a limited circulation and use of individual publications across the sector. Around a third of respondents do not use them at all and the audience for many specific, one-off publications, is less than 20%. However, readership is increasing over time and the impact of much of the work continues to grow in the medium to long term.*
- 88 *Hence, we have concluded that the low level of readership shown by our survey is not a concern – particularly as the publications are considered useful, help leaders in their roles in HEIs and the web statistics show rising use. However:*
- (a) *With such low usage it is very doubtful if these types of publication would have been generated without funding to support them and helpful publications – such as the Getting to Grips series – might well have been not been produced.*
 - (b) *If the LF were to move towards a self-financing position, publications and research would be a prime target for cost cutting and refocusing onto brand awareness rather than their present pro bono emphasis.*
- 89 *As we demonstrate below in Section 9.2 – Financial self-sufficiency – the costs of publications and research, although small in overall research budget terms, are a substantial proportion (10%) of the LF's total expenditure and therefore difficult to sustain commercially. We also note that there are other bodies, such as the ESRC, that fund the research such as the LF conducts.*
- 90 *Hence we recommend that the LF only undertakes publications and research where it can demonstrate a significant public good and where provision by other mechanisms is unlikely.*

Overview and level of readership

- 91 We have provided a list of the major publications in Appendix 3 – List of publications and research and the use made of them by the sector – ranked by the numbers of respondents to our web survey who cited receiving/using them. In summary, as illustrated in the Figure 13 below, a little over 66% of all staff who responded use the publications and research papers, and just short of 80% of senior managers use them.

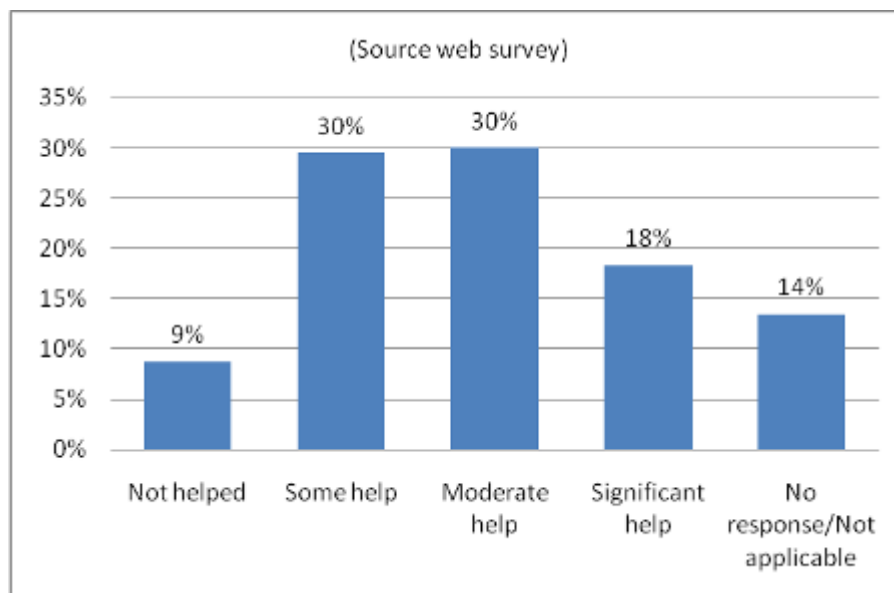
Figure 13 Percentage of each staff group using LF publications and research papers



- 92 The regular publication *Engage* and the LF's website were cited most often by over 60% of respondents. The research papers and other one-off publications were used by less than half of our respondents with the exception of the *Getting to Grips* series of publications, which 75% of governors cited as being useful. Only two other pieces of work/publications (*The Management of Academic Workloads: Improving Practice in the Sector* and *Effective Leadership in Higher Education*) were used by more than 20% of respondents.
- 93 An additional source of evidence is to be found in the incidence of website hits on the various one-off publications. The incidence of hits shows that, generally, publications are increasingly referenced over time. The publication: *What is an Effective and High Performing Governing Body in UK Higher Education?* by Allan Schofield in January 2009, for example, has been referenced nearly 10,000 times on the web. There can be a delayed uptake in use and a resultant longer-term impact of the research undertaken.
- 94 As can be seen in Figure 14 below, users of the publications felt they aided them in the delivery of their role and as reference material. Overall, the papers were well received. Ninety four per cent of the respondents to our web survey rated the quality of content of the publications as either good or excellent and 96% felt they were of good or excellent relevance to HE. They also found them helpful in their roles in HE. As can be seen from the Figure 14 just short of 30% find the publications and research are of at least some use and nearly 50% feel they are of moderate to significant help.

95 Only a limited number (9%) of respondents felt the publications were poor. Their reservations centred on whether a single publication could be relevant to all parts of such a diverse sector and a requirement for a broader perspective encompassing other sectors and international views.

Figure 14 To what degree have these publications and/or the research papers helped you in your role in your HEI?



96 In addition to external audiences, the research is also used by the LF itself to refresh and update its leadership and management development open and in-house programmes with identified best practice. This provides further authority to its programme directors in that they are working from up-to-date findings from across the sector. In a research-led sector, it is important that the learning programmes are based, and are seen to be based, on sound research into best practice.

97 There are clearly many positive reasons for continuing to fund these publications and research. However, as we demonstrate in Section 9.2, the costs of generating these publications and research, although small in overall research budget terms, are a significant proportion (10%) of the LF's total expenditure.

98 In addition, there are other bodies, such as the ESRC, and the HEFCE's LGMF that fund this type of activity. The small project grants made by the LF for investigation into specific aspects of leadership and management in an HEI are one example of the sort of activity which could be funded by other mechanisms.

99 Hence we recommend that the LF only fund the publications and research where it can demonstrate significant public good and which are unlikely to be provided via other mechanisms.

Individuals' views of publications

100 Table 5 below provides some of the comments we received on the LF's publications and research.

Table 5

Those finding the publications useful

"I have used them in planning governor development activities and agreeing approaches to measuring effectiveness of the Board."

"Governors find it useful to have some formal publications to refer to, as opposed to relying on briefings from university officers. The HR one has been useful in selecting discussion topics for HR Committee meetings."

"If it hadn't been for the availability of David Llewellyn's report on the role and influence of the Secretary then I doubt very much if I'd have got through the interview for the job I currently hold!"

"They have assisted me to understand the senior management team models in UK HE better."

"Very useful to keep up-to-date with new programmes and with what is happening in sector in terms of development/research/good practice."

"Some practical articles on current challenges and how they are being addressed, with bibliography [and] website links to enable further research".

Those finding the publications less useful

"I find the publications too conservative. The really controversial issues tend to be ducked – I was hoping when the LFHE was founded that it would help develop stronger strategic leadership, but it has settled for not rocking the boat and this will be problematic. For example, look how institutions have turned straight to redundancy to reduce costs rather than use job sharing and furlough days as in US."

"The HE sector is diverse and it is very difficult to distil something that will be 100% useful to all institutions/roles within a single publication – although I think a valiant attempt has often been made."

"Generally it is all far too HE-centric – there are scant references to other sectors, private or public – which make it more difficult to use LFHE publications to illustrate that HE is not as unique as is so often portrayed by those who prefer to resist change."

5.5 Encouraging equal opportunities and sustainability

101 We were asked to comment on the contribution made by the LF to the relationship between the HE sector and society: in particular with regard to equality and diversity and sustainable development. These are important areas. Governors, leaders and managers need to have a sound appreciation of the issues which they then carry through into practice.

102 There are several initiatives for equal opportunities and sustainability. The Equality Challenge Unit, for example, has this as its prime objective. The LGM Fund also has specific strands devoted to these areas. Consequently, it is difficult to isolate a direct link between the work of the LF and changes in these areas. We have therefore reviewed the activities that the LF is undertaking to determine how far the principles of equal opportunities and sustainability as well as other aspects of corporate social responsibility are embedded within their work and offerings.

Summary conclusions

103 Our overall conclusion is that the LF's activities contain relevant supplementary material to inform and develop thinking in the leadership groups of HEIs. The LF's activities complement the other major policy change programmes in the sector and reinforce them.

Equality and diversity

104 The demographic profile of leaders in HE is not diverse:

- The LF recently published research report *Diversity in Higher Education: Leadership Responsibilities and Challenges* by Diane Bebbington notes that "Despite changes in the student demographic, the social makeup of senior management and the academic workforce is still mainly white, non-disabled, middle-class and male."
- The employment data published by HESA (Higher Education Statistics Agency), summarised below, show the representation of male staff increases with seniority in the academic hierarchy.

Figure 15: Academic and non-academic staff by gender 2007/08
Showing the proportion of males increases with grade among academic staff

	Female	Per cent	Male	Per cent	Total
Professors	3,415	18.67%	14,875	81.33%	18,290
Senior Lecturers & Researchers	14,250	38.56%	22,705	61.43%	36,960
Lecturers	24,845	47.88%	27,045	52.12%	51,890
Researchers	17,430	45.90%	20,545	54.10%	37,975
Other grades	14,645	49.09%	15,185	50.91%	29,830
Total academic staff	74,590	42.64%	100,355	57.36%	174,945
Non-academic staff	123,600	62.58%	73,915	37.42%	197,515
All staff	198,185	53.21%	17,4270	46.79%	372,455

105 This demographic imbalance is longstanding and many sector initiatives – including those of the ECU (Equality Challenge Unit) and the equality and diversity work of the LF – are directed at long-term change which will inevitably be gradual.

106 There are, however, signs of change: HESA's employment trend data for 2004/2005 to 2007/2008 show that female academic staff numbers have grown at twice the rate of male staff – 12.6% compared with 6.3%. Assuming that it is likely that senior staff will generally be appointed from within the sector, this trend in recruitment at less senior levels will take time to work through to senior grades.

107 A lack of diversity in the leadership demographic does not, however, mean that HE leaders' behaviour is not becoming more attuned to the principles of equality and diversity. There is some evidence from our interviews that this change is happening, at least in a formal sense, by, for example, incorporating the diversity agenda in institutional mission statements, policies, plans and measures of success and by providing resources to support change.

108 However, as the above LF research report notes, there remain important equality and diversity challenges to the sector, namely:

- (a) *"...the perception that the change from an elite to a mass system marks a decline in standards..."*
- (b) *"...entrenched attitudes in which diversity is perceived as a threat..."*
- (c) *"...and the perception that diversity is mainly concerned with numerical representation rather than focused on creating an environment that improves day-to-day realities."*

109 The LF's contribution to managing these challenges is to help create a more diverse pool of potential HE leaders and to help make existing HE leaders more aware of the equality and diversity agenda. In this agenda, we believe, the LF is playing a valuable role.

110 Our evidence for this view is the comprehensive nature of LF's equality and diversity strategy and initiatives and the example it sets in its organisational behaviour and pedagogical work. We have heard the view, in some of our meetings with sector leaders, that the LF could "pack a bigger punch" on equality and diversity and it may be the case that it could further leverage its position and competences to influence the sector. This seems to be a matter of policy emphasis beyond the scope of this report though worthwhile for the LF to consider.

111 Overall, we have the clear impression that the LF has embedded equality and diversity best practice in the way it manages itself and also in how it delivers its programmes and events from their design and development, through participant enrolment to hosting, delivery and support. The LF's network of Vice-Chancellors who are Equality Champions is also an important component of the strategy leveraging their roles and the LF's resources to help the sector bring about change.

Sustainable development

112 Sustainability covers a range of topics including business sustainability, corporate social responsibility and environmental issues. The LF has formulated its own policies, internal guidance and action plans. With respect to the environment, for example, travel is a salient area since the Foundation's people serve HEIs across the UK. Here, we understand that the minimising of carbon consumption is reflected in ways such as in the geographical distribution of staff, the venues chosen for programmes, the policies and methods of travel supported for staff and associates (i.e. discouraging cars, encouraging trains) and the optimisation of home working.

113 These themes also inform the content of the LF's programmes, events, reports and publications:

- (a) Programmes, especially those for the more senior people, draw from the sector context and emphasise business strategy. The agendas of action learning sets are

current and derive from participants' issues at home. Notably, in the case of TMP, there is a business simulation where commercial and environmental challenges can be reviewed.

- (b) Similarly there are well defined strands of content on sustainability in the PSSL, SSSL and HODs programmes. These cover the leadership role in relation to:
- Infrastructure and supply chain levers on energy efficiency through planning architecture and procurement.
 - The embedding of sustainability in the curriculum and development of students as future citizens.
 - Sustainability in the institutional culture, for example in avoiding over-reliance on individuals and the work-life balance.
- (c) Events agendas are largely driven by the up-coming sector issues. The following topics appear in the calendar for spring 2010, as current examples:
- Economic issues:
 - ◇ Managing and Leading in Hard Times.
 - ◇ Higher Education Leadership Summit 2010: Leading in the Agile University.
 - ◇ Learning and Development: Assessing and Quantifying the Return on Investment.
 - ◇ Governing in a Downturn.
 - Environmental and social issues:
 - ◇ Excellence in Higher Education Estates: Enhancing Strategic Leadership and Management
 - ◇ Leading Cities: Place-Based Leadership and the Role of Universities.
- (d) The Getting to Grips governance reports' subjects include topics relevant to sustainability:
- Economic issues covering audit, finance and risk.
 - Environmental issues such as: *Getting to Grips with Estates and Infrastructure; Resources for Governors of UK Universities and Higher Education Colleges* covers sustainability and environmental issues in buildings.
- (e) The LF website has a series of pages providing guidance on economic and environmental issues and corporate responsibility. It highlights the issues for governors and senior managers, how these interrelate with Government and Funding Body policies and signposts other material that is publicly available.

114 Our discussions with leaders of and contributors to programmes indicate that the level of challenge of the economic downturn for HE, and the budget restrictions announced by Government, are well understood and that the content, emphasis and challenge of the LF's current and forthcoming output reflects these developments. This also applies to their corporate and social responsibilities and focus on environmental issues.

115 Having established a pivotal position in LGM thought-leadership, we would expect the LF to be able to play a significant role in shaping the sector's response on sustainability.

6 Comparison with leading providers; what makes the Leadership Foundation for Higher Education different

Summary of findings, conclusions and recommendations

116 This section concludes that the LF's programmes are:

- (a) Comparable in content to other providers of similar programmes.
- (b) Chosen by participants due to their reputation in UK HE and relevance to the sector.
- (c) Rated highly by participants who have also been on programmes with other providers.
- (d) Are highly competitive with other providers' fees – the LF has the lowest fees per day and is in the bottom quartile of costs for its programmes.

117 Based on this we recommend that the LF makes more of its competitive positioning and communicates its strong position on quality and costs to the sector.

6.1 Content of the Leadership Foundation for Higher Education's programmes

118 We found the LF's approach to executive development to be comprehensive and very well delivered. The main features of it include:

- (a) Residential, modular courses.
- (b) Theory inputs/discussion groups.
- (c) Case studies.
- (d) External client projects.
- (e) International visits.
- (f) 360 degree feedback.
- (g) Action learning sets.
- (h) Virtual learning environment.
- (i) Alumni support.

119 We attended one of the modules of the Preparing for Senior Strategic Leadership programmes. The table below provides a summary of the programme, its content and delivery.

Aspect	Comment	Detail
Target market	Newly appointed directors/deans	Higher: SSL and TMP Lower: HODs
Format	Two, four-day residential modules over two months 360 degree feedback between module Style: present, discuss, task, feedback task External client assignment in York – teamwork Students have access to a VLE for 12 months	One university's recruitment – live problem External provider for VLE

Aspect	Comment	Detail
Materials	Branded folder with handouts Library display of research reports and books Branded LF banner	Modest budget, but sufficient
Content	Leadership concepts: change, culture, behaviours Personal leadership style, skills awareness Sharing/working on back home issues	Emphasis is on personal experience and practice
Style, tone	Very professional, attentive, supportive Mutually self-helping, networking group Positive mood towards the LF and the course Constructive feedback to LF at close	One HEI volunteered example of how LF programme had helped and agreed to provide example of use of research materials to solve a staff problem
Accommodation	4 star Marriott hotel Excellent room for plenary session with natural light	Hotel is often used venue The LF is able to leave materials on site between programmes

6.2 Comparison with other providers

120 We have reviewed programmes from a number of providers to assess how far the LF is comparable. We were able to do this for the Top Management and the Senior Strategic Leadership programmes. We used the FT list of top business schools provided at FT.com² and also known similar providers to the LF in the UK and abroad. Appendix 4 – Comparison of LF programmes with other providers – lists the results. In summary, the LF covers the same ground as these other leading international providers and is comprehensive.

121 We asked the individuals responding to our survey why they had chosen the LF over other providers. The reasons cited most were its reputation, relevance to their roles and that they are HE specific. Its sector specialism certainly makes it stand out from other providers. It is also used by nearly all HEIs and even where they also use other providers, the LF is present and used for top management development.

122 There are two main differences with the LF programmes and those of other providers. These are:

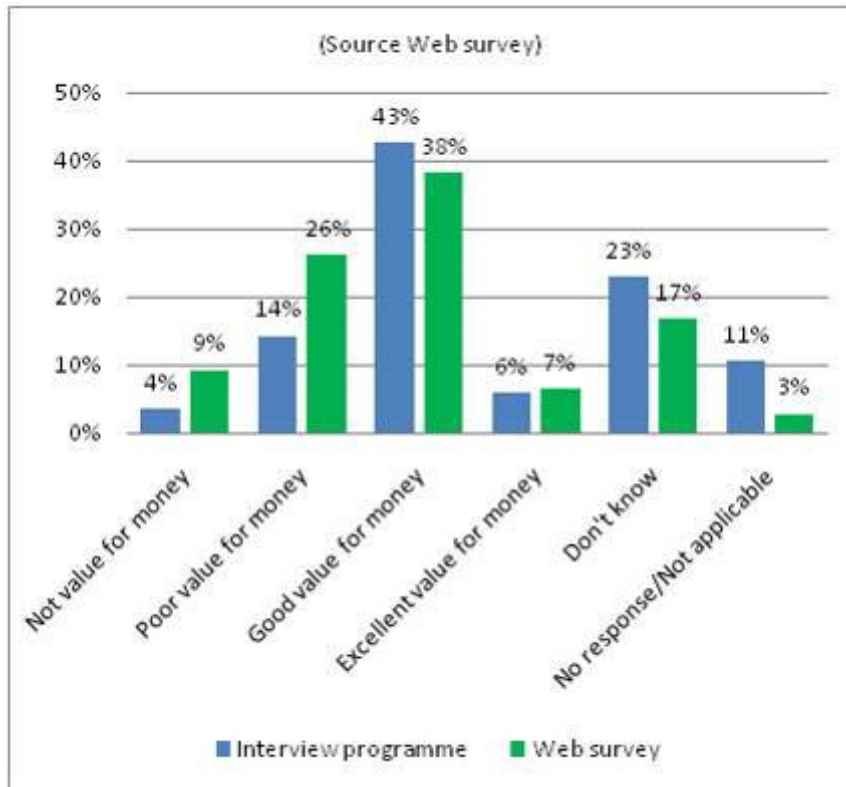
- (a) The other providers all have highly prestigious premises for the delivery of programmes.
- (b) The length of the programmes, which range from one to four weeks depending on the provider.

6.3 Comparison of programme fee levels

123 Both of these factors contribute to the fee level of the programmes and can influence the perceived value for money. Figure 16 provides the overall response to our value for money question from both the interview programme and the web survey. As can be seen, around 50% of respondents felt it offered good or excellent value for money compared with 28% to 35% who felt the value for money was poor. The remainder were generally unaware of the costs of the programmes and hence could not comment.

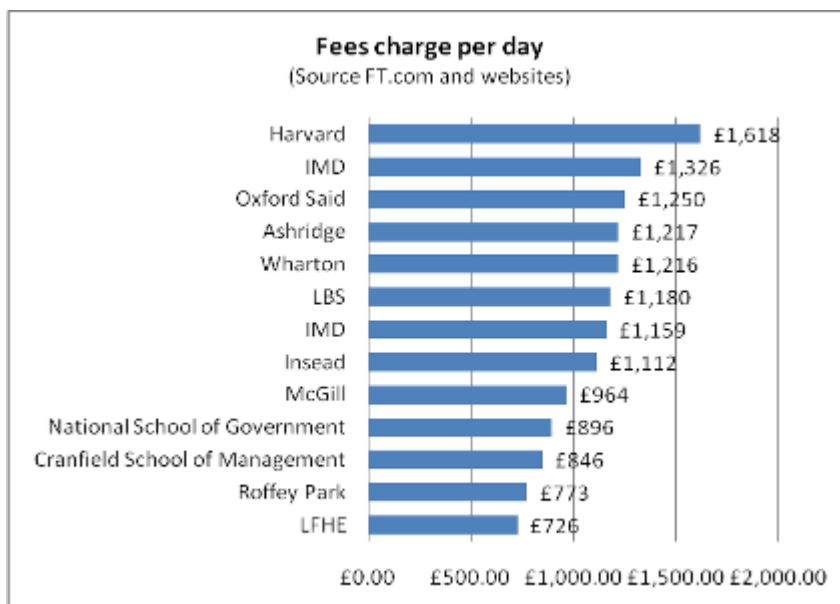
² <http://rankings.ft.com/businessschoolrankings/executive-education---open>

Figure 16 Respondents' views on the overall LF value for money



124The fact that the majority expressed a positive view on value for money is a good indicator for the LF. It is quite difficult to compare costs between providers as the content and length of the programmes vary. However, Figure 17 below eliminates some of these variables and compares the daily fee rates charged for programmes similar to TMP or SSL. As can be seen from the table the LF's daily fee rates are lower than similar providers.

Figure 17 Fees charged per day



125 Comparing the total fees for their programmes shows a similar picture although two or three providers offer shorter programmes and hence lower fees. Figures 18 and 19 below provide comparisons for TMP and SSL

Figure 18 **Comparative fees for the SSL programmes**

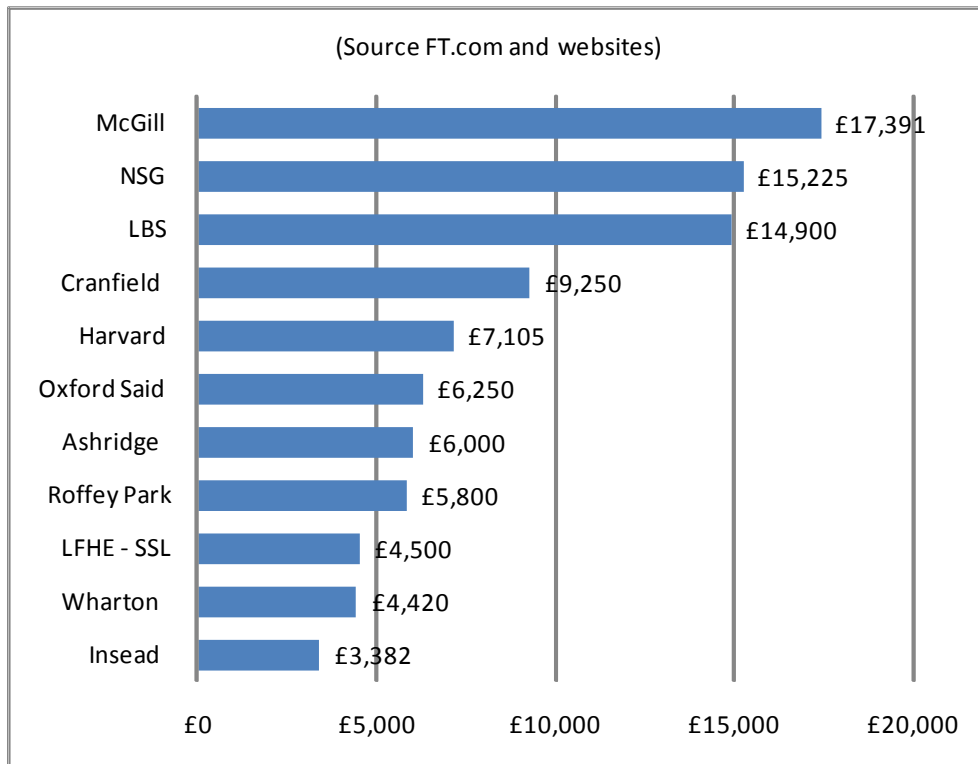
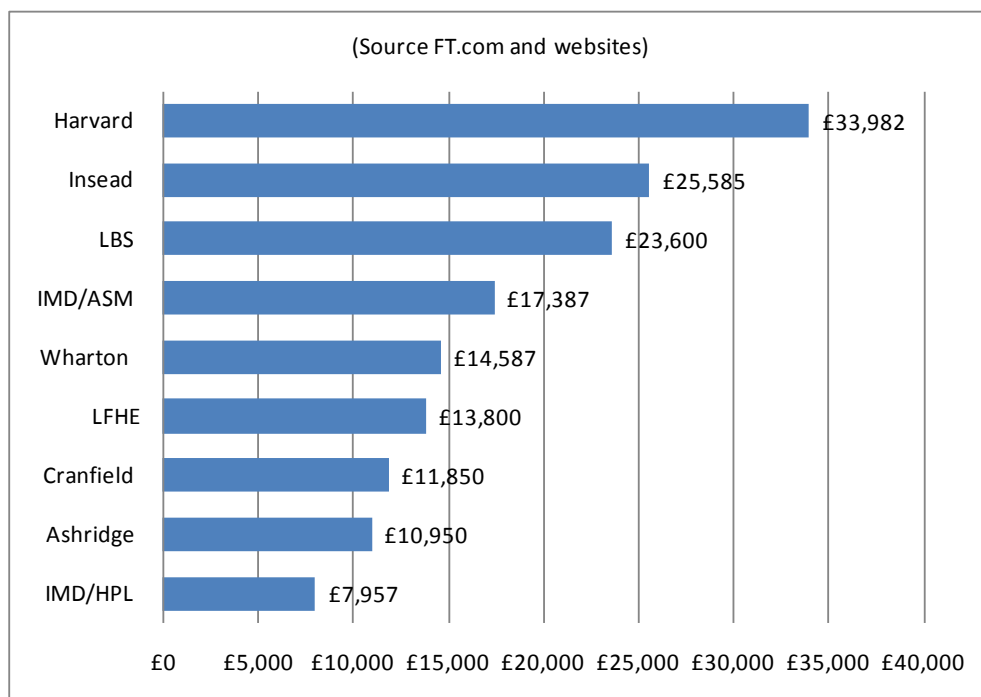


Figure 19 **Comparative fees for the TMP programme**



126Based on this analysis, the LF compares well on price, quality and content and should do more to advertise this competitive advantage to its customer base.

6.4 Individuals' views on the comparability of the LF programmes with other providers

127 Table 6 below provides some of the views of our respondents to the survey.

Table 6

Reasons for selecting the LF

"They understand. They have good facilitators and good organisation so we are satisfied with them. They are not cheap mind, and as they are able to call upon a good deal of unpaid labour (I am doing some sessions for them next month on this basis) they should be able to be ahead of the game."

"They seemed to have specific modules that looked sensible, e.g. programmes aimed at Deans' level, the programmes appeared reasonable, and the mix, sensible. Others were addressing quite important issues, like "key issue for Pro Vice-Chancellors" – the titles looked relevant."

"It is useful as it is sector specific to leadership and is also cross sectional. Therefore it can provide knowledge and the circulation of ideas which is very important and as previously mentioned, the LF was very helpful in the setting up of our own internal projects."

"Reputation, timeliness and personal contacts with their staff. We also use other providers including Harvard Business School, Stanford and some executive coaches. We have invested possibly more than other HEIs in our senior management team."

"We chose the LF because they are in the HE sector and we had a need for our Heads of department to go on the Senior Strategic Leadership Course."

"The work of the LF is applicable to what I do. The majority of contributors to the programmes are real life experts and provide stimulating debate."

7 Review of internal structure and operational business model

Summary findings conclusions and recommendations

128 This section examines LF governance and management and makes observations on its functional management organisation. In overview we conclude that:

- (a) *The LF is well governed and well managed with all the processes, management procedures and organisation structure that we would expect to see in an organisation of its kind.*
- (b) *We have some minor observations on its strategic planning, management accounting, marketing and risk management processes and also on the various responsibilities assigned to individual roles. These observations should not detract from what presents, on the whole, as a very well run organisation.*
- (c) *The LF has not fully embraced the need to be self-financing from 2012 in its planning processes.*
- (d) *The use of Associates to deliver a major part of its programmes is appropriate, but we would like to see:*
 - *More evidence of appropriate and proportionate procurement processes to align the LF fully with Public Sector best practice.*
 - *Improved succession arrangements for key individuals in the pool of Associates with more individuals able and available to lead key programmes.*
 - *More comprehensive contracts with Associates containing more of the features that are common practice.*

129 Based on these conclusions, our recommendations are that the LF should:

- (a) *Retain its current structure and processes, but note, review and, where the Board and Management Team deem it appropriate, act on our observations to identify how improvements can be made.*
- (b) *Re-consider its forward plans, especially covering the two years to July 2012, and embrace fully a move towards self-sustainability on core programmes. Those areas that can be made to generate a surplus should do so and areas which still need subsidy should be carefully examined and detailed business cases for their continued funding should be developed.*
- (c) *Take steps to refresh the Associate pool to mitigate the supply risks.*
- (d) *Undertake an immediate and then periodic – possibly annual – review of the Associates' contracts. This should be completed with specialist legal advice to ensure they comply with legislative and tax requirements and protect all parties appropriately.*

130 The remainder of this section examines the current internal business operations, the strategic planning process and comments on the current five-year plan product. We then review aspects of the operational business model, and provide recommendations for further development and improvement under these main headings.

7.1 Internal operations

Governance

131 Our poll of a selection of its non-executive members records their appreciation, as senior and experienced figures from inside as well as outside the HE sector, of the high

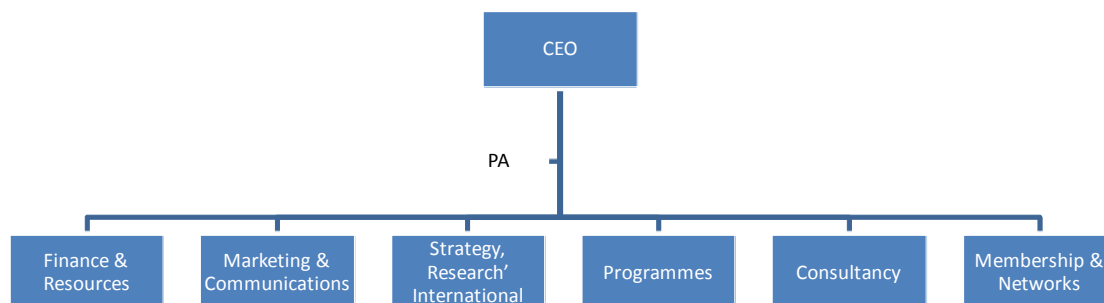
standard of governance and management of the LF. The Board has been expertly chaired, been provided with good papers on a timely basis and evidently has very engaged members who work together well. It regards itself as being “*demanding on management, asking tough questions when the occasion arises*”. Members of the LF’s Board are senior figures and several of those polled indicated that it is one of the best Boards that they have sat on.

132 Succession for the Chair and the Chief Executive are current issues. The Chair is scheduled to stand down in October 2010 and the intention is that the incoming Chair will be closely involved in the selection for a new Chief Executive some time thereafter to allow for planned retirement. The eventual choice will be a critical one as the quality of leadership, energy and enthusiasm displayed by the incumbent CEO, coupled with his strong diplomatic and networking capabilities, have been major factors in securing the success of the LF as an organisation.

Management

133 The composition of the LF’s senior management team is logical and reflects, in the most part, clear delegation of key management tasks from the CEO into distinct functional or service-specific roles. In the past year, the Board has approved a strengthening of the international effort following a two-year pilot scheme, recognising this as an additional (sixth) strategic aim or activity stream (complementing Developing Individuals, Building Capacity within HEIs, Professional and Academic Networks, and Membership and Innovation). Also there has been a new appointment of a Director of Consultancy, to lead the strategic objective of Building Capacity within HEIs.

Figure 20



(See Appendix 5 – LF organisation and key role descriptions for full set of organisation charts and functional role definitions; note there are other direct reports to the CEO, not members of the SMT: (part-time) Director, Publications and Organisational Development, and Leadership Development Wales and Scotland)

134 We have observed the group at a routine monthly Senior Management Team meeting, as well as reviewing the extensive briefing pack which was provided to us of over 90 papers, analysis and management control documents. We have found an open, collaborative and constructive working approach to running the LF’s business. Individual members of the team are clear about their roles and responsibilities (see Appendix 5 – LF organisation and key role descriptions) and are supported through the formal performance appraisal process as well as through the regular ad hoc interventions of the CEO.

Functional management observations

Finance and administration

135 Finance and administration functions have clear assigned responsibilities and functional roles. This function has been complimented by several external referents as delivering a high quality service.

Marketing

136 Marketing, communications and programme support operations are seen to be well-organised and efficient with positive external feedback from programme attendees and other stakeholders. There is no identified business development or sales function at the LF and each of Director of Programmes, Consultancy, Membership and Networks and International share this responsibility. We believe that there would be a potential for sales and customer experience benefits from a more coordinated approach.

137 During our interview programme some of the respondents commented how they had received several unrelated communications from the LF in a matter of a week or so. While these comments were in the minority we believe that the coordination of marketing and sales efforts through one senior line manager and using the knowledge of the alumni and customer base that has been built in the LF's customer relationship management (CRM) system could significantly improve the situation. We return to this issue in the section on marketing below.

In-house programmes and consultancy

138 The resource devoted to the development and delivery of in-house and consulting activities needs to be examined closely. On the one hand, it may not have the capacity to achieve the potential for growth. The Director is contracted in for three days a week on a consultancy arrangement and has one full-time member of staff for support. The in-house or bespoke programme market is under-penetrated by the LF and represents an opportunity for increased sales. On the other hand, as we cover in the Section 9.2 – Financial self-sufficiency – the overheads on these activities are significant in comparison to fee income, which generates a net loss of 24%.

Staff contracts

139 We note that several key members of staff work part-time on a consultancy basis and do not have contracts of employment with the LF. We recognise that secondment and part-time engagement is common in the HE sector, often providing the basis for organisations such as LF to access skilled and specialised resources. In some cases this policy does result in the LF bearing a cost penalty as compared to employing a member of staff. It also raises general issues about accountability and control and also in relation to taxation and employment rights.

140 We consider the cost issues in Section 9 – Business models and financial self-sufficiency. We have not detected any evidence for concern on accountability issues and we understand that any tax liabilities and issues concerning employment rights have been reviewed by the LF Audit Committee in the past. However, given the changing state of European legislation, these issues should be kept under periodic review and specialist advice obtained where appropriate.

7.2 Strategic planning

Background

141 The strategic planning process undertaken by the LF has been painstaking and thorough, with good engagement of the Board in away days and smaller task groups. From October 2008 the management and the Board undertook a thorough investigation

of the strategic options available to LF, including scenario development and refinement. They used external facilitation and the process culminated in a special joint meeting in January 2009 to consider alternatives. The exercise was based on their joint recognition of the following four basic scenarios (reduced from a larger number):

- (a) A “development” scenario, based on continued development of the LF’s business, with assuming continuing investment from the Funding bodies. This was presented in conjunction with a set of developments/changes which could improve the LF’s finances and a further set of variants showing how the requirement for Funders’ investment could potentially be reduced.
- (b) A “membership” scenario. This basically re-framed the business model with increased membership fees buying a package of components, including free programmes/events).
- (c) A “merger and sector development” scenario involving a number of different categories of merger/integration, including the possibility of the LF working in FE on a limited basis.
- (d) A “minimum core operation” (e.g. running the core programmes such as TMP, SSL, PSSL, and high value consultancy only), on a self-sufficient basis without funding.

142The outcome of this work was to select the ‘development’ option, which is essentially a continuation of the existing strategy. The rationale for this choice was set out in one of the LF’s management documents. We have provided the relevant section in Figure 21 below.

Figure 21

Extract from the LF's management document: Five Year Strategy – Building Blocks LFHE Board paper June 2009

1. *Our funding for the first three years of this strategy {i.e. to the end of financial year 2011-12} has already been committed by the four Funders, and we shall operate within the funding envelope agreed. We recognise the economic and financial constraints on the Funders: using our existing funding, LFHE must be seen as “part of the solution”. We plan to continue with our mixed economy financing model – with income coming from a balance of programme fees (etc), membership fees, and Funders’ investment.*
2. *LFHE operates as an integrated whole, with each activity stream dependent on all the others; correspondingly, the Funders’ investment is not allocated to activities specifically, but rather supports the organisational performance overall. However, insofar as a “full cost” analysis (based on 2009-2010 finances) is possible, it suggests the following:*

LFHE “Full Cost” Model	Income £000s	Direct Cost £000s	Indirect Cost £000s	Net £000s
Open Programmes	2,325	1,616	600	109
Consultancy	600	440	397	(237)
Membership	837	297	537	3
Professional Bodies	545	488	188	(131)
Innovation	100	543	351	(794)
International	350	327	272	(249)
Funding (incl reserves)	1,300			1,300
Total	6,057	3,711	2,345	0

3. *Overall, this micro-economic pattern is likely to continue. Correspondingly, continuing investment will be required from the Funders over the five-year period (i.e. beyond the end of the funding which has been agreed until 2012). In the event that Funders or stakeholders require LFHE to become more self-sufficient, LFHE will probably need to withdraw (in full or in part) from one or more of the four strands of work – as shown above – which currently need significant investment (innovation and research, international activities, the consultancy business, or support for professional bodies).*

143 Despite the evident effort in rehearsing strategic options:

- (a) We do not find that the LF has yet adopted a contingency transition plan to enable it to operate within a reduced funding position after the end of the current commitment.
- (b) The possibilities of developing alternative external funding and for reducing reliance on existing funding sources may have been considered in the past, but are not evident in the current consultation draft of the 2009/10 to 2013/14 five-year plan.
- (c) The budget position for Developing Individuals showing a £109,000 contribution detailed above has not translated through to the current budget, which predicts a £92,000 loss.

144 We believe that the LF, by its very position, should be taking the lead in demonstrating how to manage in recessionary times both through its learning programmes and its own internal operations. The original business case envisaged that it should be at least

partially self-funding over time and this position has been reinforced more recently by the Funding bodies in their various discussions with the LF.

145 The thinking which has already been done should allow these contingent arrangements to be formalised – not least as a spur to management in their attempts to maintain so far as possible the valuable scope of the LF’s operations, and to help present convincing arguments to Funders and the HE sector at large for maintaining the mixed economy model.

Responsibilities for the strategic planning process

146 We do note that the Director of Strategy, Research and International is not wholly responsible for the strategic planning process (see Appendix 5 – LF organisation and key role descriptions, extract from job description: “*guide the overall development of LFHE’s strategy, working with the Senior Management Team, and advise the Chief Executive and Board accordingly*”); nor does the Director of Finance and Resources (whose job description includes: “*guide LFHE’s strategic planning and development*”). We suggest that the Director of Strategy be charged with the delegated responsibility of developing and producing the LF strategy, working with the Senior Management Team, Chief Executive and Board.

The current strategic plan

147 The late 2009 consultation draft of the LF’s five-year plan³ provides a richly articulated narrative with descriptive sections establishing the HE sector strategic context, the personal perspectives of the Chair and CEO and the elaboration of the LF’s strategy. We recognise a thorough, balanced and comprehensive analysis of sector issues and a strong sense of mission, value, purpose and commitment. However, we believe that this LF’s statement of strategic intent would benefit from a more straightforward and less confusing set of logical links between purpose, mission, aims, strategies and actions. A potential such sequence could be:

Purpose – What we are here for.

Mission – Where we will be or what we will be like if we achieve our goals.

Strategic Objectives – Milestones along the way.

Activities/inputs – The resources and investments we propose to make to get there.

Outputs – The products that we shall generate.

Outcomes – The changes, benefits and consequences and their associated measures.

148 There are some clear principles which would also need to be adopted to support the production of a robust plan product, namely: the pricing, costing and justifying of operational activities on the basis of their contribution to strategic objectives and seeking to reduce or even eliminate non-value-adding activity; always demonstrating a choice from alternative ways of achieving the strategic objectives including an energetic appraisal of the risks which can be identified and their associated mitigation options.

149 We appreciate that much of the preceding requirements are covered to varying degrees in the existing five-year plan consultation draft. We would expect the final version of the plan to demonstrate in a convincing way that management has the purpose, commitment and entrepreneurial flair to make tough choices in order to achieve the desired outcomes in what is now, and is becoming more of, an extremely demanding funding and commercial environment.

³ 3 October 2009 document: LF for Higher Education: Strategy for 2009-10 to 2013-14, Consultation Draft.

7.3 Operational business model

People

150 In Financial Year 2008-2009 the LF employed 20.18 full-time equivalent (FTE) staff with a total employment cost of £1.237m. Internal working documentation shows a further 15 individuals who were paid as secondees or associates (payments made £287,000). The majority of employed and contracted staff are dedicated to the support of design, planning and delivery of the LF's training and HEI membership services, with the rest providing finance and administrative support.

151 Training programmes and interventions are mostly delivered by associates, drawn from a pool of approximately 60 qualified individuals who are reimbursed on a per diem basis. We consider their management and costs in paragraph 160 onwards. The CEO, Finance Director, Director of Marketing, their supports and programme administrators are based in the Holborn Office, with the other Directors and staff working remotely or on a peripatetic basis.

Systems and management processes

152 The Board meets quarterly. Each Board Meeting receives a CEO's Report and Finance and Business Review. The Board has delegated management of all of the operations of the organisation to the Chief Executive, except for a few specific items (such as agreeing annual budgets). The Senior Management Team meets monthly and three other regular meetings are held, led by the relevant Director and attended by the CEO and other staff as appropriate. These are: Programmes Meeting (reviewing open programmes, events); International Projects Group; Consultancy Group.

Technology

153 The LF has a simple IT infrastructure, with a small (three server) network located at its Holborn Gate premises. Remote access is available to staff. Standard software is in use: Microsoft Outlook and Office, a GoldMine Database, and Access Accounts and Payroll packages.

Risk management

154 Major risks are identified, registered and reported to the Audit Committee six monthly. Mitigation plans are presented in summary format, but these do not appear to be routinely identified as a separate agenda item in Monthly Management Team meetings.

155 We recommend that changes to all identified risks and their associated mitigation plans and arrangements are routinely reported on at monthly management meetings.

Financial systems

156 The product of the LF annual planning process is the operating plan and budget. The budget is assembled at the budget holder level early each spring, whereby the Chief Executive, Finance Director, Finance Manager, Budget Holder and Budget Supporter discuss and provisionally agree plans for the following year. Draft plans are presented to the Board at its spring meeting, and a final plan and associated budget are agreed by the Board at its summer meeting.

157 Systems for financial management and cost control appear well designed and maintained, although we suggest that the monthly financial performance review used to support review of business performance concentrates more on the gap between achievement to date and the annual target and deals with the risks and their associated mitigation actions.

158 Indirect cost allocation may not reflect activity: a large part of indirect costs are duly allocated according to an explicit formula which is estimated by the finance team and based on time spent by LF staff by each programme within each Aim, but this may not reflect actuality. We do not see this as a significant shortcoming. However, the LF should consider testing margin sensitivity to alternative plausible allocation of indirect costs and wherever possible use an actual activity basis for cost allocation.

Management of the Associate network

159 The LF maintains a pool of about 60 associates to support the delivery of programmes and other events. The selection and management of associates has been driven by a primary desire to meet and exceed course participant quality expectations (*“LFHE’s success is crucially dependent on high quality performance by a small group of associates, and LF’s concentration has to be on the quality of supply more than on the input price”*⁴). We have found from an examination of post-programme evaluation as well as longer term reflection by participants on the direction and facilitation of programmes that this criterion has been met. The view is very positive.

160 The operational business model has served the LF well in providing high quality direction and facilitation to open programmes and other events from Associates on a variable cost basis. However, we do observe that:

- (a) There has been some downward pressure on consulting day rates in the market over the past two to three years. The annual Skillfair Consultancy Fee Rate survey showed nearly a 20% average reduction in the rates of independent consultants between 2007 and 2008.⁵ Based on this survey, some of the associates are paid rates which are at or near the top of the market range.
- (b) There are continuity risks arising from the extensive and long-term use of a limited number of associates.
- (c) The LF should be able to demonstrate that its management of this important and valuable resource allows it to:
 - Draw in new ideas and best practice not just from the HE sector, but also from other leading UK and international organisations.
 - Mitigate supply risk.
 - Ensure best value.

161 We would expect a Public Sector or quasi Public Sector organisation such as the LF to be able to demonstrate compliance with the best commercial good practice. Given the total amount of fees paid to associates (in 2008/09 around 20% of their total income) we would expect them to follow an appropriate procurement methodology similar to the one HEFCE recently used to select consultants to support its Shared Services initiatives. However, whilst the LF did use an NHS list compiled through competitive tendering to select executive coaches, it has not taken a transparent procurement approach for its other associates.

162 The LF has examined its supply chain arrangements for value for money as part of its regular internal audit review processes. However, in the absence of a tendered/market-tested set of rates and with other market evidence that the fee rates charged by independent consultants have reduced significantly in recent times, we do not believe that the LF has a sound case for claiming it is buying at the best value. Refreshing and extension of the associate pool was also one of the Oakleigh Consulting

4 Source: LFHE Audit Committee paper Value for Money Associates and Consultants, June 2008.

5 See: Appendix 6 – Skillfair survey of consultancy day rates and www.skillfair.co.uk/content/282/Consultancy-Fee-Rate-Survey-2008.aspx,

recommendations from the last evaluation, which has not been fully implemented. We therefore recommend that the LF put in place a mechanism to prove the associate pool in the market and to build capacity as a matter of priority.

163 We have also examined the contracts and terms and conditions used in the appointment of associates. They were originally compiled by the senior management team of the LF without legal advice and vary according to the type of work being undertaken. It was not part of our terms of reference to have them reviewed by lawyers. However, we should point out that they do not appear to have certain clauses that we would normally expect in such contracts:

- (a) Protection of the LF's intellectual property, market position and customer ownership, allowing associates to re-use course materials and sell work straightforwardly under their own businesses. Whilst this may not be such an issue while the LF is publicly funded, it would become important were it to become self-financing and needed to protect its customer base.
- (b) The setting out of respective liability arrangements for professional indemnity and public liability and insurances.
- (c) The setting out of publicity arrangements.
- (d) Client confidentiality.

164 The LF should conduct a review of its contracting arrangements to be able to confirm that they are appropriate and of an equivalent standard to other public and private sector organisations and obtain formal legal opinion.

Marketing

165 The LF has developed a distinctive corporate branding which is applied to all of its publications and imagery and which supports the quality proposition for its products and services well. It has engaged thoroughly and energetically with its market, and supports a range of conferences and events which are integrated carefully with publication of research series and other material such as the periodical *Engage*.

166 Conference attendance figures indicate that the LF has succeeded in attracting a substantial proportion of HEIs and other attendees (for example: the 2009 Staff Development Conference 120, and the 2009 HE Leadership Summit over 250 individuals), and the LF has collaborated well with HEFCE to deliver the annual Leadership, Governance and Management Fund Conference. This corporate activity has been supplemented by an active programme of personal visits and meetings undertaken by the CEO and his fellow directors. The LF has generated good representative attendance from the HE sector and attendant bodies over the past five years.

167 The LF marketing strategy includes a broadcast programme of event schedules and course availability, using the web and direct channels to access individuals at all institutions and sector bodies. Despite this regular sector-wide promotion and a growing programme alumni database our interviews and research indicate that some key decision-makers (including at least one University HR Director within our review sample) are not fully aware of the array of programmes and interventions available. Moreover, our research indicates that up to 15% of HEIs trail the others in their treatment of LGM.

168 The customer relationship management (CRM) system has been developed⁶ internally, and contains individual contact details and, where relevant, records of programmes and courses attended. Effectively managed, updated regularly and used by the whole organisation as a central asset, the system can support detailed segmentation and

⁶ This is based on a proprietary software package called GoldMine, a flexible product which is widely-used as a business development and CRM tool.

analysis across 12,000 individual records by institution, and constitutes a significant marketing asset which the LF could and should use to support more focused and targeted marketing activity in order to penetrate the market better.

169 For example, there is a trusting relationship between the LF and its alumni. The LF could seek to identify the specific subjects that interest its alumni and others in the database. This could be done on a similar basis to several of the networking and information websites where individuals who register, specify the subject areas in which they are interested.

170 In addition, we have had respondents to our interviews and survey comment that they were not aware of the full range of information available from the LF. This extended to some HEI staff responsible for purchasing/sourcing leadership and management development programmes who had limited knowledge of the in-house capabilities of the LF. Better, more targeted marketing could result in better penetration of this information and reduced marketing costs/increased efficiencies.

8 Progress against the recommendations made in the first evaluation of the Leadership Foundation for Higher Education

171 Oakleigh Consulting undertook the first evaluation of the LF during the course of 2006, with final publication of its report in June that year. We have been asked as part of our terms of reference to assess progress in the interim period made by the LF in addressing certain recommendations made by Oakleigh Consulting in this report.

172 The Oakleigh Consulting evaluation set out its recommendations in three levels of importance, and we attach our assessment of these in full in Appendix 7 – Progress against the recommendations from the first evaluation.

173 The LF has largely met the recommendations made by Oakleigh Consulting, and this reflects the very significant organisational progress and maturity achieved by the management and Board over the past three and a half years.

174 Several of the 24 recommendations are sensitive to the historical context in which they were made, have been routinely dealt with, or can otherwise be seen to having been met. We find that others of the recommendations are time served, with the further evolution and growth of the Foundation making them redundant; there are a few where the original issue still pertains and we would advise further action to confront it and a third category where new factors may have come in to play, and continued action is recommended.

Recommendations from the first evaluation which we consider remain unmet

175 There are six recommendations which we do not believe have been fully met, or where new factors mean that continued action may be required:

- (a) *Ref # 14: That the LF prioritise a review of the key skills and competencies required of its Key Associate Community and formally initiates a process of recruitment of fresh Associates to address any areas where a skills gap is identified. This work merits a project management-based approach that might be delivered through the LFHE recruiting or seeking the secondment of a senior manager to join the LFHE Executive Team.*

As highlighted above (see paragraphs 160 to 165) this has not yet been fully achieved.

- (b) *Ref # 7: The LF must take particular care over its approach to managing dissemination of its research programme and have a developed and robust methodology that encompasses multiple channels of communication. For example it may for some of the outputs be appropriate to seek the support of such bodies as the Higher Education Policy Institute (HEPI) in this regard.*

We have examined the dissemination programme (June 2009 Board Paper detailing current dissemination activity), and conclude that active use is being made of available channels. Despite this, our survey of individuals based on face-to-face interviews and web response indicates that the impact of the dissemination programme may be inadequate.

- (c) *Ref # 17: The LF in developing its future communications and marketing strategy should examine the opportunities for promoting relevant programmes through the relevant membership based bodies (e.g. the AUA) by use of those bodies' mail-bases.*

This recommendation has largely been met subject to our comments on making fuller use of the CRM tool GoldMine. Individually-targeted promotion based on profiling institutions and managers is now possible and should be undertaken.

- (d) *Ref # 19: The LF should consider the use of eSurvey feedback forms for all its programmes as a more efficient and effective alternative to the paper equivalent.*

Whilst the LF now uses a web-based electronic survey tool, we believe that more analysis can be done on individual Associate evaluations by tracking and profiling feedback and thereby to support their routine appraisals.

- (e) *Ref # 21: The LF should modify such regular management reports that are made to the LF Board and Funders' Group so that they include details of the gap between current programme delegate bookings, target numbers supported by an analysis of the resultant impact on business plan performance (annual and cumulative to 2008/09) should the existing booking trajectory be maintained.*

The reporting and governance of the LF is found to be good, although the summary financial statement reviewed each month by SMT and Board does present the budget for the year with projected outcome without sufficient up-front exposure of the gap between billed, committed and billable and prospects. This is not a serious weakness as the accompanying programmes report deals well with filling the gap.

- (f) *Ref # 8: That the LF in respect of its international work give priority to those activities that are likely to have most direct impact on the UK sector including the dissemination of international research on leadership issues within Higher Education and the exposure of UK HE managers to international experience and learning.*

It is possible to consider international activities as falling into three areas:

- Reciprocation – China and India Vice-Chancellor exchange visits = provides direct benefit to UK HEIs.
- Elements of programmes – TMP foreign trips, Washington/US visits and ACE collaboration are essential and valuable component of flagship programme.
- The broader UK plc agenda – e.g. Three programmes for Pakistani Vice-Chancellors (with British Council funding), Saudi Arabia, provision of assistance to L Martin Institute in Australia are either solely for the benefit of foreign institutions and bodies, or possibly only benefiting the UK through LF charges or incremental graduate intake to UK HEs/other foreign exchange gains.

176It could be argued that the last of these may not have direct benefit on UK HEIs and even could foster competition in terms of building research capability at overseas institutions or otherwise enhancing LGM capability or LGM services provision overseas. This aspect of their international programme could detract from the LF's primary role of supporting HEIs in the UK. Furthermore, there are already several other UK bodies involved in promoting HE overseas including UKTI, The British Council and various other representative bodies such as the Middle East Association. Set against this we have the long-term need to build international partnerships, as described in our section on international programmes – paragraph 54. We return to this international issue in the next section where we consider the financial implications of conducting this type of business.

9 Business models and financial self-sufficiency

177 Our terms of reference asked us to consider the LF's

- (a) Current business model, its flexibility and its future direction.
- (b) Ability to achieve financial self-sustainability, including:
 - An assessment of the challenges it faces.
 - Any areas that need continued public investment.
 - The opportunities for the LF to reduce costs and increase income.

Summary of conclusions and recommendations

178 *In this section we conclude that:*

- (a) *The LF now has a strong brand and is well established in the sector. As such the set-up phase of its operation is complete and it has acquired the status of a quality supplier that could enable it to become self-financing on its core activities. It could be said to have "come of age".*
- (b) *It is not profitable on any of its product/service lines nor has it yet fully embraced the need for self-financing in its forward strategy. It is consequently highly vulnerable to fluctuations in demand and to the possibility of reductions in grant funding after July 2012.*
- (c) *Continued reliance on external funding for its core activities, coupled with the difficult economic climate, mean that the LF may actually be more exposed with regard to self-financing than it was at the last evaluation.*
- (d) *The LF should take urgent action to improve its financial position as a complete withdrawal of external funding from 2012 could, in our view, prejudice all the activities of the LF. Even with changes, it is doubtful if it could continue with the full scope of its research/innovation programme and the development of all its professional and academic networks.*

Recommendations to the LF

179 *We recommend that the LF should:*

- (a) *Focus on improving the financial contribution of its products and services through:*
 - *Improving the gross contribution it makes on its core, established services – programmes for developing individuals – the open programmes such as TMP and SSL.*
 - *Increasing contribution and then volume on:*
 - ◇ *Building capacity in HEIs – in-house programmes and consultancy,*
 - ◇ *Internationalisation (but only if this can be done profitably and without distracting it from its UK role).*
- (b) *Develop its membership services to tie in institutional members more closely to its operations and to establish with them the benefits and value of membership.*
- (c) *Consider, amend and act upon as appropriate, our suggestions for improvements or changes to its markets, customer base, products and services and operating model.*

Recommendations to the Funding Bodies

180In response to these changes from 2012 onwards the Funding bodies should consider the option of ceasing unrestricted funding and move to a policy of the award of grants to the LF through one or a combination of: non-competitive restricted funds, competitive responses to tenders; or, bids from the LF to the Funders where a business case is approved on the basis of delivery of public benefit.

9.1 Business models

181We have used the term “business model” for the purposes of this report to mean a viable or operationally effective combination of the following:

- (a) The types of products and services provided.
- (b) The markets or groups of customers served.
- (c) The methods and resources of production and marketing.
- (d) The funding structure and level (if any) provided.

182In the following paragraphs we describe the options for each of the above dimensions. We then discuss the combinations of options that could form part of a viable future business model for the LF. Bearing in mind that the dimensions are interdependent and the logic supporting any business model is iterative, we approach our reasoning in the following sequence:

- (a) Funding options: this is the first dimension to consider since it constrains and conditions the other dimensions. Only funding from the four UK Funding bodies is considered as other sources of funds would be considered under markets and customers, in our model.
- (b) Products and services: this is the next piece of the business mix as this represents the value proposition offered to the market. What is offered depends in part on the funding available and in part on the response of the market and the ability to deliver.
- (c) Markets and customers: the LF’s offerings need to be aligned with market needs as well as delivering services for the public good, which might not be commercially viable.
- (d) Operating models: this dimension represents the practical consequences of what is feasible in the products and markets dimensions and drives the cost base.

Funding options

183The LF’s current Funding Body grants are not restricted to a specific activity or outcome. The Board of the LF, in consultation with the Funding bodies, allocates the monies to the activities and jointly agrees a forward business plan with the Funding bodies. This approach was appropriate for the original creation of the organisation as it provided “seed corn” money that enabled it to be set up and establish itself as a premier provider in the sector. The approach also conforms with the generally light-touch approach adopted by the Funding bodies.

184The set-up phase is now complete. As we have seen in the sections above on the reception and impact of the LF, it is well established and has effectively come of age. Consequently, we do not feel that this unrestricted funding approach remains appropriate for two reasons:

- (a) Whilst the business case envisaged that some funding might continue to be needed for areas where the market would not sustain public-benefit activities, it set an ambition that the LF would eventually move to at least a semi-financially

independent state. Being self-sustaining in its core activities would demonstrate that it had achieved the quality status envisaged in the business case. The sector would be seen to use it because it is the best – not because it is funded.

- (b) From our interviews with leaders in the sector, we suspect that the LF would lose credibility if all its activities continued to be subsidised – especially given the harsher funding environment. HEIs that are adjusting to their own reductions in funding and seeking efficiency gains, would rightly expect a sector body to do the same and to compete on a level playing field with other providers – only taking external financial support where it is absolutely needed and that the public benefit can be demonstrated.

185 However, the complete loss of central funding could be detrimental. Many of the HEI staff we interviewed used the LF as it is perceived as an integral part of the HE sector. The loss of all central funding could diminish this perception and also force the LF to become more entrepreneurial and commercially orientated to survive. This could mean that it would be less constrained to be purely an HE body. It might seek markets and customers that provided it with the best return rather than provide services that are best for the sector.

186 Hence, we do not believe that a purely commercial model would be suitable. In addition, we anticipate that the Funding bodies would want to retain the option to stimulate investment in leadership, governance and management in some form via the LF as a central body. We suggest that the alternative is some form of restricted or specialist funding where investment is made on policy-driven engagements to deliver public benefit.

187 There are three variations on this theme. Each one of these would restrict funding to specific activities and each one could be used on its own or in combination with the others. These would be in-line with the approach suggested in the original business case and would be a half-way house between the unrestricted funds and withdrawal of funding. These alternatives are:

- (a) Non-competitive restricted funds.

The funding bodies could consider restricting the funds allocated to the LF to specific purposes of national importance or public good.

For example – there may be specific groups that the Funding bodies wish to ensure are well served – something similar to the development of the Getting to Grips series of publications, which governors have found particularly useful, might be one such example. The slight imbalance in the representation in staff making use of the programmes across the various UK countries might be another.

The Funding bodies could provide restricted grants to the LF for these types of activities. Care would have to be taken not to lose the light touch approach and micro-manage the organisation through the funding mechanism. It would also be important to ensure that the funding is seen by the sector as truly additional – i.e. that it generates worthwhile economies of scale for one central organisation to complete.

- (b) Competitive restricted funding.

An alternative would be to make more of the LF's funding competitive. It already competes for business with external providers of leadership programmes. It has competed successfully for specific project monies under the LGM Fund. It could also compete for other aspects of its work with other HEIs and commercial bodies. Care would have to be taken in any mixed economy model to ensure that the LF bids on a full-cost model so that there would be no cross subsidy and unfairness.

(c) Pay-as-you-go funding

This is a similar approach to (1) above with the difference that the LF would initiate proposals for work packages to the Funding bodies for consideration. The rationale for this would be that the LF, due to its specialism, should have a better understanding of the needs of the sector in its specialist area than the Funding bodies. It would propose work packages that could be either short-term individual projects or programmes. These should be aimed at developments that would accelerate policy initiatives which are unlikely to happen or would take much longer if left purely to market forces. The strength of the proposals would lie in the quality of its business cases and their approval by the Funding bodies.

Products and services

188In Section 5, we described the LF's current range of products and services under four headings for ease of analysis. However, the LF prepares management accounts which account for these under six main headings. These do not map precisely to the service headings we used in Section 5 above but, in broad terms, correspond as follows:

Account heading	Rough map to the products/services described in the evaluation above
Developing individuals	Essentially the open programmes
Building capacity in institutions	Essentially the consultancy and in-house programmes
Professional and academic networks	Covering conferences and events including programmes with professional bodies and the Staff Development Conference
Innovation	Research and publications
International	The international programmes described in the open programmes in the evaluation see Section 5
Membership	A membership scheme that through an annual fee provides discounts for products and services

189The LF plans for product development are described in its 2009-10 to 2013-14 strategy discussion draft. These plans include:

- (a) Developing individuals – enhancing the programmes to include:
 - Modular open programme structures that enable choice and flexible pricing.
 - Distance learning as a cost-effective complement to face-to face courses.
- (b) Building capacity in institutions/consultancy – increasing their capacity to deliver these services particularly for in-house programmes.
- (c) Professional and academic networks – developing further collaborative programmes with professional and academic bodies such as the Staff Development Forum.
- (d) Innovation – continuing the research agenda.
- (e) Membership – continuing the membership service agenda.

190This is a valid set of initiatives on which we would comment selectively as follows:

- (a) Modular open programmes and distance learning:

We would be in favour of designing the courseware and technology for these programmes so as to support both open and in-house programmes – and accept that this may well be what the LF intends. A particular advantage of a modular, flexible approach is that it enables the blending of learning materials/products with consultancy services/training delivery and supports low cost provision whether delivered via open or in-house programmes.

With reference to distance learning, in our experience, the infrastructure is relatively quick to develop if based on readily available standard business tools such as collaborative workspaces, webinar systems and teleconferencing. The main challenges lie in the design and the development of content and this work is consequently part and parcel of the same modular strategy.

We expect that the provision of low-cost programme strategies based on modular courseware, toolkits and distance learning would be attractive in the current climate for sector funding for both open and in-house programmes. HEI learning and development professionals could adapt and apply these products under licence, blending them with local content and use external assistance such as light touch train-the-trainer courses through to full scale in-house delivery and supply of trainers in a flexible mix according to need. The LF already has successful examples of this type of approach.

This modular strategy to product development would be relevant to both the UK and the international markets.

(b) Building capacity in institutions/consultancy.

In-house programmes can offer substantial economies for HEIs compared with open programmes and, while they lack the networking opportunities of open programmes, their advantage in team building and organisational development is a valuable substitute. Some, if not all, of the networking opportunities can be supplemented by offering these programmes to regional groups of HEIs – in a similar approach to the ones used in the north east.

(c) Membership.

While the current membership is high (at circa 97% of HEIs) participation is under threat of erosion with the economic downturn. We interviewed two HEIs that had decided to withdraw from membership. Their reasons for withdrawal reflected the likelihood of their not using the major programmes in the forthcoming year.

While discounts on open programmes are an important benefit of membership, we have the impression that other benefits are not perceived so clearly by member HEIs. This seems to under-sell the value of membership. There are several additional benefits including:

- Access to tangible products such as research and publications.
- Less tangible benefits of advice and support that are provided when sought. This can be on management issues or on learning and development professional matters. The LF is seen by those who avail themselves as “unstinting and authoritative”.

We therefore encourage the LF to promote more strongly the benefits of membership and if possible to increase the attractiveness of membership by adding member-only facilities that it can supply at low prices and low costs.

Distance learning and access to shared resources – described above – may be two types of facilities which could cut the costs of in-house development in HEIs. Another might be to introduce a more overt and commercial advisory service – perhaps on a subscription basis, additional to basic membership – that enables the

sector to achieve economies of scale through an LGM centre of expertise providing high-level advice. With such a resource, individual HEIs may no longer need to employ as many dedicated specialists in management development. The LF would have the role of a shared service to participating customers in the sector.

Markets and customers

191 The LF has rightly built its brand on being an organisation that is of and for the UK HE sector. It is well known across HE and has generated good will which manifests itself in the continuing propensity of HEIs to use its services. If the LF makes any changes and targets other markets and customers, it has to ensure that it retains its reputation in the HE sector. Otherwise it might run the risk of gaining a new market at the expense of its existing HE customer base. We examine here three options:

(a) Growth in the HE sector.

There would be no conflict with its brand if it grew its services to the HE sector. In-house programmes probably represent the biggest growth market in the UK HE sector since they target the largest manager-population – junior and middle managers. The LF currently serves only a small part of this market. Estimates in the LF's original business case put the manager-population at some 58,000 made up of 8,000 heads of academic departments, heads of service units and research directors and up to 50,000 in other levels. Much of the current provision of learning and development for these managers is in the form of in-house programmes provided in conjunction with external consultants or trainers.

(b) International HE market.

This would further exploit existing overseas connections and grow the volume of mainstream products and services, mainly open programmes, future modular programmes and in-house programme toolkits. There are also potential synergies with its UK-based development programmes. However, the financial analysis provided in Section 9.2 below, shows that international is a loss-making activity at present so the LF should only grow this activity if it can do so profitably.

(c) UK FE market.

This is a large and potentially attractive market for the LF with both similarities and differences to HE. The LF's open and in-house programmes should transfer fairly readily with suitable adaptations – to allow for the difference in the academic level and the absence of research. JISC is an example of a sector body which, although operating in a very different sphere, has moved to serve both the FE and the HE sectors.

There would be conflict with its HE brand if it were to be seen as a major FE body. This would also conflict with the original concept of the LF, which recognised that HE needs its own foundation as it is so different.

However, with care, the LF could investigate expanding into FE collaboratively with relevant FE sector bodies, re-branding its programmes and delivering them to distinct participant groups. The LF would have to ensure it does not dilute its HE expertise, but builds comparable levels of understanding in FE where there are different challenges and funding regimes. One option might be to start targeting those FE institutions that deliver a substantial number of HE programmes, either in their own right or in collaboration with HEIs as this would be a half-way house and also provide support to the growing collaboration between the two sectors.

Operating models

192 The above possible changes to its products, services, customers and markets would impact the current operating model. We detailed this model in our review of its internal operations above. In this subsection, we examine some transformational options for the LF's current approach.

193 The present approach is essentially a commissioning/delivering model. It was the one recommended in the original business case and is at the heart of how the LF now operates. The key features of this commissioning model are:

- (a) A small core team of marketing, HE sector, leadership development and project management experts, supported by a secretariat and lead by its Chief Executive.
- (b) An extensive, international network of specialist associates and suppliers who combine flexibly to deliver the bulk of the products and services.
- (c) Effective business processes for marketing, development, production and management of knowledge-based products and services.

194 We have examined three further models:

- (a) A faculty or in-house resource model.

In this approach, most of the associate network would be replaced by full- and part-time staff and these staff, rather than associates, would deliver the products and services. This is a more conventional, corporate employment-based approach to resourcing. It would reduce the direct costs of service delivery because employed staff, suitably utilised, are less expensive than associates. It is the approach taken by organisations such as Roffey Park.

We do not believe a purely faculty model would be appropriate to the LF's resource profile. On occasion it requires flexible, highly specialist, mainly part-time experts in particular fields. Maintaining these individuals on a full-time payroll would be costly – especially as they might only be needed for short periods throughout the year.

- (b) A mixed model.

As suggested by its name, this approach combines the features of the above models. It would be part faculty and part commissioning in a mix so as to retain most of the flexibility and expertise of the LF's current associate network while achieving some cost advantages of working with more employed staff.

195 It seems clear that the optimum solution would be the mixed model tuned to LF's business. This might mean a higher proportion of full-time staff for some of the core, well-established programmes that do not need the expertise of the Associate pool and use of the associates for the products and services that are more likely to fluctuate in demand.

Optimal business model – a summary

196 Taken together, the above discussion of the dimensions of the LF's business model suggest the following optimum set of characteristics:

- (a) A funding regime in which income from the established trading activities covers their direct and indirect costs and is supplemented by grants from Funders for specific projects and/or activities. The grants could be awarded to the LF through one or a combination of: non-competitive restricted funds, competitive responses to tenders; bids from the LF to the Funders where a business case is approved. Approval would be contingent on an assessment of the public benefit the activity would generate and the need to accelerate development through this type of policy intervention.

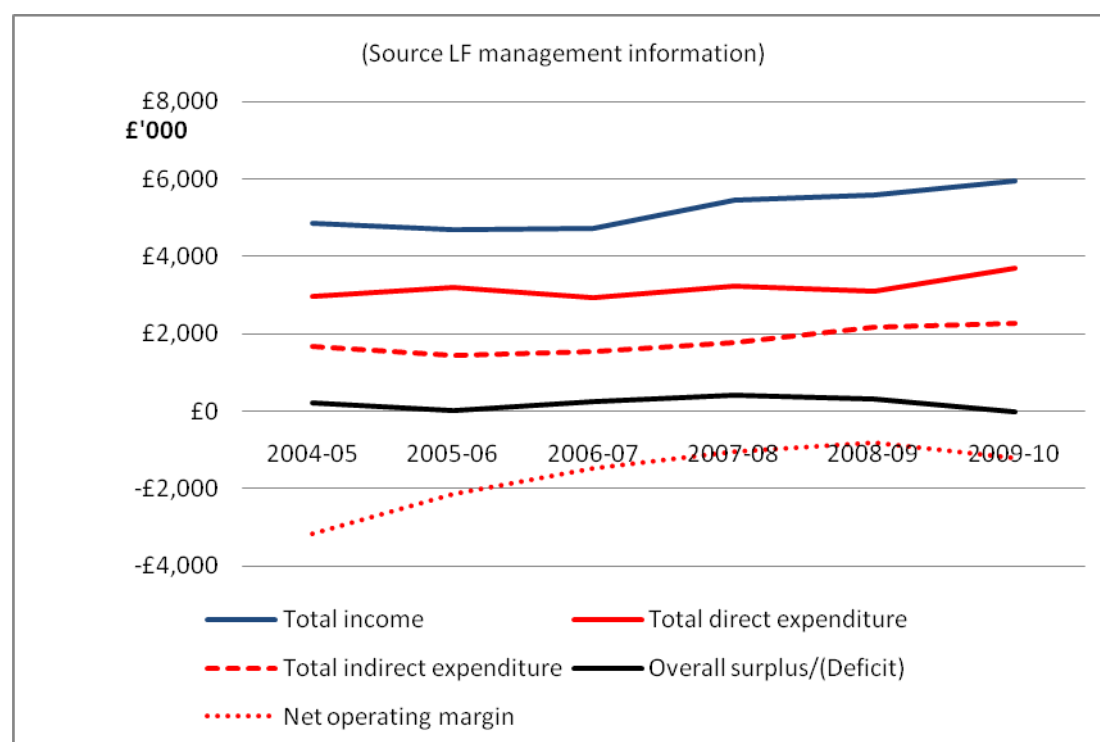
- (b) A range of products and services encompassing the current range, but enhanced by means of a flexible modular approach whose design and content serves as far as possible both open and in-house programmes and encompasses the use of distance learning. Membership services may also leverage this approach within a shared service/centre of excellence in LGM concept.
- (c) A market that remains centred on HE in the UK, but which leverages the LF's skills and product and service range in international HE and UK FE sectors, thus gaining the volumes necessary to support financial self-sufficiency.
- (d) An operating model that uses the opportunity of greater business volumes to increase the proportion of in-house (staff) resources to associate resources and hence improve gross margins, again to support self-sufficiency.

9.2 Financial self-sufficiency

197 The LF has made steady progress towards being self-financing. In its first year of operation over 70% of its costs were funded by grants. It has progressively turned this situation around to a current position where over 80% of its activities are paid for through fees charged to HEIs using its services. It currently still receives approximately £1.2 million per year from the four UK Funding bodies.

198 Figure 22 below provides an overview of the finances of the LF since 2004. It tracks: total income (including Funding Body grants and interest), direct costs, indirect overhead costs and net margin from its trading activities and shows that the LF has always remained within budget. However, the net operating margin – the lower of the two dotted lines, which tracks the trading performance – shows that trading has been making losses. Although there was a positive trend from 2004-05 to 2007-08, this levelled in 2008-09 and there is a budgeted downturn in trading margins for 2009-10.

Figure 22 Overall financial position Includes all income, grants and costs



NB The 2009-10 figures are based on budget and the figures for earlier years are based on actual income and expenditure.

199Based on this analysis, the LF is still some way from being self-financing. The following paragraphs examine some of the underlying trends in financial performance. These are based on the internal management accounts of the LF and cover the same headings as we provided in paragraph 189 above. In the charts provided, each activity's income is matched with its direct and indirect costs providing a net margin. Funders' grants and interest are not attributed to the activities' accounts and so these charts show their commercial performance without subsidy. As can be seen from the graphs, none of its activities, except its membership fees, generate surplus income when all costs are taken into account.

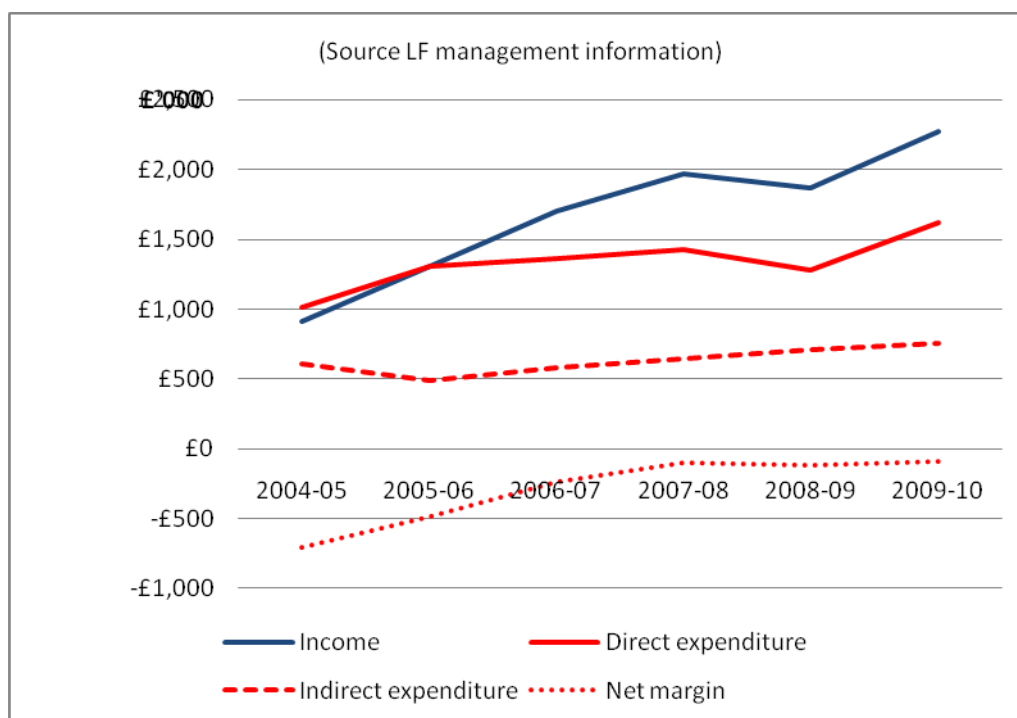
200Where appropriate, we have compared the LF's financial performance with that of other organisations for specific activities. These organisations are the American Council on Education, Roffey Park and the Office for Public Management. We provide details of the comparisons in the subsequent subsections. However, in all of these comparisons it has to be remembered that the LF is at least 30% smaller than these other organisations, but has similar demands on its governance and accountability requirements. This means it has less trading volume to sustain similar levels of overhead and hence cannot obtain the same economies of scale. Nevertheless, comparators are useful to see what can be done.

Developing individuals

201 Developing individuals is the LF's largest activity and includes its range of open learning programmes. As the LF's biggest revenue stream it is crucial to LF's engagement and contribution to the sector and at the heart of its financial performance.

202 Figure 23 shows that an improving financial performance from 2004-05 to 2007-08 dipped in 2008-09. As the slight upturn in 2009-10 is a budget figure rather than an actual figure it has to be treated with caution.

Figure 23 Developing individuals –finances



203 While the three premier programmes (TMP, SSL and PSSL) are making small net profits, overall the programmes are making a net loss of about 5% of fee income. Although it is difficult to compare like with like across different organisations, it does provoke thought on what can be achieved. Roffey Park and the American Council on Education are not-for-profit organisations with a similar set of development programmes to the LF. Bearing in mind our comment on economies of scale in paragraph 200 above, both of these organisations show around a 6% net surplus or financial performance that is 11% higher than the LF.

204 Providing costs are kept under control, this is clearly a key activity for LF to try to grow profitably. Successful growth would enable it to cover all its own direct and indirect costs and provide a positive financial return that could be used to invest in this and other LF products and services. Options to turn the LF's net loss on these activities into profit include:

- (a) Raising fees for programmes. As we have demonstrated in our comparison of the programmes with those of other suppliers, the fees charged by the LF are lower than others. However, there is already fee pressure and a perception in the sector that the LF is expensive.

- (b) Raising income from programmes without raising fees. The programmes currently run with cohorts of around 20. While a large-scale increase in numbers would be detrimental to quality, the addition of at least three more delegates per programme would increase fees by around 5% to 10%.
- (c) Reduce direct costs. It may be possible, under the current economic climate to reduce the fees paid to associates by 5% or possibly more. Similar reductions might be available in venue and other direct costs. A more radical option would be to consider appointing staff to undertake some of the less senior programmes now that they are becoming more established and embedded into HEIs' regular management development strategies.
- (d) Reduce overhead/indirect costs. Given that the business of delivering open programmes is largely now routine, we would normally expect management to seek to reduce indirect costs over time. While this is much easier to suggest than to achieve, the indirect costs on this activity appear to be rising along with income – it would be preferable at least to see them remain static.

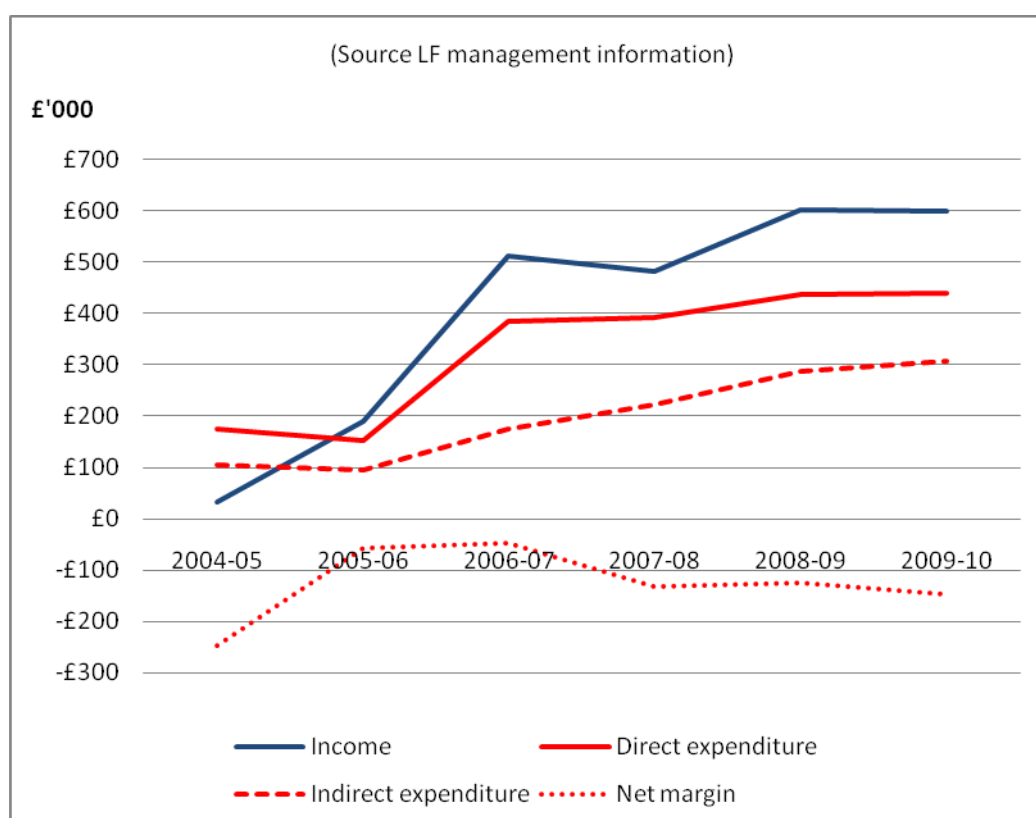
205 We recommend that the LF consider the options of raising fees for programmes, increasing participation rates, reducing direct costs and reducing indirect costs.

Building capacity in institutions/consultancy

206 Building capacity in institutions (also called “consultancy”) consists mainly of running in-house programmes for single universities or combinations of universities. It also includes non-training activities such as advisory work, coaching and change management interventions.

207 The financial graph for consultancy (Figure 24) shows a deteriorating net margin despite income growth. Consultancy has a similar associate-based operating model as open programmes and a similar gross margin. The main difference lies in consultancy's continued growth in indirect costs. These include the costs of selling, management and support and, at 50% of income, they have not yet stabilised and appear to be rising in line with income.

Figure 24 Consultancy fees



208 We would expect that, as the volume increases further, the LF should aim to contain consultancy's indirect costs within 30% of turnover – a similar level to those of open programmes – and typical for this activity.

209 As we highlight in paragraph 192(1), there is a large market for in-house programmes offering an important growth opportunity. As an area of activity, consultancy should, we believe, be capable of being profitable to the LF.

210 Using as a benchmark the Office for Public Management (OPM) we see similarities and differences. The LF and OPM are not-for-profit consultancies that serve the Public Sector, undertake and publish research and present white papers at conferences and events on a pro-bono basis. Bearing in mind our comment on economies of scale in paragraph 201 above, OPM's accounts show a 9% surplus on trading for re-investment in not-for-profit activities, which is currently 30% higher than the financial contribution of the LF. OPM also works with a business model that has a mix of in-house and associates.

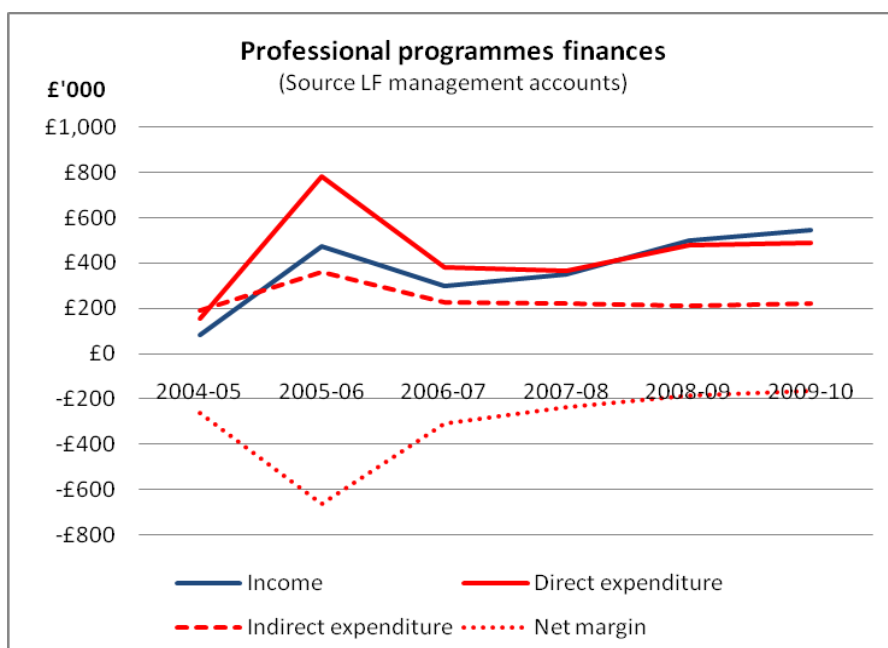
211 This comparison provides useful directions for the shape of the LF's consultancy business, indicating the need for growth, to control overhead expenditure and, simultaneously, to move to a higher proportion of in-house staff so as to increase the gross margin. The introduction of modular programmes and courseware, shared with open programmes, which is described under products and services above should also be a contributor to the financial performance of their activity.

212 We recommend the LF grows this activity and control indirect costs while introducing low-cost modular products (jointly shared with open programmes) and moving to a more in-house resource base.

Professional and academic networks

213 Professional programmes are similar to developing individuals. Professional programmes are run in conjunction with functional or specialist organisations such as SCONUL, UHR and BUFDG. However, the financial profile for professional programmes is not nearly as promising as for developing individuals. As can be seen in the financial graph, (Figure 25) there was a peak in income, direct costs and indirect costs in 2005-06 when net margin also hit a trough. Since then net margin has steadily improved as indirect costs have settled but the gross margin is faltering and slim.

Figure 25 Professional programmes - finances



214 The LF's collaboration with professional bodies adds value by combining functional and leadership expertise. However, the current losses are 30% of income (approximately £200,000 a year) and the direct costs are only just below fees. Consequently, they would need fairly significant restructuring to make them self-financing. We are doubtful if there is scope to improve margins or increase the volume to this extent. This could be one activity that should be either specifically subsidised or restructured.

215 The sector bodies we spoke with and our survey respondents appreciate the conferences, events and the networking offered by these activities and there could be a reduction in goodwill if these activities were removed altogether. There may also be further opportunities for cost sharing with these other bodies, which in turn could lead to further joint working on the development programmes.

216 We recommend the LF seeks grants for this activity and/or looks at their complete restructure in conjunction with the other bodies to make them more financially viable.

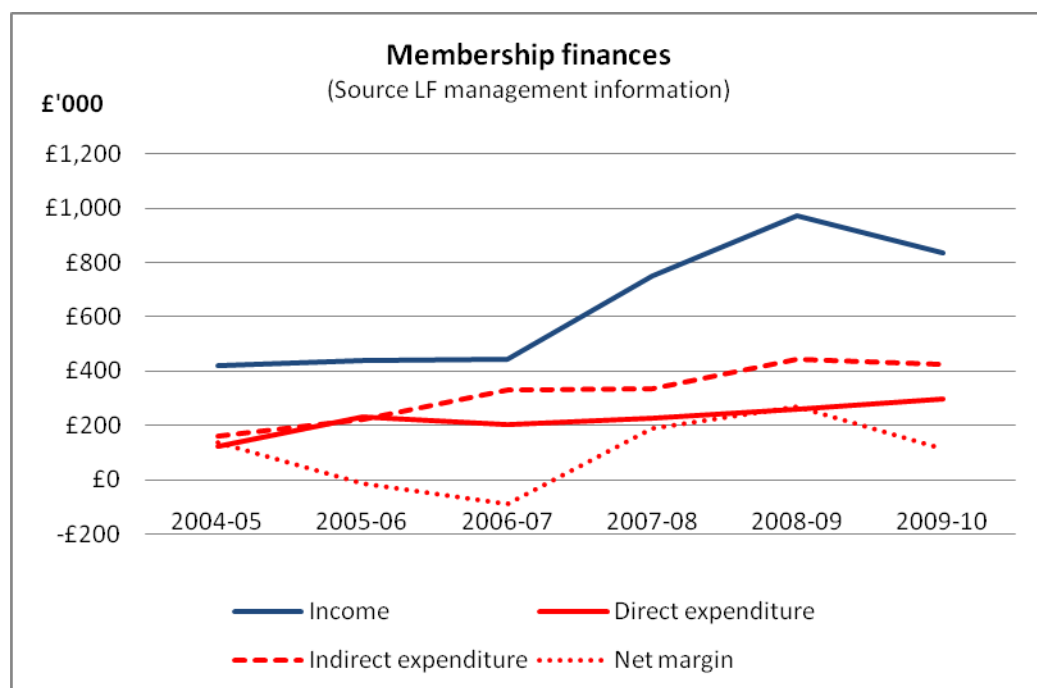
Membership

217 Membership income consists of the annual fees paid by HEIs on a scale related to size. After direct and indirect attributed costs, membership activities, as reflected on the chart below, yield a positive net margin. There are though some associated or hidden costs that could be attributed to membership. These are the main monetary benefits to members:

- (a) A reduction in fees for other LF trading activities. For example, there is a 25% reduction in open programme fees for members – equivalent to around £500,000 a year at current volumes.
- (b) Pro bono services such as the research papers and publications and a free day's consulting per year per HEI – which, at (say) £800 a day, would cost £132,000 a year were it to be taken up by all HEIs.

218 With these notionally charged against the membership income stream, the positive margin shown in Figure 26 below turns negative.

Figure 26 Membership finances

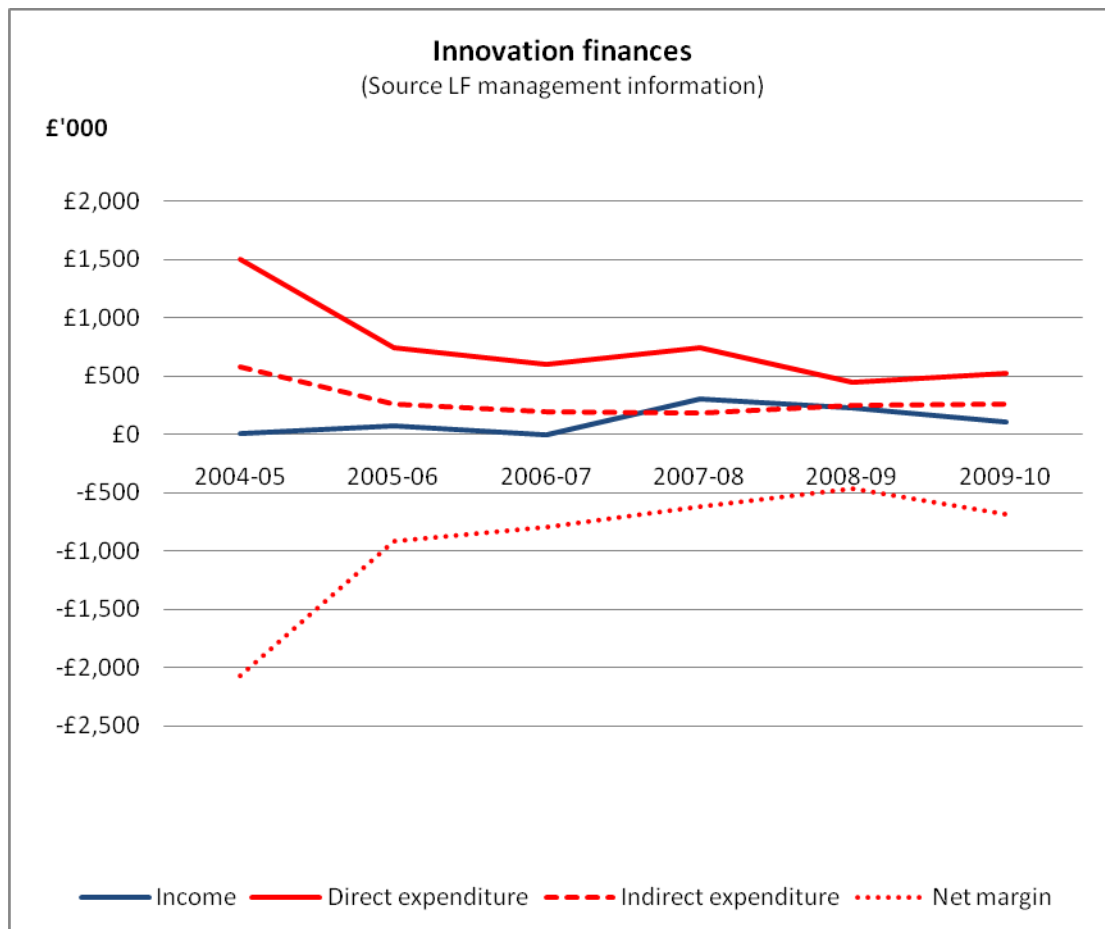


219 We comment in business models above on the opportunities to enhance the perceived value of membership and to consider adding other value-added subscription earning services. We recommend the LF protects the income by promoting the benefits of membership additional to programme discounts and considers introducing subscription-earning shared services that help HEIs reduce costs.

Innovation

220 Innovation – the commissioning, conduct and publication of LGM research – could be one of the prime areas to cut back on expenditure if the LF had to be self-sufficient from trading activities. As can be seen in Figure 27, it has a net cost of around £½ million per annum with little associated income.

Figure 27 Innovation finances



221 Set against this, innovation, to some extent, provides knowledge to the sector, enhances the LF’s brand as a thought-leading pedagogical institution – and not merely recycling established LGM thinking. It fuels improvement to programmes and the spread of best practice across the sector. It can also be argued that it forms part of the value proposition to justify the membership fees.

222 It might be argued that LF should be able to fund its own research from trading activities since many professional commercial organisations such as consultancies do some research. OPM, as described above, is a case in point. This comparison works only in part since the quantity of research that consultancies undertake is proportionally much less than the LF’s, and usually qualitatively less academic and less rigorous, the business volumes and margins from which they are funded are much larger than LF can

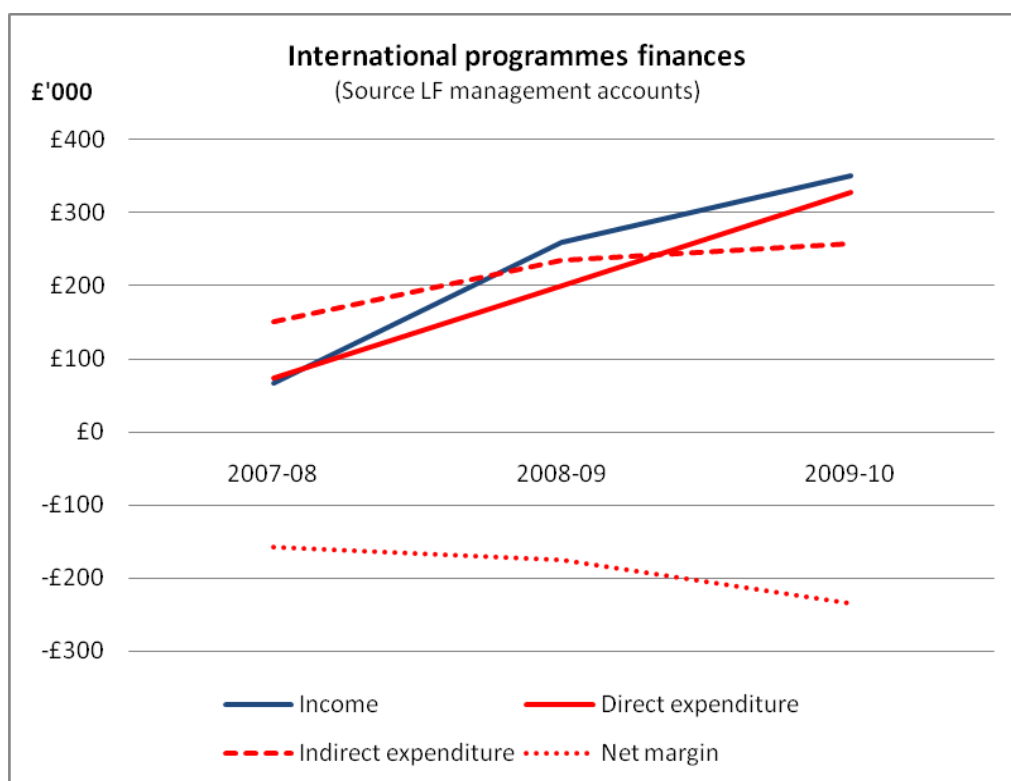
expect to replicate. The other consultancies also use other published research to inform their products and services. While the LF needs to be grounded on sound research into best practice, it does not necessarily have to fund this research. The ESRC, for example, is already funding research into HE LGM issues.

223 Given this situation, the LF should question very closely what it spends in the area of innovation and the value that innovation generates – financially and pedagogically and in terms of wider benefits to the sector. It should also identify if it can obtain similar results from the use of research funded by other bodies.

International

224 International programmes are in their infancy being introduced in 2007-08 and so there are only three years (two actual and one budget) to show in the chart in Figure 28. The net margin picture resembles that of consultancy above, but is more extreme with both direct and indirect costs growing and the former converging on income.

Figure 28 International programme finances



225 If this were a mature activity, the financial position would be untenable. As a new initiative, this financial picture could become strong if fee rates could be increased – which is not indicated by the chart – and if the indirect costs stabilised – as it appears they are starting to be.

226 The international market is clearly important for the UK HE sector and, we are satisfied that the LF must take an active part to understand it. However, like its HEI members, the LF's involvement internationally must be commercially viable and so while direct costs are escalating and threatening to overtake income, there must be stronger financial management of the activities. There are also several other UK bodies involved in promoting HE overseas including UKTI, the British Council and various other representative bodies such as the Middle East Association. The question is therefore if this last activity is fully appropriate to the role of the LF.

227 In these circumstances we recommend that the LF should identify the underlying causes of the worsening financial position. It should then manage its finances proactively to correct losses and focus on profitable opportunities and longer term growth. If it cannot do this successfully, it should consider reducing its international activities to an affordable baseline where they support the general open programmes and leave this role to other UK bodies.

How much better placed the organisation is now

228 As shown by our analysis of the impact of the LF, it is now well established, used by almost all the HEIs in the sector and generally well regarded. As such it has a strong brand and is seen by the sector as a valuable asset that helps its initiatives to improve leadership, governance and management.

229 Despite this excellent track record of service to the sector, the LF is vulnerable in that none of its activities are profitable and consequently it is highly susceptible to fluctuations in demand and dependent on central funding. These circumstances are similar to its position in the last evaluation report, which recommended further funding over and above the initial set-up costs.

230 We are currently in the midst of an economic downturn. The Government has already announced that from 2010 onwards HEIs will see substantial reductions in grant funding. This will place further downward fee pressure on the activities of the LF, which is already loss making and where some of its customer groups question its value for money. Furthermore, as illustrated earlier (see paragraph 144), the LF has chosen an approach that assumes continuing investment from the Funders beyond the end of the funding which has been agreed until 2012.

231 This assumption of continuing funding may have affected the LF's commercial rigour and it has not improved its position economically since the last review. Couple this with the current economic climate and our overall assessment is that it is in a less advantageous position now in regard to self-financing than it was at the last evaluation.

232 Further time should not be lost in strengthening the financial decisions needed and to make actual changes that self-sufficiency requires. The LF has a strong management ethos and processes which it continues to develop. We feel confident that it can take the action it needs to become self-sufficient on its core trading activities if it acts now. We recommend that it does this as soon as possible.

233 Beyond 2012, continued support for its pro bono activities may still be required where they do not have the prospect of being economically viable in their own right. However, the case for investment needs to be robust – particularly in the current downturn and reduced sector funding. Grants beyond the present agreement should be restricted to specific purposes that have a demonstrable public good.

234 The Funding bodies should consider providing further grants for these pro bono activities, but progressively reducing any non-competitive element of the LF's funding and replacing this with grants that flow from a competitive process. This should draw in rivals from HEIs or other bodies. Based on experience, competition tends to drive up quality and performance over time.

Appendices

Appendix 1 – Institutions that participated in our interview programme

NB – The following institutions agreed to participate in our interview programme. We also obtained further responses from HEIs through our web-based survey.

Institution

Aberystwyth University	University of Bristol	Association of Directors of University Estates (AUDE)
Bishop Grosseteste University College, Lincoln	University of Dundee	Association of Heads of University Administration
Buckinghamshire New University	University of Durham	Association of University Administrators
City University, London	University of East London	British Universities Finance Directors Group
Coventry University	University of Edinburgh	Committee of University Chairs
Cranfield University	University of Exeter	Department for Employment and Learning (Northern Ireland)
De Montfort University, Leicester	University of Gloucestershire	Equality Challenge Unit
Glyndŵr University	University of Hertfordshire	GuildHE
Institute of Education	University of Leeds	Higher Education Funding Council for England
Keele University	University of Loughborough	LF
Lancaster University	University of Manchester	SCONUL
Leeds Metropolitan University	University of Newcastle upon Tyne	Universities & Colleges Employers Association
London School of Hygiene & Tropical Medicine	University of Salford	Universities UK
Oxford Brookes University	University of Southampton	
Queen's University Belfast	University of Sunderland	
Robert Gordon University	University of Surrey	
Sheffield Hallam University	University of Teesside	
Swansea University	University of Ulster	
University of Aberdeen	University of Westminster	
University of Bedfordshire	University of Wolverhampton	
University of Brighton	University of York	

Appendix 2 – Terms of reference and approach

235 The terms of reference for this study were set out in the Funding bodies' invitation to tender dated September 2009. In summary, we conducted an evaluation of the effectiveness and impact of the LF, the programmes and services it offers and we also considered its future role. The purpose of the evaluation was to identify if the funding provided to the LF by the Funding bodies has had a beneficial impact on the development of leadership, governance and management in the higher education (HE) sector and that, if any future public investment in LF is made, it can be made with confidence. Specifically the Funding bodies wished to know/have an assessment of:

- (a) How the LF has made a difference to leadership, governance and management within the sector?
- (b) What is happening now that would not have happened without the LFHE?
- (c) How the LF is helping to position the sector to deal with current economic challenges?
- (d) If the LF is influencing the interaction of HE and society – and how has it influenced, for example, the sector's promotion of sustainable development and equality and diversity?
- (e) How the sector perceives its investment in the LF?
- (f) The quality of its relationships with its stakeholders and their perception of its effectiveness.
- (g) What makes its offering different from that of other commercial providers and individual universities?
- (h) How it adds value and the nature and quality of the expertise it offers?
- (i) Whether LF is at the leading edge of leadership development, both nationally and internationally?
- (j) The organisation's strategic planning capability and its ability to identify opportunities.
- (k) Its research and development process and of its outputs.
- (l) Whether the recommendations of the 2006 evaluation by Oakleigh Consulting were adequately implemented?
- (m) The benefit of the LF's international work to the sector and its impact on the organisation's ability to deliver its other more nationally focussed activities.
- (n) The LF's current business model and some consideration of its future direction. How flexible is that model and how has it enabled LF to meet changing challenges?
- (o) An assessment of LF's ability to achieve self-sustainability. How much better placed the organisation is now and what are the challenges it faces? Are there any areas that will require continued public investment? If so, what are they and what would be the likely benefits? Are there opportunities for LFHE to secure income from other sources or to reduce costs?
- (p) LF operates across the entire United Kingdom and we expect that the evaluation will consider whether HEIs in all parts of the UK are receiving appropriate benefit from the work of the LF.

Our approach

236 We grouped these terms of reference under six areas and examined the LF's:

- (a) Markets and customers.
- (b) Products and services.
- (c) Business processes.
- (d) People and reward systems.
- (e) Structure and facilities.
- (f) Technology.

237 We examined these areas through:

- (a) An internal analysis – covering the internal operations of the LF to assess its efficiency and effectiveness and to develop options for its future operating/business model.
- (b) An external analysis – covering the key stakeholders' views of the performance of the Foundation, its position in the market in which it operates and how its products and services compare against others in the market. In total we interviewed 120 individuals across 42 HEIs and sector bodies. In addition we polled the opinion of a further 783 individuals across the sector using a web-based questionnaire. We contacted across both the interview programme and web survey:
 - 117 HEIs in England.
 - 2 HEIs in Northern Ireland.
 - 17 in Scotland.
 - 10 in Wales.
- (c) A list of all the individuals and organisations we contacted in Appendix 1.
 - 39 Governors.
 - 389 Senior managers.
 - 380 Academics in leadership positions.
 - 192 Professional leadership roles

238 These sample sizes, apart from governors, give us statistical confidence limits better than +or-7% within 95% confidence levels. Governors were a particularly hard to reach group and the smaller sample size gives a possible statistical sampling error of around +or- 17%. Consequently we have treated the views of the governors in our sample with added caution.

Appendix 3 – List of publications and research and the use made of them by the sector

Numbers of staff responding to our survey who cited specific publications as being useful and also expressed as a % of the total staff who read Leadership Foundation's publications and research papers. Publication/research paper (Descending citation order - Source: Web survey)	Governors	Senior management team	Academic leaders	Professional roles	Other roles	Total	% of total staff	% of governors	% of Senior management teams	% of Academic leaders	% of Professional roles	Date of publication	Website hits
Website	12	152	86	76	1	327	573.7%	17.6%	310.2%	78.9%	70.4%		
Engage	4	147	86	75	1	313	549.1%	5.9%	300.0%	78.9%	69.4%		
Effective Leadership in Higher Education	7	104	57	36	1	205	359.6%	10.3%	212.2%	52.3%	33.3%	May, 2009	350
Annual report	9	109	37	34	1	190	333.3%	13.2%	222.4%	33.9%	31.5%		
Getting to Grips Series	15	108	9	28		160	280.7%	22.1%	220.4%	8.3%	25.9%		
In Practice	5	68	25	35		133	233.3%	7.4%	138.8%	22.9%	32.4%		
The Management of Academic Workloads: Improving Practice in the Sector	1	49	53	15	1	119	208.8%	1.5%	100.0%	48.6%	13.9%	January, 2008	3709
Diversity in Higher Education: Leadership Responsibilities and Challenges	5	57	16	16		94	164.9%	7.4%	116.3%	14.7%	14.8%	November, 2009	Not available
Professional Managers in UK Higher Education: Preparing for Complex Futures		47	14	20	1	82	143.9%	0.0%	95.9%	12.8%	18.5%	November, 2008	539
The Characteristics, Roles and Selection of Vice-Chancellors	5	59	8	5	1	78	136.8%	7.4%	120.4%	7.3%	4.6%	March, 2008	4391
What is an Effective and High Performing Governing Body in UK Higher Education?	9	46	4	10	1	70	122.8%	13.2%	93.9%	3.7%	9.3%	January, 2009	9903
The Composition, Challenges and Changes in the Top Team Structures of UK Higher Education Institutions	1	43	10	5		59	103.5%	1.5%	87.8%	9.2%	4.6%	June, 2008	4816
UK Universities and Executive Officers: the Changing Role of Pro Vice-Chancellors		40	9	1		50	87.7%	0.0%	81.6%	8.3%	0.9%		
Others	1	25	7	11		44	77.2%	1.5%	51.0%	6.4%	10.2%		
The Role and Influence of the Secretary in UK Higher Education Governing Bodies	2	33	2	6	1	44	77.2%	2.9%	67.3%	1.8%	5.6%	February, 2009	2706
Mapping Leadership Development in Higher Education: A Global Study	3	21	7	9		40	70.2%	4.4%	42.9%	6.4%	8.3%	November, 2009	105
Developing Collective Leadership in Higher Education		17	10	11		38	66.7%	0.0%	34.7%	9.2%	10.2%	February, 2008	7040
Human Resource Management and University Performance	1	17	7	12		37	64.9%	1.5%	34.7%	6.4%	11.1%	November, 2007	2966
Departmental Leadership of Teaching in Research-Intensive Environments	2	18	11	5		36	63.2%	2.9%	36.7%	10.1%	4.6%	September, 2009	128
Research & Development Series	2	15	5	6	1	29	50.9%	2.9%	30.6%	4.6%	5.6%		
Governing Bodies Equality and Diversity Research Report	5	11	3	3		22	38.6%	7.4%	22.4%	2.8%	2.8%	June, 2009	

Appendix 4 – Comparison of LF for Higher Education programmes with other providers

6	LBS	UK	Senior Executive Programme	1 module 20 days residential	£23,600	£1,180	1.00	High-calibre executives, with more than 15 years of relevant management	"Sharpen leadership skills... ...inspire others and transform their organisations with new strategic thinking."
13	Wharton	USA	Executive Development Programme	1 module 12 days residential (included)	\$24,750	\$2,063	1.70	Successful functional, country, or unit managers preparing to take on broader responsibilities that require leading outside their areas of education and experience	"...broaden your core business knowledge..." "...strategy, marketing, finance, and negotiations..." "...global participants from a wide variety of industries, functional areas, cultures, and geographical regions." "...typically 60 to 80 participants in the spring and autumn..." "...up to 100 in the summer..." "...over 80 countries..." "...30 nationalities in any given class..." "... none of these nationalities forms a majority."
19	Insead	France / Singapore	Advanced Management Programme	2 modules (4 weeks + 5 days) 23 days residential	29500.00	1282.61	1.15	High achievers in search of new challenges...with budget responsibilities ranging from €30 million to several billions annually. Selection is taken very seriously	"...combines analysis of strategic business issues and functional imperatives with the development of personal capabilities..." "...relevant given the current business environment."
31	Cranfield School of Management	UK	General Management Development	1 module + 2 reviews 14 days residential (included)	£11,850	£846	1.00	Executives responsible for key organisational activities who need to develop a wider general management perspective	"...make the most of the organisation you have and at the same time develop new capability..." "...turn the big objectives into systems that drive day to day performance..." "...make the most of your personal strengths and style..."
41	Ashridge	UK	Senior Executive Programme	3 modules 9 days (+ optional work out 3 days) residential (included)	£10,950	£1,216.67	1.00	CEOs or departmental directors responsible for devising and/or implementing strategy	"...a tailored opportunity to enhance knowledge, understanding and capabilities in strategic leadership and management."
Average					£1,382				
N/a	LFHE	UK	Top Management Programme	19 days	£13,800 Members' price	£726.32		Those already leading a significant area of operation within their institution and who have been acknowledged as having the potential to reach the highest positions	"...a tailored opportunity to enhance knowledge, understanding and capabilities in strategic leadership and management."

Rank (FT.com)	School	Country	Daily fee (£s) Programme equivalent to TMP
1	Harvard	USA	£1,618
41	Ashridge	UK	£1,217
13	Wharton	USA	£1,216

LFHE Evaluation

Comparative leadership programmes - SSL - based on schools in the FT.com rankings 2009

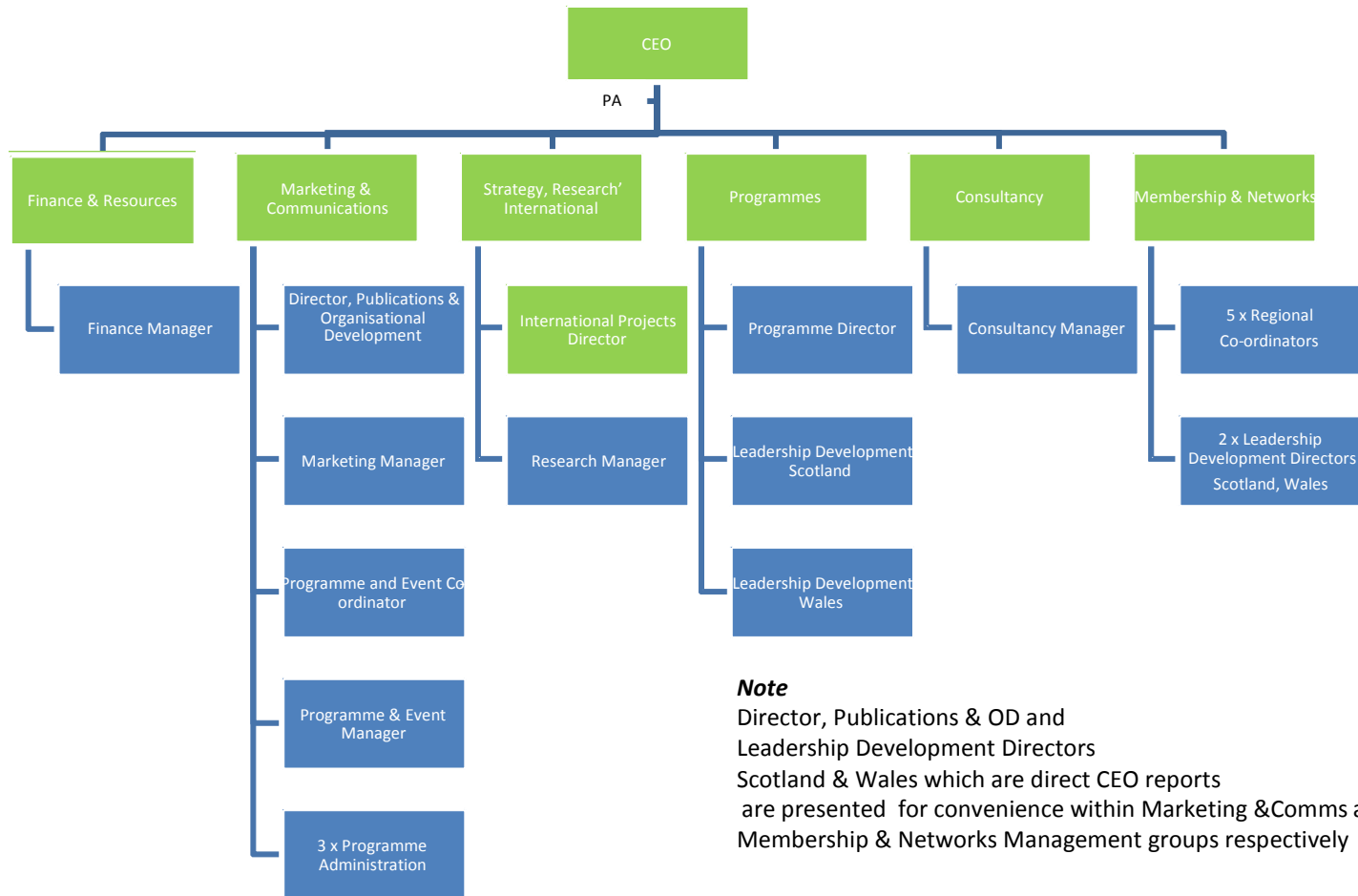
FT.com ranking	Supplier	Country	Programme	Format	Fee (local)	Fee/day (local)	Exchange Rate	Fee/day (£s)	Audience	Themes
1	Harvard	USA	High Potentials Leadership Programme	1 module 6 days residential (included)	\$11,500	\$1,917	1.62	£1,184	Top performers: high-impact, fast-track individuals with more than 10 years of experience in roles of increasing responsibility	"...illuminating pathways for long-term success." "...lead under pressure, champion change, build teams.." "...develop effective leadership throughout the organization."
6	LBS	UK	Emerging Leaders Programme	2 modules 15 days residential (included)	£14,900	£993	1.00	£993	High-potential individuals embarking on their first management role	"...self-awareness, a broader strategic understanding..." "... the skills to deliver greater results." "...gain the capability, credibility and confidence..." "...influence key stakeholders and initiate changes.."
13	Wharton	USA	Corporate Governance: Fresh Insights and Best Practices for Directors	1 module (+ optional finance module) 3 days residential (included)	\$7,500	\$2,500	1.70	£1,473	Board members seeking practical solutions to today's most critical issues	"...this programme offers an unparalleled wealth of experience and guidance..." "...including everything from foundational financial skills to the most sophisticated strategic relationship-building skills."
19	Insead	France / Singapore	Learning to Lead	1 module 3 days residential (included)	3,900 €	1,300 €	1.15	£1,300	First time line managers making the transition from individual to team performance	"...develop clear insights into your strengths and weaknesses as a leader..." "...acquire tools to create vision and set direction..." "...master frameworks for inspiring people and motivating their performance..."
31	Cranfield School of Management	UK	High Performance Leadership	3 modules 10 days residential (included)	£9,250	£925	1.00	£925	Senior executive looking for new insights and behaviours. Also for those looking to enhance future promotion or consolidate a recent promotion	"...release the inspirational leader within..." "...increased self-knowledge..." "...the personal development of you – who you are, and who you could be..."
41	Ashridge	UK	Ashridge Leadership Process	1 module 5 days residential (included)	£6,000	£1,200	1.00	£1,200	Ambitious mid to senior level manager or experienced team leader or a young professional on an accelerated development pathway	"... leadership styles..." "...enhanced self awareness and confidence..." "...more effective thinking skills..." "...invaluable insights into lifestyle planning..."
Average									£1,011	
N/a	LFHE	UK	Senior Strategic Leadership	6 days	£4,500	£750		£750.00	Experienced deans of faculty, senior professors or leaders of a professional service department	"...ethical leadership, and personal values that give integrity to their own leadership..." "...the nature of inspirational leadership..." "...insight into others' experience of change..." "...consider career aspirations..." "...work on specific leadership issues..."

LFHE Evaluation

Comparative leadership programmes - TMP and SSL - based on other (non-FT.com ranking) schools

FT.com ranking	Supplier	Country	Programme	Format	Fee (local)	Fee/day (local)	Exchange Rate	Fee/day (£s)	Audience	Themes
N/a	McGill	Canada	Advanced Leadership Programme	3 modules 3 countries residential (excluded) fee based on 5 people	20,000 €	1,111 €	1.15	£964	Company teams of 5 or 6 executives 1 to 3 levels below the CEO	Module 2: Reflective Leadership - Framing Change Module 2: Change Leadership - Designing for Change Module 3: Action Leadership - Embedding Change
N/a	National School of Government	UK	Top Management Programme	3 one week modules + 2 day module residential (excluded)	£15,225	£896	1	£896	Top slice of leaders in the civil service and the private, third and wider public sectors	"...develop as leaders who are clear about what motivates and inspires them..." "...what their own role is in helping their organisation..." "...learning set helping ...face the challenges of their own work environment..."
N/a	Oxford Said	UK	High performance leadership programme	1 module 5 days	£6,250	£1,250	1	£1,250	Experienced managers in leadership positions whose roles now demand a more complex set of leadership skills	"...how to build and sustain relationships and nurture high-performance teams..." "...how to influence others and lead through networks..." "...how to pre-empt derailments, and make the right strategic decisions..."
N/a	Roffey Park	UK	Strategic Leadership	Module 3.5 days + 4 separate days in action learning sets residential (included)	£5,800	£773.33	1	£773	Directors, senior managers or strategic leaders looking to develop leadership skills with a group of like-minded peers	".. increased awareness of your impact..." "...identify what leadership means for you and your organisation..." "... turn strategy into reality..." "...a range of strategic frameworks and tools..." "...working with peers in learning sets..."
N/a	LFHE	UK	Top Management Programme	19 days	£13,800	£726	1	£726	Those already leading a significant area of operation within their institution and who have been acknowledged as having the potential to reach the highest positions	"...a tailored opportunity to enhance knowledge, understanding and capabilities in strategic leadership and management."
N/a	LFHE	UK	Senior Strategic Leadership	6 days	£4,500	£750	1	£750	Experienced deans of faculty, senior professors or leaders of a professional service department	"...ethical leadership, and personal values that give integrity to their own leadership..." "...the nature of inspirational leadership..." "...insight into others' experience of change..." "...consider career aspirations..." "...work on specific leadership issues..."

Appendix 5 – Leadership Foundation for Higher Education organisation and key role descriptions



Management Groups: Finance & Resources

Strategy and Planning

- Guide LFHE's strategic planning and development
- Co-ordinate and develop the business planning process, establishing key performance indicators and targets for monitoring
- Provide financial input to the strategic planning process and review and maintain the financial strategy in support of the overall business plan
- Develop and maintain a risk register

Business Management

- Take an overview of all LHE's business operations to ensure quality, effectiveness and economy
- Establish and maintain robust financial, planning and administrative systems
- Fulfil the role of company secretary ensuring compliance with company, charity, funding bodies and other legal, regulatory and ethical requirements

Financial Management

- Ensure the provision of accurate and timely financial management accounts and budgets
- Supervise financial systems and ensure that satisfactory internal controls are maintained

External Relations

- Represent the Leadership Foundation externally, including with stakeholders, bankers, auditors and solicitors

Human Resources

- Create effective human resource strategies, processes and systems for all staff and Associates

Information Technology

- Ensure the provision of an effective IT and internal communications infrastructure across the business together with appropriate systems

Office Management

- Develop and manage the property, health and safety and office-based functions

Management Groups: Marketing & Communications

(Publications and OD is a direct CEO report)

Marketing

Develop and implement a marketing strategy for the Leadership Foundation
Supervise the development and maintenance of the Leadership Foundation's website
Supervise the production and distribution of marketing materials in a variety of formats for potential clients and markets
Supervise the production of regular and one-off reports about the Leadership Foundation's engagement with the higher education market
Lead the development of a strategy for the engagement with the alumni of the Leadership Foundation programmes

Publications

Publish and distribute the Leadership Foundation's corporate magazine Engage
Supervise the publication and distribution of other the Leadership Foundation publications, including research reports and similar

Media and External Relations

Manage the Leadership Foundation's profile in the public press
Influence a range of stakeholders in relation to the Leadership Foundation's policy and profile

Governance Development

Supervise the maintenance and development of the Leadership Foundation's Governor Development website
Manage the (freelance) Editor of the Governance Website

Branding and Corporate Identity

Lead the development of the Leadership Foundation's brand in the higher education market
Develop and maintain the Leadership Foundation's corporate image in all formats

Programmes and Events

Supervise the operation and delivery of the Leadership Foundation programmes, events, conferences and similar
Supervise the development and maintenance of the Leadership Foundation's Virtual Learning Environment
Lead and manage the Programme & Events team, both in London and in Sheffield

General

Supervise the maintenance and the development of the GoldMine corporate database

Management Groups: Publications & Organisation

(Publications & Organisational Development direct report to CEO)

Publications

Editor of *Engage* and *In Practice*, as now, with D Marketing & Comms

Conferences

- Oversee the Staff Development Conference, and other conferences as they arise (working closely with Director, Marketing & Communications)
- Lead the project team for the 2010 OU/JISC/LFHE Leadership Summit on “Innovation Creativity and Technology in HE”
- Lead/Chair the team that organises other such conferences in the future

Professional Bodies

To be the LFHE contact with JISC, UCISA and SCONUL

Change Academy

To lead on the LFHE contribution to the Change Academy

Consultancy

Deliver chargeable consultancy to a value of £5,000 – about seven days’ delivery a year

Management Teams; Strategy, Research and International

Strategy

- Guide the overall development of LFHE's strategy, working with Senior Management Team, and advise the Chief Executive and Board accordingly
- Position LFHE both strategically and politically in order to best realise its mission and vision for higher education
- Make a leading contribution to LFHE's understanding of the political context and the higher education market, nationally and internationally

Research

- Lead the development of LFHE's research programme, identifying topics and territories in which LFHE research can make a real contribution to the higher education sector
- Supervise the commissioning, monitoring, finalisation, and dissemination of LFHE's research projects
- Convene the Research Advisory Panel and use their advice in shaping the Foundation's Research Programme
- Supervise LFHE's Research budget

International

- Develop LFHE's international strategy and lead the Foundation's international activities, delivering benefits to HEIs and the Foundation's products and services while taking account of Funders' and wider Government priorities
- Identify and develop opportunities for LFHE to offer products and services internationally
- Represent LFHE in a wide range of international contexts
- Lead LFHE's (internal) International Projects Group
- Manage the Director of International Projects

Representation

- Represent LFHE at the most senior levels to higher education institutions and agencies, and to other stakeholders, partners, and interested parties

Management Groups: Programmes

Overview of Open Programmes

- Develop and maintain overall strategic and operational coherence within LFHE's suite of Open programmes (both for different tiers of leaders and for different subject specialisms)
- Guide and manage Programme Directors, responsible for all LFHE's Open Programmes
- In conjunction with Programme Directors, ensure that LFHE's Open Programmes are continuously refreshed with contemporary developments in leadership and management thinking, including incorporating case studies based on LFHE research
- Secure opportunities to develop new programmes in response to existing or emerging demand
- Convene and lead bi-annual meetings of LFHE's Programme Directors
- Ensure that appropriate standards of excellence are maintained within the group of LFHE's Associates, and liaise with the Associate Director, Leadership Projects to achieve this
- In conjunction with the Director of Marketing & Communications, ensure that LFHE Open programmes are properly marketed to potential clients and customers
- Develop and implement suitable quality assurance and operational evaluation processes
- Liaise with the Associate Director, Leadership Projects to ensure coherence and consistency in LFHE's activities
- Take an overview of budgets for all LFHE Open Programmes

Programme Direction and Delivery

- Manage all aspects of the delivery of range of LFHE Open Programmes as Programme Director
- Source and develop Key Associates competent to take over delivery of Open Programmes

Client Relationships

- Maintain good relationships with HEIs in the North of England

Investments

- Manage LFHE's Fellowships programme, including project selection, monitoring, evaluation and results dissemination
- Act as LFHE's primary representative in relation to HEFCE's LGM Fund, contributing to strategic direction, commenting on applications, and monitoring quality

Senior Management

General

Management Groups: Programmes

Key role requirements – Director of Consultancy

- Manage the business and operational aspects of LFHE's engagement with key clients of the consultancy business, including the coaching service
- Co-ordinate responses to requests for training & development programmes from actual and potential clients within the UK
- Prepare costings and other logistical information for potential consultancy projects
- Liaise with both clients and key associates, in order to negotiate and agree contractual arrangements for consultancy projects
- Track the progress of consultancy projects, and monitor the financial aspects
- Arrange for payment of associates fees, and arrange for the invoicing of LFHE fees to clients according to agreed contracts
- Maintain up to date information about the progress and status of all potential and actual and completed projects (on "the Projects Spreadsheet")
- Support and contribute to meetings set up to manage and monitor the consultancy business including regular project monitoring meetings, consultancy business management groups, and senior management meetings, as appropriate
- Prepare/contribute to regular reports for the Board and senior management on the operational performance of LFHE's Consultancy Business against annual targets
- Provide support for Committees/Advisory Groups and other meetings (whether internal or external) in relation to the consultancy business

Management Groups: Membership & Networks

*(Scotland and Wales Leadership Development Directors
are direct CEO reports)*

Key role requirements – Director of Membership & Networks

- Lead the development and implementation of LFHE's membership strategy, to achieve consistently very high levels of UK HEIs in membership
- Lead LFHE's arrangements with MASHEIN as appropriate
- Manage LFHE's Membership Advisory Group
- Manage LFHE's network of Regional Co-ordinators, ensuring they are well briefed and equipped to undertake their role
- Lead LFHE's relations with professional bodies, co-ordinating the efforts of colleagues allocated to specific bodies/networks as necessary, and ensuring that professional bodies are highly satisfied with their relationships with LFHE
- Maintain excellent relations between LFHE and the staff development community, including the relationship and arrangements with the Staff development Forum as appropriate
- Contribute to the management of LFHE's Staff Development Conference
- Management LFHE's Small Development Projects investment scheme
- Contribute to development and delivery of Change Academy and the maintenance of the relationship with the HEA for this purpose
- Undertaking research and preparing articles for external publication, and/or undertaking editorial roles on relevant leadership material for journals etc

Appendix 6 – Skillfair survey of consultancy day rates

Skillfair's annual fee survey provides a perspective on both past and present rates. The 2009 survey was sent to over 6,000 consultants, interims, freelancers and contractors on the Skillfair database and attracted over 500 responses.

The average fee rate charged by respondents was £535 – this is somewhat lower than the figure for 2007 of £662. However, the average private sector rate for 2008 was £635 – suggesting that fees in general have come under some pressure over the last year.


Rates for human resources, training and other forms of management consultancy also seem to have held up well and these areas account for the highest rates charged, each having at least one respondent bringing in over £1,500 per day

Specialism	Day Rate (£)
Change management	806
Coaching	722
Human resources	689
Supply chain/logistics	651
Training	634
Management consultancy	600
IT management	577
Environment	553
Market research	547
Regeneration	531
Marketing	521
Science	514
Financial	506
Project management	504
Business advice/development	494
Engineering	493
IT solutions	487
Graphic design	415
Research	414
Public relations	411
Telecommunications	358
Writing or editorial	346

However, coaching is in second place. Rates for human resources, training and other forms of management consultancy also seem to have held up well and these areas account for the highest rates charged, each having at least one respondent bringing in over £1,500 per day


Appendix 7 – Progress against the recommendations from the first evaluation

Recommendations we consider not fully met have been highlighted with an ‘*’.

Ref	Priority (Oakleigh Consulting)	Recommendation	Status per LFHE executive	Blue Alumni findings on progress
1	High	The LFHE should continue the development and delivery of programmes for the next generation of leaders both with its own tailored material and in collaboration with the sector’s professional bodies. The LFHE must continue to afford this area high priority for resource allocation and investment	Done - and continuing. High priority is given to the development and delivery of programmes. Strong alliances have been forged with key professional groupings	We consider that the Foundation has consistently and thoroughly updated and developed its programmes with tailored material in line with the emergence of new sector issues and HE requirements; in doing so, the Foundation has demonstrably listened to its customers requirements. There are some good examples of work with professional bodies such as that with AHUA, arising from the Foundation research undertaken by Celia Whitchurch on the Professional Manager role in HE, then a AHUA, UHR Staff Development Forum initiative and eventually the Foundation Aspiring Registrars programme which includes aspects of cross professional boundary working . Tailored programmes are in place with SCONUL, AUDE, UHR, AMOSHE and others; BUFDG is planned to have a programme within the 2009-2010 financial year
14	 High	That the LFHE prioritise a review of the key skills and competencies required of its Key Associate Community and formally initiates a process of recruitment of fresh Associates to address any areas where a skills gap is identified. This work merits a project management based approach that might be delivered through the LFHE recruiting or seeking the secondment of a senior manager to join the LFHE Executive Team	Considerable attention was given to the recruitment of Associates, and LFHE now has an excellent pool of very highly skilled Associates. New Associates are recruited as and when appropriate (as recently , for example, when establishing the LFHE Coaching Service)	The Foundation has addressed this recommendation indirectly: by undertaking an annual performance review of each Associate, relying on course evaluations and impact assessment. Additionally the Director of Programmes has introduced an annual event for Associates aimed to share insights, build confidence and take on research findings to establish a community of practice among Associates.

Ref	Priority (Oakleigh)	Recommendation	Status per LFHE executive	Blue Alumni findings on progress
15	High	The LFHE should examine its procedures for managing calls for support from other bodies and how it allocates responsibility for managing the necessary ongoing relationship. It should establish proportionate procedures for ensuring all such requests are formally recorded, principal features noted and next steps determined including a step for determining whether the request should be supported and is likely to be supportable given resource constraints. Each request should be managed as a project in its own right, with resources allocated and milestones for delivery determined if it is decided to proceed. These procedures should include a process for succinctly noting the key features of calls for support in the standard reports presented to the LFHE Board and the overall elapsed time in which it envisages these calls are to be satisfied	Calls for support are now carefully managed. New staff and procedures (including a Business Manager, and regular Business Review Meetings were established soon after the Oakleigh report and (with appropriate updating) have operated well	We consider this recommendation as being time and content-specific: there is a well-established set of processes and procedures now in place to capture and monitor progress of any fresh request for Foundation support
22	High	The LFHE should prepare and submit to the LFHE Board and subsequently the Funders Group a sustainable plan of action to boost bookings for those programmes that are not achieving their target delegate numbers	Action plans to boost programme bookings are revised and implemented constantly (through our Marketing/Programmes function, and as decided as the monthly programmes meeting. Reports are given to the Board via the Business Review and more specifically where appropriate	We have examined Senior Management Team monthly papers and Board papers relating to Foundation response to reduced booking volumes and observe close management of this issue with strenuous and creative efforts made to recruit additional attendees. These efforts have been both short term and tactical as well as more strategic
23	High	The LFHE and Funding Councils should consider the case for further investment in the Foundation's continued development and growth	The Funders agreed to invest £6.047m in the five-year period from 2007-08 to 2011-12	Taken as read

Ref	Priority (Oakleigh)	Recommendation	Status per LFHE Executive	Blue Alumni findings on progress
2	Medium	The LFHE should continue the development and delivery of programmes for governors and afford this area high priority for resource allocation and investment	Done - and continuing. Similar high priority has been given to the Governor Development Programme, reinforced by a major project (in conjunction with CUC, funded by HEFCE) on materials, research and the website	Done
4	Medium	That the LFHE in planning future programmes beyond 2007 include provision for the continuation of MASHEIN and discusses with the Funders Group the most appropriate means of securing the necessary financial provision	The MASHIEN programme has continued. It was re-tendered in 2007 - Bishop Grossteste was again successful.	Done. The Foundation is considering options for its continued support of the LGM interests of smaller institutions when the current contract terminates at end FY 2010-2011.
5	Medium	That working closely together the LFHE and HEFCE with the support of the other Funding Councils as appropriate:		We understand that the underlying rationale for this recommendation was that the Evaluator considered the Foundation as a suitable and desirable administrator of the HEFCE LGM Fund - a view not necessarily shared by HEFCE
a)		· Should establish the necessary administrative support, operating procedures, promotional strategy and processes so as to enable the LFHE to oversee such new projects that will be assessed for support by the HEFCE LGM Fund	Arrangements were made and successfully implemented for a collaborative process (key contact being Stephanie Marshall)	The Foundation has constructed a close working collaboration in the supervision of the LGM Fund which may represent the limit of what has been achievable
b)		· Agree the financial allocation to enable the Fund's operation both (a) until the need of current LGM Funds planned completion of 2007 and (b) thereafter for a further defined period and supported by a robust forward business plan	(not directly a matter for LFHE)	We find that the Foundation Programme Director has become a formal part of the LGM grant assessment team
c)		· To enhance existing communications channels between themselves and the sector so as to support the effective articulation of the shared agenda for enhanced LGM and the respective roles of all such Funds supported by these bodies	(see above)	We find that the Foundation has collaborated in the running of the HEFCE LGN Conference each of the last 3 years

Ref	Priority (Oakleigh)	Recommendation	Status per LFHE executive	Blue Alumni findings on progress
7	Medium 	The LFHE must take particular care over its approach to managing dissemination of its research programme and have a developed and robust methodology that encompasses multiple channels of communication. For example it may for some of the outputs be appropriate to seek the support of such bodies as the Higher Education Policy Institute (HEPI) in this regard	A detailed and multi-faceted dissemination programme for our research was finalised and implemented. (We did not overtly make any arrangement with HEPI, although we have on occasion worked well in collaboration)	We have examined the dissemination programme (June 2009 Board Paper detailing current dissemination activity) and conclude that active use is being made of available channels. However, our survey of individuals - based on face to face interviews and web response - indicates that the impact of the dissemination programme may be inadequate
9	Medium	That following the second round the LFHE discontinues the existing Fellowship programme and examines the case for alternatively configured and more financially supportable programmes in future. This review should specifically include collaborative consideration with HEFCE of the merits for establishing a programme derived from the current HEFCE LGM Fund and the LFHE Fellowship Programme	Robust discussions took place with HEFCE about alternatively configured investments programmes. A protocol for such investment programmes was drawn up and agreed with the Funders. We still believe that the willingness of the LFHE to invest in the sector is key to the process of embedding new practices	We regard this recommendation as time served... The Protocol (version 2 dated 30 th Jan 2008) gives some latitude to the Foundation for investment: <i>"It may, however, support innovative activities that would not normally attract funding from within the institution, if the learning from the process and outcomes provide a clear benefit to the wider HE community and would support LFHE in the development of its products and services."</i> An extract from May 2008 Funders meeting (13 th May 2008) indicates positive reaction to proposals put forward by the LF Board and executive for investment in a new initiative (Working Across Boundaries)
11	Medium	That the LFHE and HEA work closely together to both market and deliver leadership development to the middle management group. This would avoid confusion in the market place (the distinction between 'academic' and 'corporate' leadership is a difficult one to sustain) and would make more effective use of limited resources	A programme was specifically developed by Stephanie Marshall for middle levels on leading teaching teams. The Change Academy has proved an exceptionally productive joint activity. Collaboration on marketing and delivery of other programmes with the HEA is limited by the fundamentally different funding regimes	We consider this recommendation as having been largely met: The Change Academy is seen to generate good interest, involvement and participation (14 teams from different HEIs involved); this does involve a subsidy from the Foundation of £25,000 per year. As regards to managing the respective organisations' positioning in the market, a protocol has been agreed which, if followed, allows specifically for the respective exclusive remits and for joint work and collaboration

Ref	Priority (Oakleigh)	Recommendation	Status per LFHE executive	Blue Alumni findings on progress
17	Medium ★	The LFHE in developing its future communications and marketing strategy should examine the opportunities for promoting relevant programmes through the relevant membership based bodies (e.g. the AUA) by use of those bodies' mail databases	We use all appropriate means for promoting programmes, including through professional bodies' networks where this is possible and appropriate	Done (subject to comments made elsewhere about the full use of the CRM tool GoldMine)
19	Medium ★	The LFHE should consider the use of ESurvey feedback forms for all its programmes as a more efficient and effective alternative to the paper equivalent	This has been done - we now use Survey Monkey for all programme evaluations	Done, although we believe that more analysis can be done on individual Associate evaluation tracking and profiling to support their appraisals
21	Medium ★	The LFHE should modify such regular management reports that are made to the LFHE Board and Funders Group so that they include details of the gap between current programme delegate bookings, target numbers supported by an analysis of the resultant impact on business plan performance (annual and cumulative to 2008/09) should the existing booking trajectory be maintained	LFHE's regular business review (presented at different levels of detail, to the Programmes Meeting, the SMT and the Board) identifies shortfalls in bookings, and the effect of projected future numbers	The reporting and governance of the Foundation is found to be good, although the summary financial statement reviewed each month by SMT and Board does present the budget for the year with projected outcome without sufficient upfront exposure of the gap between billed, committed and billable and prospects. This is not a serious weakness, as the programmes report deals well with filling the gap
24	Medium	That the LFHE considers with the Funding Councils a baseline analysis of existing financial investment in staff development and as a part of this LGM development so that subsequent tracking over time may be enabled	LUMS was commissioned to undertake this research, outline results from which are visible on the LFHE website	LUMS report eventually published; we believe that in this case there were significant delays in publication resulting from Foundation concerns about the methodology and quality of the research

Ref	Priority Oakleigh	Recommendation	Status per LFHE Executive	Blue Alumni findings on progress
3	Low	That the LFHE plans and conducts a formal review of the design and content for TMP with particular attention being given to: mainstreaming equality and diversity, leadership behaviours, adaptive leadership skills and strengthening cross-sector input and experience	An initial internal review was undertaken by the Programme Director (Robin Middlehurst). An external review was subsequently carried out by Marianne Neville-Rolfe. Recommendations have been duly followed through.	We observe that the scope and syllabus of the TMP now ostensibly covers the areas emphasised by Oakleigh and recorded in the Neville-Rolfe report as being of concern: <ul style="list-style-type: none"> • Mainstreaming equality and diversity within the programme. • More explicit attention being given to leadership behaviours. • More explicit attention being given to the development of adaptive leadership skills to cope with the full breadth of the challenges and evolving environment of UK HE • Strengthening the cross-sector input and experience.
6	Low	That the LFHE Board considers the merits of inviting a representative from the funding bodies to its Board meetings as an observer in a manner similar to that afforded to SCOP and UUK as is the case on other sector bodies such as the HEA and the ECU	The Funding Councils are now invited to send an observer to all Board Meetings, and this works well	Done
8	★ Low	That the LFHE in respect of its international work give priority to those activities that are likely to have most direct impact on the UK sector including the dissemination of international research on leadership issues within Higher Education and the exposure of UK HE managers to international experience and learning	By far the largest part of our international activities support UK HEIs. However, we are also asked to play to a UK plc agenda, and on occasion we need to take a longer term/wider view	Can consider international activities as falling into 3 areas: <u>Reciprocation</u> - China and India VC exchange visits which provide direct benefit to UK HEIs; <u>Elements of Programmes</u> - TMP foreign trips, Washington/US visits and ACE collaboration which are essential and valuable components of flagship programme; <u>UK plc agenda</u> – e.g. 3 programmes for Pakistani VCs (with British Council funding), Saudi Arabia, provision of assistance to L Martin Institute in Australia are either solely for the benefit of foreign institutions and bodies, or possibly only benefiting the UK through Foundation charges or incremental graduate intake to UK HEs/other foreign exchange gains . The last of these may not have direct impact on UK HEIs and even could foster competition
10	Low	That the LFHE examine the practical merits of working more regularly through the regional networks of such bodies as (but not limited to) the AHUA where this would support the delivery of its objectives	We work very collaboratively with a wide range of professional bodies, including marketing through their national and regional networks where appropriate.	We believe that the Foundation has developed ways of working with the regional networks of professional bodies where appropriate, for example with The Staff Development Forum; other bodies are rather more nationally-focused. The 2009 introduction of a new Regional Coordinator role within the Foundation will support continued more local networking

Ref	Priority (Oakleigh)	Recommendation	Status per LFHE executive	Blue Alumni findings on progress
12	Low	That the LFHE examine the processes in place for securing external speakers for the Leadership Series in order to improve overall quality of input	A great deal of work was done on the Leadership Series. However, this has now been merged into a suite of Essential Skills Programmes - whose speakers receive high evaluation ratings	We consider this recommendation as being time served: the Leadership Series is no longer run, and shorter series such as Managing Academic Workloads provide positive evaluations of current speakers and facilitators
13	Low	The LFHE Board, in maintaining and renewing its membership, seeks to attract leaders from sectors other than Higher Education and in terms of overall membership aims to secure at least 1/3 representation from persons with relevant experience of other sectors	The Board approved a strategy for refreshing its membership, and the Chairman, supported by Ewart Wooldridge and Lew Hodges, has successfully broadened the range of experience represented on the Board.	We find that the Board has a wide set of experience across other sectors, skills and disciplines, and that this recommendation has been well exceeded
16	Low	The LFHE in its ongoing development of its programme collateral and marketing material (including its website) should seek to introduce in a measured manner the inclusion of representative delegate feedback	Delegate feedback is referenced in LFHE marketing material where appropriate	Done
18	Low	In continuing its work to develop the sophistication of its CRM system the LFHE should achieve the capability to analyse customers/delegates/clients by role, HEI and other relevant characteristics . This would enable an analysis of the scope and reach of current programmes which in turn should inform the direction and effort placed into future communications regarding LFHE programmes	LFHE's GoldMine database now has this capacity	We find that although the analytical capability now exists to analyse in the way recommended, that the Foundation has some way to go yet to fully exploit the opportunity this affords for targeted communications, individual HEI profiling and really driving the regional representative network.
20	Low	The LFHE should adopt a higher profile media strategy to maintain the sector's focus on LGM issues .A member of the LFHE Board should take responsibility for drafting and securing the publication of an article on the early work of the LFHE in one or more suitable national publications	LFHE has succeeded in raising its profile in the media. However, it was not felt appropriate/practical to take the route of placing articles by Board members.	This recommendation may be time served in relation to the specifics of one Board member getting an article placed (which was apparently not done at the time). However, the Foundation has secured a step change in press coverage through other means such as the publication of items of own-funded research