

CUC Report on the implementation of
Key Performance Indicators:
case study experience

June 2008



CUC in collaboration with J M Consulting Ltd

Foreword

I have been delighted at the reception to the 2006 CUC Guide to KPIs which clearly came at a time when many Governing Bodies were interested in developing their approach to institutional monitoring.

The Guide was intended as a catalyst for institutions' own work in this area, and most certainly not to be definitive or prescriptive. The CUC recognises and welcomes that different institutions will approach this area of their responsibilities in different ways, and that the use of KPIs by governors will evolve over a period of years, and in response to local circumstances.

The aim of this implementation project was to help that work. The case studies and survey reported here show that the majority of all institutions in the sector are actively working on this subject.

I am very grateful for the contribution by the nine case study universities – they have worked with us in a very practical way, and they demonstrate the good progress being made. They also helpfully highlight some practical issues about the implementation of KPIs, and this experience is extensively illustrated in the report.

The CUC is pleased to offer this report as practical help to all those working on KPIs.

The CUC thanks all those who contributed to this report, and the English, Scottish and Welsh funding councils for supporting the project.

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Chair of CUC

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1 Summary

Purpose and scope of the project

- 1.1 The CUC Guide to KPIs was published in November 2006, and was widely welcomed in the sector. 89 out of 100 universities replying to a CUC survey in 2007/08 were reviewing their performance data in the light of the Guide, and the majority of these universities were following the approach suggested in the Guide, either wholly or in part (details in chapter 5).
- 1.2 The Guide introduced the idea of a monitoring framework for governors to use in monitoring institutional performance. The apex of the suggested framework is a very small number of high-level KPIs which can be presented to governors with minimal burden of paper, but which draw upon supporting information and assessments. The Guide offers a “menu” of possible KPIs to help institutions in thinking about their own preferred approach.
- 1.3 The purpose of this KPIs implementation project was to facilitate a more in-depth investigation of how a sample of universities are implementing KPIs, how the Guide has helped in this, and whether any other action or support is needed. The nine universities which participated in the project were:

Aberdeen
East Anglia
Essex
Glasgow Caledonian
Leeds Metropolitan
Newcastle
Newport
Strathclyde
Winchester

Three key messages

1. Implementing KPIs is a challenging task which will interact with a number of other aspects of governance and management. It should ideally flow from a strategic planning process in which governors play a well-informed and pro-active role. It may take some years, and arrangements will evolve. There are some risks if it is not done well.
2. The governance context is critical to the way KPIs are implemented, and given the diversity of governance arrangements and traditions in the sector, it is right that institutions will implement KPIs in different ways and at different speeds. Nevertheless, the monitoring framework illustrated in the 2006 Guide appears robust enough to be appropriate to all cases, if institutions interpret and adapt it flexibly as intended by the CUC.
3. At the heart of the process, governors need to be well-enough informed and independent enough to provide a distinctive view on institutional goals and performance. But they need to do this in a way which is also acknowledged to be useful to the executive management of the university, and which can actually lead to an impact on performance.

This report

- 1.4** The report draws extensively on the experience of the nine universities in developing and using KPIs, and on a number of meetings and discussions with the key personnel engaged in this activity in each university (principally, chairs, chief executives, university registrars or secretaries, and directors of planning). The examples and illustrations in this report are from case study universities, and are quoted with their permission, but identified only by a code letter to preserve anonymity.
- 1.5** The aim of this report is to provide some helpful supplementary information on implementation of KPIs which may help other universities, but does not replace or alter the guidance in the 2006 Guide.
- 1.6** The report covers three main topics which proved to be the most relevant to the case study universities as they worked on implementing KPIs, and it also draws upon the results of a survey of over 100 CUC members conducted between the Autumn of 2007 and the Spring of 2008. The report contents are therefore:
 - The governance context within which KPIs are introduced (chapter 2)
 - Practical issues in the use of KPIs by governors (chapter 3)
 - KPIs for regional and community engagement (chapter 4)
 - Summary of points raised in responses to the survey (chapter 5).
- 1.7** Some key findings from the study are shown in the box of "prior conditions for successful implementation of KPIs".
- 1.8** The CUC wishes to thank the staff in the nine case study universities for their contributions to this report, and the Project Manager, Eddie Newcomb, and Consultant, Jim Port.

Six “prior conditions” for implementing KPIs

1. A proper governance context, including an appropriate separation of roles and a strategic planning process in which governors play a meaningful role.
2. Clear integration with other key processes, so that the KPIs discussion is seen as assisting, rather than adding another layer to, the existing governors’ agenda. (Most obviously, links to strategic planning and risk management.)
3. Recognition that KPIs will never be “perfect” or “finished”. This is an 85% activity, where governors need a reasonable set of indicators as soon as possible, but these will continue to develop as strategy also develops.
4. Willingness to be selective. Institutions should not feel any obligation to make the KPIs comprehensive, or to choose everything off the “menu” in the CUC Guide. An alternative approach is to have KPIs which cover areas of particular concern to governors at any time. These will probably change over time, and the Board may adopt a different mechanism for reviewing other areas of university performance.
5. A link to performance so something really happens (“what gets measured gets done” to quote one chair of a case study university).
6. The support and buy-in of the chair and of at least some key governors.

2 The governance context for KPIs

Introduction

- 2.1** The 2006 Guide took as a starting point that institutions considering the use of KPIs would already have in place the main elements of the governance framework and strategic planning processes appropriate for this. This is generally true as a sector-wide assumption, but the experience of this project shows that the particular governance structures, culture, and practices in each institution can have a significant bearing on the timing and the way that KPIs are introduced and used.
- 2.2** Where institutions are still developing and implementing aspects of their governance framework and planning processes, the introduction of KPIs will have to take account of these issues, and may not be the first priority. For others, the experience of working on KPIs may suggest changes they need to make in other aspects of their governance arrangements, and it may make sense to address these before KPIs can fully be implemented.
- 2.3** While most governing bodies work to common principles, there are constitutional differences between England and Scotland, and between different types of institution. Moreover, actual practice on the ground can be significantly influenced by local factors, including the size and working practices of boards; the interests of the chair; the roles of committees; and the relationship of governors with the executive.
- 2.4** This diversity is characteristic of the higher education landscape, and it means that the environment for performance monitoring differs between institutions. The main areas where this seems to be significant, and which are therefore covered in this chapter are:
- the size of boards;
 - the involvement of governors in strategy;
 - the place of KPIs in institutional governance;
 - the separation of roles;
 - the relationship between the board, its committees, the executive, and the officers who produce the KPIs.

The size of boards

- 2.5** There has been a general trend towards smaller and more effective boards in the sector, and where institutions are making such changes this will influence the ability of the board to engage in a serious dialogue about strategic objectives and KPIs. It may therefore alter the degree of engagement of governors, and previous relationship with committees in respect of KPIs and performance monitoring.

One chartered university has reduced its Council progressively to 17 members. After the initial impetus of the Dearing report to reduce the size of Council, the main driver has been to facilitate the better engagement of Councillors, and of Independent Members in particular. This is leading to a number of practical benefits which are relevant to KPIs. For example the governors can sit around a smaller table and engage in more strategic debates, and all members can serve on sub-committees and thus develop the understanding and engagement which is needed for serious consideration of the more complex KPIs. (c)

An ancient university has decided to create an operating board, reporting to the Governing Body with a membership of 11 executive and non-executive members. The implications of this are being worked through, but it is envisaged that the Governing Body would be responsible for determining the long term strategy and vision and monitoring the institution's performance against its Key Performance Indicators. The Operating Board will be accountable to the Governing Body and responsible for reviewing the state of the University and taking regular reports on performance and operational issues, identifying actions that need to be taken and monitoring progress against the agreed actions. (d)

The involvement of governors in strategy

- 2.6 A key issue for KPIs is how broadly governors see their remit and how actively they are engaged in strategy development – as opposed to just responding to papers from the executive.
- 2.7 If the governors are going to use KPIs in the sense intended by the Guide, it will be necessary for them to be fully engaged in the discussion and development of strategy, in partnership with the executive and to be appropriately supported and briefed to enable them to do this.
- 2.8 Some boards are very used to having away-days and engaging in wide-ranging strategic discussions, scenario planning etc; others do this much less. KPIs in the sense in the Guide may not satisfactorily be addressed wholly within the context of the agenda of a routine board meeting, and may be much more effectively considered in a more strategic discussion.

The governors acknowledge that their substantive role is to approve rather than create or direct the development of strategy. Nonetheless, independent members in particular are enthusiastic to find opportunities to bring their experience, skills, and commercial thinking to strategy development and the growth of the university's reputation and its economic impact (c).

Finance and Strategy Committee has delegated responsibility to advise the Council on matters relating to the overall strategic direction of the University and to recommend the strategic plan to Council for approval. F&SC held a number of "strategy dinners" during 2006/07 to take discussions further and to continue to engage governors in understanding the challenges facing the University. (h)

The residential meeting in November 2006 was instrumental in confirming the strong sense of ambition articulated within the plan and in achieving keen interest and commitment and a new shared vision for the university across the Governing Body and university colleagues. Since that meeting, the Governing Body has received regular updates on progress with implementation of the strategic plan and senior lay members have been involved in some of the working groups and projects which have been undertaken specifically to implement aspects of the strategic plan. (a)

Need for governor education and commitment

- 2.9** Measuring progress on long-term strategic issues may need complex and subtle KPIs. There is a large task for lay governors to take on in simply learning the background of many of the KPIs. Governors cannot expect to make a real contribution without some appreciation of the context and complexities of the environment, and it has been stressed during the implementation phase that there is a responsibility on governors to invest some time in learning about and engaging with these difficult issues. This has implications for the planning and scheduling of board business.
- 2.10** The role of the chair can be critical in helping to ensure governors make the right sort of contribution, and to ensure that the approach to KPIs is at an appropriately strategic level.

This is achieved by annual full-day meetings of Council and the 'open door' policy of the Vice-Chancellor and Registrar resulting in individual meetings, meetings with small groups and, programmed meetings with all Independent Members. The latter happens on three to four occasions each year. At these meetings Independent Members can make an informal input without any pressure to have clear decisions and outcomes and without the concern that they are 'taking up the time' of other Councillors when delving into areas which are well understood to those more immersed in the University's day-to-day business, or indeed that they might be "treading on the toes" of the Executive. (c)

An example of a productive outcome from one of these meetings has been an introduction to a personal contact of an Independent Member who is now assisting us in developing a new master's programme with powerful industry support. These are not the outputs you achieve from more formal meetings. (c)

The place of KPIs in institutional governance

- 2.11** The monitoring of institutional performance is on many boards' agendas at the moment. 89 out of 100 universities replying to the CUC survey (see chapter 5) said that they have reviewed, or are reviewing their performance data in the light of the CUC Guide (and some of the 11 who had not yet done so are intending to do so).

- 2.12** All of these institutions accept that KPIs are a necessary and useful tool to assist with institutional monitoring. However, there can also be a risk of fashions in higher education management, and it is useful to remember that:
- a. KPIs are not new: some boards were using them before the 2006 Guide, (as the Guide reports), including some of the case study universities;
 - b. They are not an end in themselves, but are of value to institutions insofar as they contribute in a cost-effective way to work that is needed for effective long-term institutional success. As one case study Vice Chancellor put it – how can we show that KPIs actually impact on performance?
- 2.13** Probably the most fundamental issue here is the relationship of the KPIs work to strategic planning which in most universities is already well-established. This is discussed in more detail in chapter 3. The case study universities illustrate different approaches to this, but it was not the intention of the Guide to encourage universities to adopt a new set of KPIs, as a stand-alone activity separate from the work they already do on strategic planning.
- 2.14** The second fundamental issue is about the scope of KPIs: do they have to cover all aspects of university performance (probably the majority view amongst institutions which use them) or are they more effective if they are selective and cover only “the issues that are of most concern to governors at the moment”. Both approaches can fit well within the spirit of the Guide: it is for boards to decide which they prefer.
- 2.15** We discuss the practicalities of these issues in more detail in chapter 3.

Separation of roles and independence of governors

- 2.16** The separation of roles and the oversight and challenge role of governors is fundamental to the successful operation of performance monitoring. It can operate in different ways, but it may become difficult if:
- governors become too close to executive matters – this is a possibility if (for example) they attend meetings of the university management team, or are designated as having responsibilities in particular areas of university management;
 - executive officers attend board meetings and behave as if they were governors, (in a few cases, they may become board members);
 - the board members are (for whatever reason) inhibited from questioning what they are told about the performance of the institution.
- 2.17** There is legitimately a variety of ways that institutions can approach these issues while retaining an appropriate degree of independent scrutiny. The Guide stressed the importance of constructive partnership, but it must not become “cosy”. Governors need to be independent of the executive, although that does not imply that the relationship needs to become tense or adversarial (in normal circumstances). The conditions for a successful and value-adding separation of roles seem to include:
- Appropriate independence;
 - A degree of confidence by governors in their role and the way they can add value;
 - A corresponding acceptance by the executive of the value of governors input to strategy formulation;

- Induction, briefing and support arrangements which enable governors to understand the issues around a particular area of performance, without becoming unduly associated with particular operational areas or decisions.

A particular feature of the governance approach for many years has been the convention whereby [two lay governors] regularly attend the meetings of the University Management Committee (UMC). They participate in the discussions within the Committee, but it is fully understood that they are not full members of the committee. This has been seen to be useful in terms of ensuring that these governors are well briefed about emerging issues and therefore better able to lead relevant discussions within the Governing Body setting. The University recognises that this arrangement is unusual in the sector and has reviewed its ongoing efficacy in the recent past, e.g. following publication of the CUC Code of Governance. It has been concluded, however, that any possible confusion between the executive and non-executive roles is outweighed by the enhanced knowledge base and understanding achieved for the governors through the UMC meetings. (a)

Some universities (not case studies) have designated individual governors to have specific roles in relation to particular aspects of university performance. While there are benefits in this, it will have implications for the perceived independence of those governors when KPIs are reviewed. This could be accommodated in various ways, but needs to be considered in plans for implementing KPIs. A frequent example is in the area of finance and audit, where it is not unusual for one or more governors with financial expertise to become much closer to the operational management of the university, and to develop knowledge that other board members cannot be expected to challenge or share.

- 2.18** The central point is that while governors work in partnership with the executive, they need to be sufficiently independent and well-informed to be able to question and challenge the executive (in a constructive way). If they have been involved in decisions made by the executive, or do not have the confidence or knowledge to do so, it may be more difficult for them to fulfil this role.

The roles of committees, the executive, and officers

- 2.19** The 2006 report emphasises that governors work in a partnership with the chief executive and senior officers of their institution. This relationship, and in particular that between the chair and chief executive, is critical to the tone and effectiveness of the governance of the institution. It needs to be characterised by:
- A clear understanding and mutual respect by both parties of the difference in their roles and of the legitimacy and value of governors and executives.
 - An appropriate willingness by governors to challenge and question the executive on issues where governors have a role to play.
- 2.20** The chair of the board will be a major influence on the way that KPIs are, or are not used by governors in the institution.

- 2.21** Usually the work required to support high-level KPIs will be done by officers who are not members of the university executive (e.g. in various parts of the administration, but often facilitated by university directors of planning). With the moves to streamline boards, these officers may not normally attend board meetings, or have regular contact with governors, and this could cause problems for effective implementation of KPIs. It would be good practice to ensure that governors do have the chance to meet those who understand and produce the KPIs, and that planning officers and others are enabled to contribute when governors have a strategic discussion of university performance and planning.
- 2.22** The KPIs are designed for the board and are therefore adapted to the level of monitoring that is appropriate for governors. Governors should not normally review the kinds of more operational indicators used by university management, but one would expect there to be some relationship between these different levels of monitoring.

While Council is likely to require the information at a high level of institutional aggregation, the KPIs should be helpful at all levels of the organisation. (c)

The project clearly responded to the desire of a number of different stakeholders to enhance performance measurement within the University and received expressions of strong support from the outset. For senior managers, key performance indicators offered a means of providing the most important management information for decision-making, monitoring and planning. For Schools it additionally offered an important tool for achieving greater clarity about strategic objectives and as a potential successor to the documentation in the current strategic planning process. For Governors the KPI project offered an important vehicle for receiving manageable information which would help them to form a reasonable judgement about the performance of the institution. An important consideration was also the ability to be able to demonstrate good practice externally – the [Funding Council] in particular had expressed their desire to see more explicit setting of targets in the plans submitted to them. (f)

3 Practical issues in using KPIs

Introduction

- 3.1** This chapter considers the practicalities of introducing and using KPIs, drawing on the experience of the case study universities
- 3.2** The issues covered in this chapter are:
- The purpose and scope of KPIs;
 - The relationship to strategic planning;
 - How many KPIs?
 - The value of the super KPIs;
 - Presentation of the KPIs and assessments;
 - Who owns the KPIs and assessments?
 - How often are they reviewed and by whom?
 - The production of KPIs;
 - The process for introducing KPIs.

The purpose and scope of KPIs

- 3.3** There has been some comment (see chapter 5) that the 2006 Guide is too long and burdensome and needs to be streamlined. In fact, the team that produced the Guide would be delighted to see universities adapting it in a simpler form to their own needs. The apparent length is probably a by-product of attempting to be helpful by making suggestions in a wide variety of areas.
- 3.4** A key point here is that the Guide was not intended to suggest that all the complexity of a university either can or should be captured on one page, nor of course that high-level strategic monitoring by governors will be the only monitoring done in the institution. The purpose, as much as anything is to help governors to ask relevant questions and to fulfil their role in high-level monitoring of institutional performance.
- 3.5** The role of governors is very wide – it spans both long-term strategic issues (such as institutional mission and sustainability) and also much more operational matters (such as control systems and compliance issues). On the former, governors would be expected to become personally engaged in debates about the direction of the university, while on the latter governors have an ultimate responsibility, but would normally expect to delegate almost all the work to the executive, with only a need for limited periodic monitoring – often on an exception basis.
- 3.6** The types of performance monitoring needed in these two areas would be quite different, and KPIs, as discussed in the CUC Guide, are intended to focus on the former issues, not the latter.

KPIs are strategic, not operational

- 3.7** One case study university used the language that “KPIs could be seen as helping to define what is distinctive about the university” – so for them it’s not a case of “being democratic” and “having a KPI on everything”, but rather of being selective. Others may prefer to be comprehensive – but might recognise that many areas of work can be covered in supporting KPIs which do not have to be reported to the full board on a regular basis.
- 3.8** If KPIs are seen as selective (rather than comprehensive), they will need to change as strategic issues and focus change.

“KPIs can help us to focus on what makes us distinctive – they do not need to cover all the things that every university does anyway”

While some KPIs would always be monitored as they were fundamental to the viability of the University, others would be chosen because they were areas where change was seen as strategically important at the present time. (c)

These top five are the “spotlight” KPIs for Council consideration - the remaining five (with some repackaging of the Regional and Business elements) will continue to be monitored by the executive team and reported to [the funding council] but reported to Council only at the very top level. Council will have access to greater detail (i.e. the underlying PIs and trend data) for the top five spotlight KPIs. It is anticipated that the spotlight could move to other KPIs in subsequent years or if areas of concern emerge. Although we have been able to identify five KPIs we feel it is necessary to retain about 10 in order to adequately cover the full range of activity, although these need not all be relevant to Council at any one time. (h)

The relationship to strategic planning

- 3.9** Most case study universities agree that the majority of the KPIs a board needs to review should flow from a well-constructed strategic plan. In some of the case study universities, such a plan was already in place, and the KPIs were therefore almost an automatic choice. In other cases, the current plan was either at a point in the cycle where it was ready for review, or it was more operational, and so high level KPIs did not “fall out” in any simple fashion.
- 3.10** In the latter cases, the university had a choice: should it wait until it had produced a strategic plan (and delay implementing KPIs), or should it try to kick-start the process by considering KPIs ahead of a full strategic review? (The latter would of course imply the need for some wide-ranging strategic discussion outside the normal planning cycle – and so might be difficult in terms of timing of business for some institutions.)
- 3.11** Neither of these two approaches to implementing KPIs is right nor wrong, but in the longer-term, it seems very likely that KPIs will be more helpful to governors and institutions if they are seen as an integrated part of a strategic planning process which is widely recognised in the institution. By contrast, if KPIs are seen as another layer, or a separate process for governors, they are much less likely to continue to command respect in the institution (or to continue to prove a high priority for a limited time at board meetings).

- 3.12** One board member highlighted this issue by noting that “we only have about 20 hours a year to consider [issues such as KPIs]” which reinforces the need for a streamlined process and for integration and avoidance of duplicate or parallel processes in planning and monitoring by governors.

A set of top-ten KPIs could be readily mapped onto the existing strategic plan, with one KPI for each strategic aim or supporting strategy. (h)

The university had a detailed corporate plan with 90 objectives/outcomes, and a shorter Vision and Character statement. The CUC report was too late to influence the development of the Vision and Character, so the Board decided to designate a management lead and a board committee to review each of the CUC top ten KPIs and to progress thinking. (i)

The university was working on KPIs before the publication of the CUC report and had evolved from a set of 26 “aims” to 10 indicators. (g)

Fourteen KPIs structured in terms of the University’s four strategic priorities were presented at the Governor Development Day held in May 2007 and these were approved by the Board of Governors in July 2007. (b)

The CUC report was published at a time when the university would normally have been close to finalising its next five-year plan. However, this was delayed to allow the new Vice-Chancellor to input to the plan and the review of the CUC report by the Council’s Effectiveness Committee has continued in parallel to the development of the plan. (c)

The process of selecting the indicators has been timed to coincide with major new developments in the University’s mission, vision and lead strategies following from the appointment of a new Vice-Chancellor and other senior staff. In February 2008 the text of a new mission and vision was approved, and the first outcomes of the KPI selection process are expected to be reported in April 2008. (f)

Relationship to risk management

- 3.13** Most institutions have a risk management process which helps governors to monitor a small number of high-level strategic risks monitored by governors. They may also have a much larger risk register which is a more comprehensive list of operational risks.
- 3.14** KPIs are likely to have a close relationship to the high-level strategic risks. This may not be an exact one-to-one relationship, but governors would expect a clear framework which brings three different processes together:
- university strategic objectives;
 - KPIs;
 - key strategic risks.

How many KPIs?

- 3.15** The suggestion in the Guide was that a small number of KPIs is appropriate (i.e. 10 rather than 30), but it was expected that the number used by different universities would vary significantly.
- 3.16** This is the case amongst the nine case study universities (some of whom are still considering the number of KPIs). Nevertheless, there is quite a strong convergence around a number close to the ten illustrated in the Guide.

The university has adopted 12 KPIs with the two super KPIs in the Guide (on a trial basis) and 10 supporting KPIs which relate to aims and targets that emerged from previous planning cycles. (g)

The university has a five-year plan in seven sections (which align with seven of the high level KPIs in the Guide) and two objectives in each section – 14 in all. The Council would like to keep to 10 KPIs, but has still to decide whether it will finally opt for 10 or 14, or for another number. (c)

The university has adopted 14 KPIs which relate directly to the four strategic priorities in the strategic plan. As part of the KPIs project, the university is developing a further KPI related to community engagement – an area which was discussed amongst the case study universities as one of the more difficult for KPIs. (b)

The university has adopted nine KPIs: the two super KPIs, plus seven KPIs that relate to the seven strategic goals in the strategic plan. (e)

We are now proposing to have 10-20 high level indicators, with more detailed indicators in each area. This will be reviewed and approved by the Board in July. The high level indicators will be received twice yearly by the Board, informed by a regular review of the more detailed indicators by an appropriate Committee. (i)

The value of the super-KPIs

- 3.17** The guide suggested two super KPIs covering institutional sustainability, and academic profile. Response to these has been mixed, with some institutions feeling that they are not necessary, (as they draw upon the other KPIs) or are too aggregated, or “cumbersome”. Others find them a useful part of the KPIs process.
- 3.18** Some of the case study universities have decided to use the concept of super KPIs – but not all.

The Committee decided to set aside the two ‘super KPIs’ as being a further aggregation of the other HKPIs and focus on the four ‘outputs’ of student recruitment and experience; research; knowledge transfer and public engagement and significant projects; and the four ‘inputs’ of finance; human resources; estates and facilities, and organisation and management. (c)

The university is now supporting ten KPIs and trialling two super KPIs.

The 10 supporting KPIs established have been grouped in pairs for presentation.

Super KPIs	
Institutional Sustainability	Academic Profile & Market Position
Supporting KPIs	
Student Experience	Student Diversity
Leadership & Governance	Staff & Human Resources
Financial Health	Estates
Regional Engagement	Commercialisation
Research Excellence	Research Income

(g)

KPIs and assessments

3.19 Inevitably, most high-level KPIs involve aggregation and assessment of a complex blend of supporting information. Some KPIs chosen by universities may have a simple numerical value (e.g. a position in a league table, or perhaps the percentage achievement of an objective). However, it is much more likely that high-level strategic KPIs will result from a summative assessment of a number of different factors, some or all of which may be qualitative. (This was illustrated in the 2006 Guide by the challenge questions and supporting PIs.)

3.20 Two critical issues for the implementation of KPIs are therefore:

- How are these assessments made, and by whom?
- How is the resulting KPI presented to governors?

These are discussed just below.

Who owns the KPIs and the assessments?

3.21 Most boards have committees dealing with finance, estates and facilities, and human resources. Where these exist, it makes sense for them to advise the board on the performance of the institution in their areas of responsibility. This means that some of the initial consideration of KPIs would take place in these committees, with perhaps just a periodic or high-level report to the board.

3.22 79% of universities responding to the survey reported that they have delegation arrangements of this kind. Case study universities have noted the importance of having a particular individual or group who take ownership of individual KPIs and are responsible for validating data and assessments on behalf of the board.

Executive Board has endorsed the ownership of individual KPIs by nominated Board members and members of the senior management team. These owners are responsible for updating the portfolio of supporting information for their KPI. This portfolio includes;

- quantitative data from internal and published sources
- numeric information for comparator groups, or historical trends, to provide context for the University's performance
- qualitative information where no "firm" data is available
- supporting text to explain key changes or progress towards targets for the information presented
- graphical/visual representations of the information provided

KPI "owners" are also expected to;

- ensure the portfolio of information is regularly updated
- assist the Planning Office in compiling a "single page summary" for each KPI which is drawn from the wider portfolio of monitored data
- be available to attend Council to support discussion of "their" KPI
- propose (and justify) the appropriate aggregated score before Executive Board make the final scoring decision (g)

3.23 Some further useful experience on this topic comes from the responses to the CUC survey reported in chapter 5. In response to the question "who prepares the performance data for the Governing Body?", the responses included the following (full details in chapter 5):

- a variety of offices were called on to provide the data;
- the data was signed off by the Vice-Chancellor or Principal;
- the Planning Office (or Corporate Affairs Office or similar);
- the Planning Office (or equivalent) had a co-ordinating role, drawing on other offices for some data;
- the Vice-Chancellor's office or SMT (or similar) provided the data;
- a Deputy Vice-Chancellor or Pro-Vice-Chancellor prepared the data;
- the data is cleared with the Planning and Resources Committee;
- the Registrar and Secretary or Clerk to the Governing Body was responsible for the data;
- the responsibility lies with the Finance Director (or equivalent);
- the data was prepared automatically through the dashboard methodology.

Presentation and traffic lights

- 3.24** The Guide reviewed various approaches to presentation and suggested that one possible approach is the use of traffic lights. There are pros and cons to a highly aggregated presentation like traffic lights. The advantages are pretty clear, but the disadvantages can include:
- the judgements involved may become “hidden”;
 - a risk of over-simplification for some governors;
 - a potential Freedom of Information concern (institutions may be less frank if they fear publication of apparently very stark summary assessments).
- 3.25** Some universities might prefer to avoid the very highly summarised presentation for these reasons, but others will wish to manage the way this is used.

The University will be adopting traffic light indicators for the first time this year and work is underway to engage those responsible for underlying PIs in this process, starting with heads of service. Heads of service (HoS) are being asked to provide monitoring information against their PIs as before and to assess performance as red, green or amber. This self assessment and the monitoring data will be shared access and visible to all heads, enabling shared input to PIs where required and also comments from others. (h)

A challenge or validation process will be necessary to approve all assessments and to ensure traffic light judgements are being applied consistently- this will be particularly important with the more subjective PIs. We expect to use existing, regular HoS meetings, which are chaired by the Registrar, for this purpose, giving more time during these meetings to strategic discussion and monitoring. (h)

The single page presentation of the aggregated scores has been adapted from the recommendations in the CUC framework and the previous model developed at the university. It was decided that Council should not only be provided with an aggregated current score for each KPI, but also a clear visual representation of the previous score. This highlights any areas of concern but also emphasises the “direction of travel”. (g)

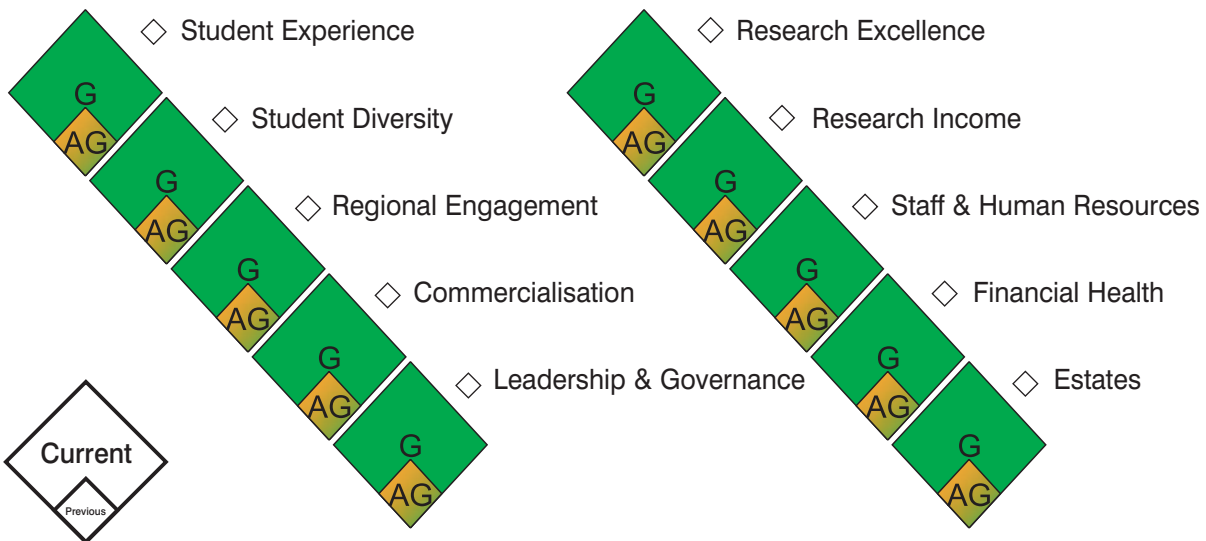
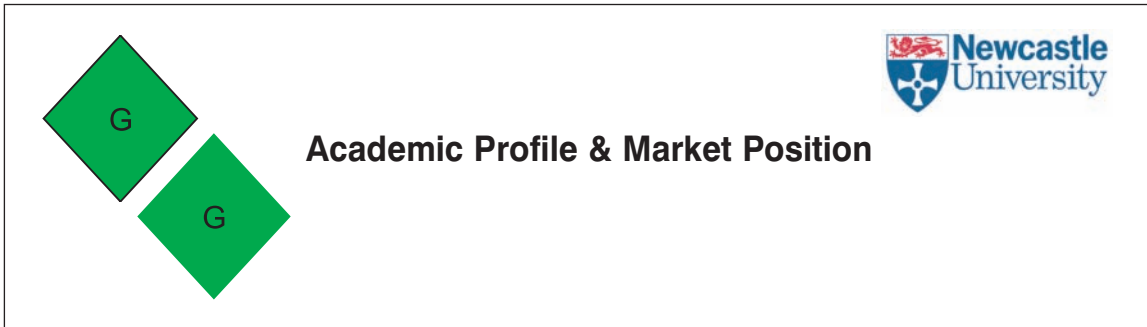
In the current draft, around ten top-level performance indicators (i.e. key performance indicators) are presented on a single page, allowing users to drill down to a lower level of detail when required. About 40 indicators at the second levels have been currently drafted – these have been organised so that they clearly map to the institutional lead strategies. The feedback showed that Governors liked the simple look and feel of the traffic-light system, and a number were already familiar with this form of presentation. (f)

Our experience in producing a summary assessment for the first time highlighted several issues which needed further consideration. These included:

- the need to ensure that the assessment criteria are clearly defined and agreed at the outset.
- the need for transparency in how the assessment has been reached, for example the possibility of showing separately the actual assessment and a revised assessment which took into account the impact of existing mitigating actions.

- concerns about the impact of freedom of information legislation and how the summary assessment could potentially be misinterpreted without appropriate contextual information (e)

3.26 An example of the use of traffic lights to show both current status and direction of travel is included below.



NOTE: KPIs have been scored for illustrative purposes only

How often reviewed, and by whom?

- 3.27** The frequency of review of KPIs will depend on the individual KPIs, but high-level strategic KPIs are not likely to change at every meeting of the board. The case study universities have evolved a variety of different approaches.

There is a recognised tension between the subjectivity and breadth of the traffic lighted HKPIs and the objectivity and simplicity of a single focused quantifiable PI selected from the cluster for each of the relevant themes set out above. The conclusion is likely to be that at least on an experimental basis we will, for most themes, have both. These will be reported at each meeting albeit most will only change on an annual basis. There will be commentary from the VC on any relevant developments in any of the HKPIs. In addition, at each meeting at least one theme will be unpacked further, presenting the full cluster of KPIs, often at school level, with the opportunity for a detailed discussion. (c)

Council will consider KPIs at each of its six meetings during the academic year. The 10 supporting KPIs will be presented to Council in pairs in the first five sessions, with aggregated scores and single page information summaries. The final Council session will review all 10 supporting KPIs, the two super KPIs and a visual 1 page presentation of the aggregated traffic light scores for all 12 KPIs. (g)

- 3.28** There is also useful experience of this from the survey where the universities responding reported that their Governing Body reviewed performance data:
- at each meeting (35%);
 - annually (27%);
 - twice a year (14%).

The production of KPIs

- 3.29** There is quite a large subject around the data aspects of producing KPIs, and the implementation project was not able to address this in any depth. Case study universities agreed that a number of issues will need further attention as universities implement KPIs. These include:

- the availability and harmonisation of published sources of higher education data;
- the further development of analytical tools (such as HEIDI) which could potentially offer support to those producing KPIs;
- arrangements for benchmarking institutional data.

- 3.30** At present, it is probably appropriate for each university to approach these and other related data issues on an individual basis, but there may also be scope for some further collaborative work in this area.

- 3.31** All case study universities agreed that there will be a significant resource implication for universities in preparing KPIs. However, most felt that this was an inevitable and necessary part of strategic management, and that, even without KPIs, most universities should already be incurring much of this cost.

Our existing management information system was at the end of its useful life in terms of technological developments and did not address our full range of business requirements. We decided to use this opportunity to develop a new management information system that in addition to providing reports from core operating systems such as Finance or the Student Record, would also provide integrated management information including Performance Indicators. In doing so we had to address a number of issues. In summary, to make production of a large number of supporting performance indicators at various levels throughout the institution viable requires the following:

- A commitment to automating the production and recognition of the degree of change required to business processes to facilitate this
- Ownership of the performance indicators at each level of the institution
- Explicit links between the strategic objectives and the performance indicators being used to measure progress
- Co-operation between administrative functions and with academic units
- Agreement to adopt common data standards across the institution,

In the future we will look to incorporate benchmarking data into the automated production of our KPIs. (d)

A key issue for the University over the next year is to pull together these various well-developed strands into an integrated and comprehensive framework. This is linked to the upgrading of the University's management information systems and in particular the implementation of a new student record system in late 2008. It is also clear that there is a need for greater integration of existing systems and processes, and this is particularly apparent in the generation of data for the KPIs. Data is drawn from different sources and this is largely a manual process at present. Improved systems will enhance our ability to interrogate the data and will hopefully enable us to automate part of the KPI reporting process. (e)

The process for introducing KPIs

3.32 For most universities, the introduction of KPIs for governors will only happen once (although the monitoring framework adopted will no doubt need to be reviewed periodically). The process adopted to introduce or revisit KPIs in response to the CUC Guide will depend very much on universities' existing arrangements. However, there seem to be three broad approaches to the implementation of KPIs in the light of the Guide:

- a. review existing KPIs against the advice in the Guide;
- b. where KPIs are not already in use, introduce them as a stand-alone exercise;
- c. introduce them as part of the strategic plan process.

- 3.33** All three approaches will be appropriate in different circumstances. However, as noted above, once the process is embedded, it seems very likely that KPIs will be more helpful to governors and institutions if they become an integrated part of a strategic planning process which is widely recognised in the institution.
- 3.34** The case study universities were at different points in the development of their strategic plans and KPIs and therefore adopted differing strategies for the implementation of KPIs in response to the CUC Guide.

A report to Governors away-day March 2007 included a summary of CUC report. The Board agreed that for each of the ten performance areas, there should be a designated Management lead and a Committee of the Board to oversee progress. 3 pilot areas were designated in first instance:

(Area 3) Teaching, Learning, Student Experience

(Area 4) Research

(Area 5) Knowledge Transfer/Partnerships

The pilots were selected because 3 and 5 align with institutional priorities and 4 aligned with RAE work at that time. (i)

For each of the pilot performance areas, the designated lead manager then prepared a report for relevant Committee which:

- reviewed/commented on context paragraphs
- addressed 'challenge' questions
- reviewed proposed KPIs and suggested:
 - Which the University should adopt
 - Which the University shouldn't adopt
 - Which KPIs we might adopt which weren't on suggested list of proposed KPIs;
 - Which had data to readily support
 - Which would require further development work (i)

In May 2007 there was an evening event for lay members of the Governing Body where these matters were discussed and the CUC document was issued to inform the debate. The approach taken was to use the CUC document as context, alongside the new context at that time of the University's Strategic Plan. Taking these both into consideration, the view was expressed by lay members that they would welcome attempts to reduce and simplify the performance monitoring reports that they receive. Since that time, work has been undertaken to diminish the overall volume of Governing Body paperwork, and to focus upon the performance measures within the Strategic Plan. The University is still in a transitional phase, however, from the previous model of performance reporting to one which is clearly focussed around the strategic planning process. (a)

The initial choice of methodology was approved at the May 2007 Away Day. This was further developed and refined by the Methodology group. The relative merits of strategy-based KPIs, critical success factors, the European Foundation for Quality Management

(EFQM), dashboard systems, composite/league-table style approaches, and various different attempts to introduce a balanced-scorecard approach to the HE sector were each investigated. The CUC report in fact provided a very useful reference to the methodologies and institutions that had adopted them, allowing these to be researched more easily and the CUC's own summary was presented to the Governors and Management Board. The chosen model borrows above all from two different methodologies, the CUC model and the balanced scorecard methodology. (f)

The Governing Body will receive the new KPIs at its next meeting and we will revise them in line with their suggestions. We are developing a KPI section within the Governing Body intranet and intend to make the KPIs available on-line. To minimise the size of the KPI report we intend to use the intranet to provide much of the contextual commentary and detailed supporting performance indicators. As yet our new governance model is not operational and the actual pattern of how often and to which Committee each of the KPIs is submitted will be determined following implementation of the new governance structure. (d)

4 KPIs for community engagement

- 4.1 Several of the case study universities were interested in sharing experience in the development of KPIs for regional or community engagement. This is seen as an important area, which is of growing policy significance, but where it is not obvious to see what kinds of KPIs could be used.
- 4.2 One of the case study universities decided to focus particular attention on this topic as part of its KPI implementation, and to share this experience with the group. An extract from their case study report is included below.

University (b)

Although the KPIs are structured in terms of the University's strategic priorities and enable governors to monitor performance, it has been considered that there is further opportunity to develop an additional KPI to enable the monitoring of the University's performance in a 'cross-cutting' strategic theme of 'community engagement'. Community engagement is an integral part of the University's mission "to serve the public good", indeed the vision for the University, as articulated in the Strategic Plan, is to be a provider of "higher quality university education, responsive to the intellectual, personal and professional needs of its members and the wider community... Through its teaching, research and professional practice, the University will be an outward facing and permeable organisation, welcoming outside influences and fully engaging with society locally and regionally, nationally and internationally."

The term 'community engagement' has purposely been chosen as it can be used to denote multiple geographic areas (local, regional, national and international) and also to denote groups of people having common interests (the business community, faith communities). This allows a more inclusive performance indicator which measures different aspects of the University's mission, vision and activities. The definition of engagement adopted draws upon the Association of Commonwealth Universities (ACU) assertion that engagement is a core value for universities:

Engagement implies strenuous, thoughtful, augmentative interaction with the non-university world in at least four spheres: setting the universities' aims, purposes and priorities; relating teaching and learning to the wider world; the back-and-forth dialogue between researchers and practitioners; and taking on wider responsibilities as neighbours and citizens (cited in Watson 2007)

In order to assist the development of an additional key performance indicator to monitor the University's performance in terms of community engagement a governor working-meeting was convened, attended by the Chair of Governors, a diocesan governor who had served the Board for over seven years, a co-opted governor who had recently joined the Board, the Director of Finance & Strategy, the CUC Project Consultant and the Planning Officer. The meeting discussed options for a Key Performance Indicator of Community Engagement from eight possible indicators and a further option of an indicator aggregating two or more of the eight indicators. This discussion was informed by a mapping exercise which linked strategic targets related to community engagement, current KPIs, possible indicators that might be adopted, and examples of community

engagement activities the University currently undertakes. It was agreed following this meeting that a KPI be developed which aggregates the proportion of students involved in volunteering and active citizenship, and a measure of external attendance at public events hosted by the University based on the Higher Education Business and Community Interaction Survey (HEBCI). It was noted that as HEBCI survey is already collected by the University and is nationally published thus enabling benchmarking with other Universities. Governors expressed the view that these two measures were complementary as they measured both inward and outward interactions with the community.

It was agreed that external survey research in the form of a Community Leaders Perception Survey should be conducted every two to five years. This would enable a measure of public perception of the university and its community engagement activities. The survey would be sent to Community Leaders from local businesses, the city and county council, public sector and voluntary sector organisations, schools and colleges. The external survey research could also be utilised as a basis for communicating and publicising future community engagement activities. It was agreed that the survey would seek to ascertain community leaders' perceptions of the University's (a) outputs in the form of human, social and creative capital, provision of facilities for public use, and (b) opinion of the University's reputation for teaching, research and knowledge transfer, and partnerships with business. The survey could also be used to elicit the views of community leaders on ways in which the University could further serve the public good. Analysis of the results of the survey would be presented to Governors, with responses (if possible) indexed in terms of the various constituencies. These results could form a baseline for informing Governors' monitoring of the University's performance and strategic direction serving the public good.

5 Survey of sector experience with KPIs

CUC survey

5.1 As part of the second stage of its work on Key Performance Indicators, the CUC invited institutions in the autumn of 2007 to complete a questionnaire, the aim of which was to assess the extent to which Governing Bodies were developing and using KPIs, having regard to the 2006 Guide. By the December date set for the return of the questionnaires, less than 40 institutions had responded and in the Spring of 2008 a further opportunity was offered. As a result the number of completed questionnaires returned by the end of March rose to 100 which gives a reasonable picture of the position in the sector. The CUC is grateful for the help given by AHUA and GuildHE in distributing the survey and to the Chairs and senior officers involved in providing the returns.

Overview

- 5.2 The survey returns show that a very significant degree of development work is being undertaken in the sector in the use of KPIs. Nearly all institutions reported that they had reviewed their performance data and approach in the light of the Guide, with only a small minority indicating that they were satisfied with their current approach and that it was too early to consider change. Some institutions have decided to adopt the suggested model in full but most reported that they are implemented the CUC guidance in part.
- 5.3 The Guide stressed that it envisaged the proposals in the guidance to be a menu to be shaped according to the individual mission and aims of each institution. Despite this, there is some evidence in the returns that a few institutions saw the proposals as a package to be accepted (or rejected) in full. Hence there were a small number of comments about the large number of top level indicators and the detail of the supporting indicators. Evidently, this point was insufficiently emphasised in the Report.
- 5.4 It is clear, however, that the majority of respondents found the guidance helpful in stimulating thought: the clarity of the framework and the self-challenge questions for governors were found to be particularly helpful. In only one case did a correspondent (from a large old university) comment that 'some of the guidance seemed a little superfluous (or 'basic') for an institution with a mature system of governance and well developed professional teams dedicated to strategy implementation and the monitoring of performance'. The fact that so many others found the guidance useful indicates the diversity of approach and practice in the sector in this area.
- 5.5 Respondents were invited to suggest any issues other than those set out in the questionnaire that they would like to see tackled in the CUC's Phase 2 work on KPIs. Unfortunately, as indicated above, most of the responses came too late for many of the suggestions made to be incorporated in the programme of work which has to be completed by the end of June 2008. The list which is given later in this paper (section 6) shows the topics which could not be taken into account and the CUC will wish to consider whether any should be followed up.

How Governing Bodies measure institutional performance

5.6 It is convenient to take questions 1 and 3 of the questionnaire together. They asked:

How does your Governing Body judge whether the institution is performing effectively?

What other performance data (other than those in the Strategic Plan) does your Governing Body use and review?

5.7 All the responding institutions indicated that the Governing Body undertook assessments of performance. A number appeared to rely on what might be termed traditional and long established methods: reports from committees, reports from the Vice-Chancellor and reports from internal and external audit. Financial management reports were also invariably mentioned and indeed one university reported that this was the primary instrument used to measure performance.

5.8 In a majority of cases, however, these methods have been supplemented and in some instances, replaced by other techniques, both internal and external. These include the systematic use of KPIs, the use of league table data and benchmarking. In the context of league tables it would seem that the National Student Survey has established itself as an impartial and accepted measure of student satisfaction (and has in some institutions at least replaced internal surveys of students). The use of a 'traffic light', 'dashboard' or balanced score card (containing 32 indicators in one example) has been introduced in a number of universities. Risk management and the risk register also featured in a significant number of replies as part of the clutch of performance measures, often linked to KPIs.

5.9 Apart from the NSS, the specific ways mentioned included:

- The Times Good University guide
- The Sunday Times League Table
- HEFCE Performance indicators
- Student recruitment and retention
- Employment data
- Health and safety data
- Research grants and contracts.

5.10 The above is far from a complete list and many of the other measures being used reflect the supporting KPIs in the Guide.

5.11 A number of universities reported that an annual review of performance against the Strategic Plan was part of the measurement process whereas others referred to a review of some kind at each Governing Body meeting (see section 5.1 below).

5.12 In some institutions the range of measures in use is formidable and perhaps carries the risk that members of the Governing Body will not be able to see the wood for the trees!

Performance measures and the Strategic Plan

Does your Strategic Plan include performance measures which the Governing Body reviews?

- 5.13 The vast majority of respondents (90) reported that their Strategic Plan included performance measures which were reviewed by the Governing Body although in a small number of cases it was not clear how systematic the review was in practice. Nine institutions did not have such arrangements but in a number of these cases, measurement was said to take place in Operational Plans.

The impact of the CUC Guide of November 2006

- 5.14 Five questions were asked in relation to the impact of the Guide of November 2006:

Are you reviewing/have you reviewed your performance data in the light of the CUC Report?

- 5.15 Of the 100 institutions which responded to the questionnaire, 89 confirmed that they had reviewed their practices in the light of the report. Although 11 universities reported that they had decided not to undertake such a review, three intended to do so in the course of 2008. The remaining eight had already processes in place for performance measurement with which they were satisfied.
- 5.16 Overall, therefore, it seems that the CUC project achieved one key aim which was to stimulate debate among Governing Bodies about the introduction of KPIs at Board level.

Has the institution decided to implement the CUC's KPIs guidance?

- 5.17 Here, as might be expected, there was more diversity in the responses. 31 institutions reported that they had agreed to implement the model suggested in November 2006 and 50 had decided to implement the guidance partly. Clearly the three intending to review their performance data in the course of 2008 were not in a position to implement the guidance. This left 14 institutions which reported that they were not proposing to adopt the guidance and one which was still 'undecided'.

If Yes or Partly, did you encounter any problems/issues during the implementation of the CUC guidance or do you see any problems in doing so?

- 5.18 Four general problems were identified by respondents. First, eight universities were concerned that too many KPIs had been proposed, that the guidance was too lengthy and overwhelming for governors and included elements that were not true KPIs. Second, a related point was made by four institutions which were worried about the administrative burden involved in introducing KPIs in the manner suggested in the report. Third, four universities had encountered difficulties in integrating KPIs with the monitoring of performance, with strategic aims and, in particular with risk. The fourth issue, raised by three universities was of a different kind; they feared that the funding council – despite earlier assurances to the contrary – would regard the CUC model as mandatory.

- 5.19** Each of these points justifies a comment. First, the Guide was always envisaged as a 'menu' which each institution would draw on in relation to its own mission and distinctiveness. The fact that only 31 had decided to implement the 2006 suggestions in full was not unexpected to those who worked on the Phase 1 project but possibly there was insufficient emphasis on this aspect of the report. Certainly, and this refers also to the second point, there was awareness that small institutions in particular would find it difficult to take on the whole range of KPIs in one fell swoop. Small infrastructures inevitably limit the speed at which changes of this kind can be adopted.
- 5.20** The third issue, integration of KPIs into other aspects of policy, was an issue which other universities had considered and come to satisfactory arrangements. It is evidently an area where the sharing of good practice would be beneficial.
- 5.21** The final issue arose in the course of the conference when the report was launched. Representatives of the funding councils assured delegates that there would be no move to treat the KPIs approach as mandatory. Moreover, unlike the case of the Governance Code of Practice, there would be no question of a 'comply or explain' approach. This is an issue which is likely to be further explored at the June 2008 event when the outcomes of the CUC's second phase of work on KPIs are reported.
- 5.22** The following other issues were raised. Each was reported by one institution only, except where indicated. In some cases an institutions raised more than one issue in the list.
- The two super KPIs not required – 2;
 - Too much emphasis on quantitative rather than qualitative data – 2;
 - Importance of suitable MIS systems and data availability;
 - Guidance too basic!
 - Problems in identifying suitable KPIs for leadership, management and governance;
 - How best to include Financial Sustainability in report to the Board;
 - Definitional issues: what is a super KPI as opposed to a KPI? How can these be differentiated in a way meaningful for setting strategy and embedding performance measurement;
 - KPI number 2 'cumbersome';
 - How best to tailor guidance to the institutional context, especially in a smaller specialist institution? How to prioritise KPIs on offer and select from list? – 4;
 - Presentational issues condensing the information without too much contextual overload – 2;
 - Problems in trying to pitch a report applicable to all universities;
 - Governors did not like traffic light system – 2;
 - Issues of cultural change when introducing KPIs;
 - More on business, regional and cultural engagement would be helpful – 2.

If 'Partly', what did you find most helpful in the guidance?

5.23 Each of the following was suggested by the number of institutions mentioned. In a small number of cases respondents referred to more than one facet:

- Comprehensive nature of the report and the clear and logical framework set out – 16;
- The self-assessment questions – 11;
- The Super KPIs and illustrative KPIs – 6;
- The menu approach and recognition that one size does not fit all – 6;
- The summary page and traffic light approach – 5;
- Confirmation that this is a complex subject – 4;
- An impetus for local re-thinking – 3;
- Useful sharing of good practice and guidance – 3;
- A benchmark against which current practice could be measured – 2;
- Focus on sustainability;
- Concept of the three tier model.

If 'No', please indicate briefly why.

5.24 Of the 14 institutions in this group, 11 indicated that they were satisfied with their existing arrangements, one had 'no rooted objection' to the CUC proposals but the time was not right and one thought there were too many KPIs in the report. One gave no answer to this question.

Other aspects of the use of performance data

5.25 Five more general questions were asked about practice in relation to the use of performance data.

How often does your Governing Body examine performance data?

5.26 The range of responses was:

- 35 institutions said performance data was reviewed at each meeting, usually 4 a year (often with a major review annually);
- 27 reported an annual review (but often with some aspect or aspects reviewed at each meeting);
- 14 reported a review twice a year;
- 7 said the review was undertaken three times a year;
- 3 said as and when data becomes available;
- 2 said 4 to 6 times a year (through the Chairman's Committee in one instance);
- 1 reported both a monthly and annual review;
- 2 said 'regularly';
- 1 said 'continually';
- 1 referred to a special meeting;
- 2 were uncertain of the frequency!

Has the use of performance data encouraged governors to ask challenging questions?

- The vast majority of the respondents – 65 – reported that governors were now asking more challenging questions;
- 20 reported that the use of performance data had made no difference in that challenging questions had always been asked;
- 11 thought it was too early to say;
- 3 responded ‘up to a point’ and one of these is worth quoting:

‘Some governors have always asked challenging questions, others rarely. Questions are based on all information supplied (or feared to be withheld) and not just on performance data. The quality and value of such questions depends on the skill of the Chair of the meeting rather than on the data’.

Who prepares the performance data for the Governing Body?

5.27 The variety of replies and of titles given suggests that the analysis below may not be very illuminating:

- 28 replies indicated that a variety of offices were called on to provide the data; in four instances it was reported that the data was signed off by the Vice-Chancellor or Principal (but this may be the case in other universities in this group);
- 22 replies suggested that it was the Planning Office (or Corporate Affairs Office or similar) which provided the data;
- In a further 8 cases the Planning Office (or equivalent) had a co-ordinating role, drawing on other offices for some data;
- In 12 cases the Vice-Chancellor’s office or SMT (or similar) provided the data whilst in a further 8 institutions a Deputy Vice-Chancellor or Pro-Vice-Chancellor prepared the data (in practice these are probably very similar arrangements); in one of these instances the data is cleared with the Planning and Resources Committee;
- In 11 cases the Registrar and Secretary or Clerk to the Governing Body was responsible for the data; in one instance it was reported that the data was signed off by the Principal;
- At 5 institutions the responsibility lies with the Finance Director (or equivalent);
- 1 university reported that the data was prepared automatically through the dashboard methodology.

5.28 It may be useful to quote two responses:

- ‘The DVC is the lead officer for performance management, the University has identified data stewards for primary and secondary indicators and this information is passed to the Strategic Planning Office (SPO); a data analyst imports the data into formats for the Balanced Scorecard Steering Group and uploads to an intranet website which is interactive. A report and executive summary is prepared for Council from the SPO’.
- ‘Given our small size this has been a major issue for us. We have finally decided to divide responsibility among members of our Senior Management Group and to assign responsibility for KPIs to committees. The Senior Management group will oversee the formulation of the super KPIs, which the top level indicators of institutional health will feed into, and to produce the summary report for Council’.

Does the Governing Body delegate to committees any aspects of the measurement of institutional performance?

- 5.29 It is generally the case that some aspects of performance measurement are delegated: 79 institutions reported arrangements of this kind. The committees most frequently mentioned were Finance and Audit Committees. 14 Governing Bodies do not delegate any responsibility in this context. 1 institution has not yet taken a decision and no reply was given in some cases.

How are governors supported in the Governing Body's use of performance data, for example, through Away-days, training and development events?

- 75 institutions reported provision of some form of governor support, usually through induction arrangements and Away-days, sometimes supplemented by informal events associated with Governing Body meetings. It was not clear how much of this can be related specifically to the use of performance data but clearly this has been on the agenda at many Away-days;
- 2 further institutions reported specific development events in relation to KPIs and 2 others said that governors had been supported through the establishment of working groups on the KPIs issues;
- 8 institutions reported that their provision in this regard was under review;
- 8 appeared to make no provision but referred to Leadership Foundation events;
- 2 institutions reported that there was no requirement;
- 3 did not reply to this question.

Further issues for the CUC's Phase 2 work on KPIs

Are there any issues (other than those mentioned above) which you would like to see included in the CUC's Phase 2 work on KPIs?

5.30 Although the opportunity was given to institutions to influence the content of the Phase 2 work, it was unfortunate that so many of the questionnaires were returned so late that it was impossible to take most of the suggestions into account. Nevertheless, for the record, the following issues were raised. Each was suggested by one institution only except where indicated. In some cases an institution put forward more than one idea (and there is some overlap between the answers to this question and those for 4.3 above).

- One university raised 3 challenges: (a) incorporation of qualitative and quantitative data into the same indicator and how best to manage this; (b) provision within the model of different weighting to different indicators based on e.g. academic cycle; and (c) incorporating effectively indicators which have specific targets and indicators which are just tracked over time but which feed into the same summary KPI;
- Guidance on benchmarking and access to benchmarking data (including improved communication with HESA/HEFCE over provision of more recent and better data) – 4;
- PIs for IT infrastructure, fitness for purpose of systems and data quality – 2;
- Measurement of carbon footprint and environmental sustainability;
- Assessment process could be developed;
- More information and support on developing strategic plans, defining outcomes and targets;
- How to assess added value of KPIs;
- More information on alternative models such as Balanced Scorecard, EFQM, dashboard etc – 2;
- KPIs for individual governors and governor impact – 2;
- Making best use of available KPIs rather than inventing new ones;
- Clearer distinction between KPIs for governance and those for management – 3;
- More advice on practical implementation of KPIs – 3;
- Risk of developing KPIs culture (cf NHS) and undermining value of independent thought brought by lay governors;
- Case studies and good practice would be helpful – 3;
- Guidance on public reporting;
- Guidance on fitness for purpose in small specialist institutions;
- Any further advice must be flexible to meet different institutional needs.

Not all of these, it has to be said, were suggestions for further work!

For further copies of this report, please contact the CUC Support Office on **0114 222 1101**,
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