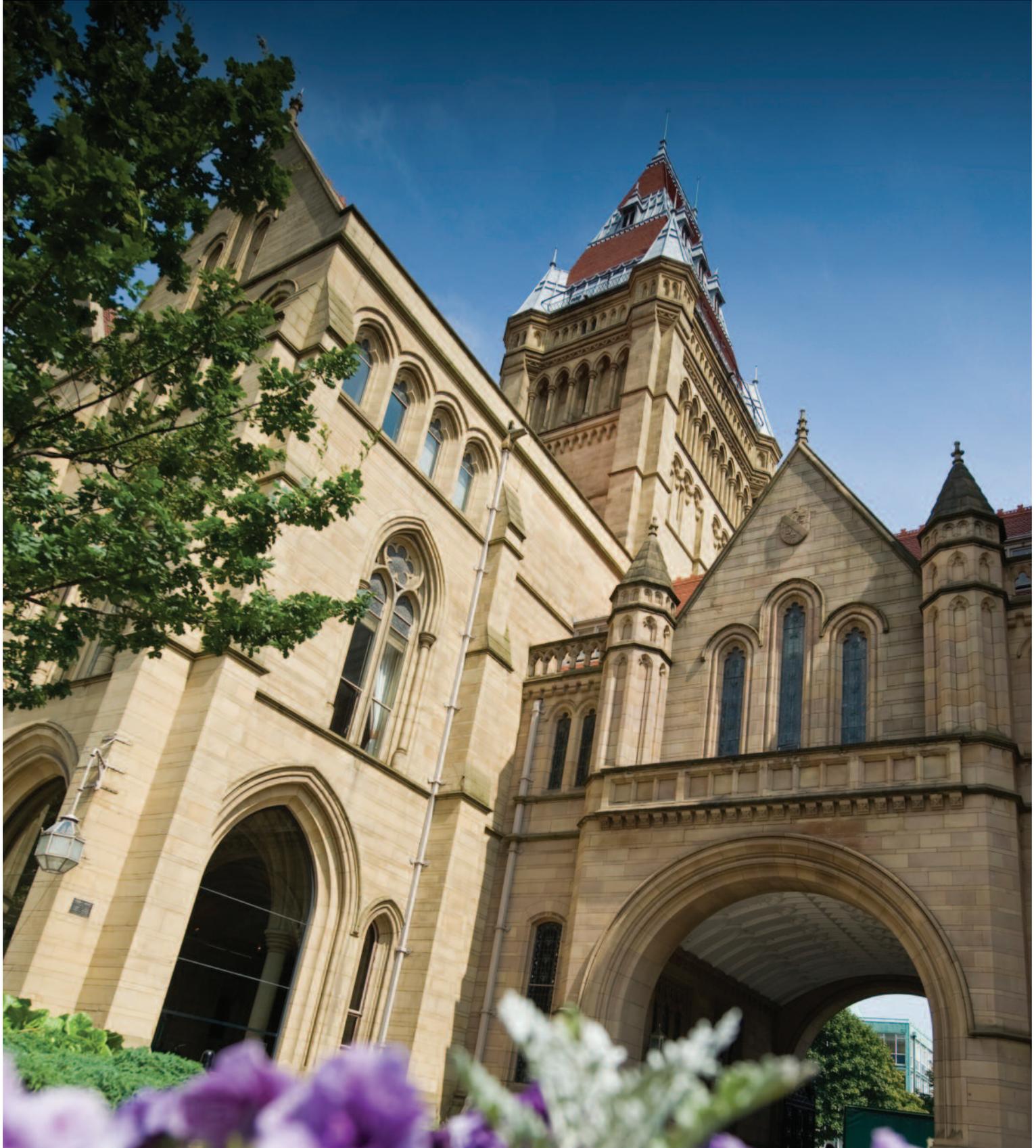


Stock Take Summary 2010

A Review of Progress Against the *Manchester 2015* Strategic Plan



Introduction

The 2010 Stock Take Report provides a detailed appraisal of progress against the University's Strategic Plan in 2008-09 and is a key component of the University's Planning and Accountability Cycle. The 2010 Stock Take Report follows the same format as previously – reporting progress against the Goals and Key Performance Indicators (KPIs) of the Strategic Plan, *Towards Manchester 2015*.

During 2008-09, the University undertook a thorough review and revision of its Strategic Plan to take account of progress made to date and to clarify Goals and Objectives at the midpoint of its journey from 2004 to 2015. The new document, *Advancing the Manchester 2015 Agenda*, was approved by the Board of Governors in October 2009 and will form the basis for future reporting of progress. For obvious reasons, we are not in a position at this stage to report on all of the KPIs in the new Plan in relation to 2008-09, so this Stock Take Report follows the format of the previous Strategic Plan, although reference is made, where appropriate, to the Goals, strategies, targets and measures of *Advancing the Manchester 2015 Agenda*.



The annual Stock Take Report provides a factual account of the extent to which The University of Manchester succeeded, during the period under review, in meeting its planning targets across the nine Goals that define the *Manchester 2015 Agenda*. The purpose of the exercise is to provide the University community and its external stakeholders, via the Board of Governors, with realistic and, where possible, quantitative measures of the University's performance over the previous 12 months.

In relation to accountability, each Stock Take Report gives senior management and the Board the opportunity to ask whether the University has the right management and governance structures and arrangements in place to oversee its current development and strategic progress.

To facilitate planning, each Stock Take Report is accompanied by an analysis scanning the external and internal strategic environment of the University, and identifying the major opportunities, risks and priorities that the University is facing.

In *Towards Manchester 2015*, the first version of which was published in 2004, The University of Manchester's founding vision of "step change" transformation was translated into a detailed strategic plan with measurable targets, timetables and key performance indicators. The 2010 Stock Take Report confirms that as it enters its sixth year, the University remains on target to achieve or exceed most of the extraordinarily ambitious strategic goals set out in that *2015 Agenda*.

The challenge between now and 2015 will be to remain relentlessly strategic in a much more difficult operating environment.

As I write in May 2010, the precise manner in which the new coalition Government proposes to tackle the public sector debt and the future financing of universities remains unclear. What is clear, however, is that UK higher education will have to endure further substantial cuts in its public funding on top of the £915 million already announced by the previous Government.

The only certainty is that these external financial pressures, coupled with the escalating costs of university pensions, means that even strong universities, such as our own, will be required to make extraordinarily difficult and possibly painful interventions in order to remain viable.

Such a bleak external environment and such difficult choices can create pessimism, but I believe that we should feel optimistic about the future of our University. Not only is the University in a sound financial position, but it remains strategically focused. In difficult times such institutions find prime opportunities to differentiate themselves positively from competitors.

A handwritten signature in black ink that reads "Alan Gilbert". The signature is written in a cursive, flowing style.

Professor Alan Gilbert
President and Vice-Chancellor

Goal One

High International Standing

To establish The University of Manchester by 2015 as a world renowned centre of scholarship and research, able to match the leading universities in the world in attracting and retaining teachers, researchers and “critical mass” research teams of the highest quality, and as a higher education brand synonymous with the finest international standards of academic excellence, and with pioneering, influential and exciting research and scholarship.

KPI 1.1: Clear evidence of improvement in the University’s international and domestic standing as measured by reputable international higher education rankings.

As discussed in last year’s Stock Take Report, The University of Manchester’s performance in the 2008 Research Assessment Exercise (RAE2008) was outstanding and helped to confirm the University’s position as one of the UK’s premier research universities. It is disappointing, therefore, that after a sustained and impressive rise in the Shanghai Jiao Tong “Academic Ranking of World Universities” since 2004; The University of Manchester slipped one place in the 2009 Table, from 40th to 41st, given that this too is considered to be a reliable measure of research standing.

The change actually reflects the fact that University Pierre and Marie Curie (UPMC) in Paris (one of the largest science and medicine research universities in Europe) was included in the Shanghai Jiao Tong rankings for the first time, and ranked just ahead of Manchester. It means that Manchester actually held its place when compared with the same cohort that had been evaluated previously, although we are likely to be seen to have slipped a place in the world rankings.

As a one-off occurrence the result is not a cause for serious concern, especially in light of the very significant rise of eight places in 2008. It still remains the case that no other institution in the top 100 has risen as quickly or as far as this University has since 2004. But unless progress resumes in 2010, we will need to undertake some serious reappraisal of our research strategies and performance. Even now, the University is taking steps, (for example, extremely detailed preparation for the Research Excellence Framework (REF) which will replace the RAE in due course), to ensure it is leaving nothing to chance in maximising its international research competitiveness.

KPI 1.2: The presence on staff of at least five Nobel Laureates (or equivalent) by 2015, at least two of whom have full-time appointments, with three such appointments being secured by December 2007.

The University has enjoyed continued success with its high-profile strategy of making ‘iconic’ appointments, with previous appointments clearly attracting further high-calibre staff to the University. During 2008-09, Professor Mohan Munasinghe – a co-recipient of the 2007 Nobel Peace Prize as Vice-Chair of the UN Intergovernmental Panel on Climate Change - was appointed Director-General of the Sustainable Consumption Institute (SCI) and Professor Sir Partha Dasgupta, an internationally renowned economist, was appointed part-time as Professor of Environmental and Developmental Economics at the SCI and the Brooks World Poverty Institute.

The interim milestone of appointing three Nobel Laureates (or their equivalent) by December 2007 has clearly been met and in the new Strategic Plan, the University has set itself the milestone of appointing a further Nobel Laureate or equivalent by 31 December 2010, ideally on a full-time basis.

During 2008-09, a number of academic colleagues received recognition in the form of awards, prizes, honours and appointments. These included: Professor Andre Geim who received two prestigious awards for his work on graphene: the 2009 Körber European Science Award and the 2008 Europhysics Prize. Professor Michael Kramer received one of the prestigious Marcel Grossman Awards; Professor Hugh McCann was elected a member of the Royal Academy of Engineering; Professor Joseph Stiglitz was elected a Foreign Member of the Royal Society and Professor Anthony Bebbington was elected to the National Academy of Sciences in the United States of America. Dr Ged Byrne was awarded an Individual National Teaching Fellowship. Professor Martin Taylor received a knighthood in the New Year’s Honours List and Professor Helen Gleeson and Dr Linda Magee both received OBEs in the Queen’s Birthday Honours List.



Goal Two

World Class Research



To establish The University of Manchester by 2015 among the 25 strongest research universities in the world on commonly accepted criteria of research excellence and performance.

The outstanding performance in the RAE2008 helped to confirm the University's position as one of the UK's premier research institutions, alongside Oxford, Cambridge and the two leading London institutions. It is unfortunate that this strong performance did not, (for any of the leading universities), translate into a significant boost in research funding, but it is clear that the University's research profile has been considerably strengthened by its performance in RAE2008.

The momentum built up over the past five years must now be maintained, not least by ensuring that we adjust research practices and strategies to meet the specific criteria of the new Research Excellence Framework (REF). As currently envisaged, the REF will be the basis upon which substantial higher education research funding is distributed from 2014. Adjusting to REF will not mean abandoning existing research strategies and priorities, but it may require us to be able to demonstrate (i) the wider economic and social impact of the research we undertake, and (ii) that our existing strategic commitment to giving parity of esteem to fundamental discovery and curiosity-driven research, on the one hand, and applied research, knowledge and technology transfer and wealth creation, on the other; translates into world competitive performance in both areas.

During 2008-09 the opportunity was taken to undertake a thorough and careful analysis of the RAE results. This has led to the development of a sophisticated institutional Research Profiling Exercise that has allowed us to build a detailed and authoritative understanding of the research strengths and weakness of the University. There has also been an improvement in the quality of research management data. As a result, we are better able to make informed strategic decisions about the kinds of investments in our research activities that are likely to have the greatest impact on our overall research competitiveness.

KPI 2.1: Annual increase in the University's share of the world's high impact research publications.

A key feature of the proposed REF is the importance likely to be placed on citations and other bibliometric measures. The University has been successful in advocating important changes to the REF, seeking especially to strengthen the role of peer review. Bibliometric analysis will nonetheless still be a central feature of the new quality assessment regime. Accordingly, the University placed an emphasis during 2009 on matching its own internal use of citation indices to the approach to citation analysis likely to be adopted as part of the REF.

To inform this adjustment process, we commissioned a specific citation data set from Thomson Reuter. It covers the years 2004-2008 and reports the number of articles published and the total citations appearing to date, using this data to calculate the impact of our research in terms of average citations per article. We also developed our own institutional dataset benchmarking the Thomson Reuter data against a wide range of national and international institutions, and against aggregative data for UK Russell Group institutions.

The University of Manchester produces a high volume of research publications, but with lower than average impact per publication. In part, this is due to the fact that Manchester has a higher percentage of uncited articles than comparable institutions.

The historic nature of citation data offers a partial explanation for Manchester's performance because it does not yet fully reflect an emphasis on "world leading" research since the merger. However, it is crucial that the University continues to focus on improving the quality of its research outputs, as measured by citations.

An important secondary problem which drags down our competitiveness as measured in international rankings, is that the ranking bodies simply do not have the time to check vague or misleading institutional addresses, and unless a published article is clearly linked to The University of Manchester, it is not taken into account.

KPI 2.2: Achieving annual increases in external grant income consistent with a doubling of such income (in real terms) by 2015.

Over 2008-09, Research Grant and Contract (RGC) income rose by 8.9% to over £191 million. Compared with some of the earlier annual RGC income growth, this is relatively modest, but set against the low growth in 2007-08 and the wider financial difficulties facing the UK higher education sector, this growth is reassuring. More importantly, the University has continued to increase the value of applications and awards received during 2008-09. The "pipeline" of RGC income going forward therefore remains relatively stable. The long term likelihood, however, is that RGC funding will come under increasing pressure from public funding austerity in the years ahead, and that strategies for significantly diversifying research funding streams, especially from industry and EU sources, will become increasingly important.

KPI 2.3: Annual increases in Total Audited Research Expenditure (TARE) consistent with the trebling of such expenditure by 2015.

Total Audited Research Expenditure (TARE) is used as a surrogate measure of total research activity because it captures the full breadth and scale of research activity within the University. TARE has increased steadily again during 2008-09, with a 3.9 per cent growth compared with the previous year. This equates to an increase in TARE of just over 50 per cent compared with the baseline of 2003-04. This trajectory is obviously disappointing in the context of the 2015 target.

KPI 2.4: Achieving annual increases in the number of postgraduate research students successfully completing their programme within the specified period consistent with doubling the number of completions by 2015.

The University has taken significant action to increase and improve the quality of its postgraduate research provision. Following a thorough review, we have been successful in securing funding for the establishment of Doctoral Training Centres (£20 million from EPSRC) and are currently implementing new IT software to help improve the monitoring of PGR students.

Some encouraging signs of progress have followed: a significant increase in the number of PGR awards made during 2008-09; a slight improvement in the University's overall completion rates; and a slight increase in total PGR student enrolment compared with last year. However, the background for the recruitment of postgraduate research students remains difficult with the continued funding pressures on both home and international students.

Goal Three

Exemplary Knowledge and Technology Transfer



To contribute to economic development regionally, nationally and internationally, and greatly to increase opportunities for the University and its staff and students to benefit from the commercialisation and application of the knowledge, expertise and intellectual property (IP) that they develop in the University.

The University of Manchester has a strong story to tell in relation to the commercialisation and application of its knowledge and IP.

Most conspicuously, during 2007-08, the University successfully launched the UMIP Premier Fund, attracting initially £32 million of funding from UK and European institutional investors for investment in the development of young technology companies generated by research at the University.

This initiative was pioneering in UK higher education and occurred at a crucial time. With investment funding largely drying up in high risk areas such as IP development, as a result of the global financial crisis, it is likely to prove of immense benefit to University of Manchester creators of IP to be able to access "late seed" funding from the Premier Fund.

KPI 3.1: Achieve annual increases of ten per cent between 2004 and 2015 in the number and value of licence deals done with third parties.

Despite the difficult economic circumstances, the University's activities to support commercialisation of research remain strong. During 2008-09, there was an increase in the number of Invention Disclosures (286 in total) and a further 15 Proof of Principle awards were made, totaling over £1 million. The number of licences issued during 2008-09 fell back slightly but the value of these licences reached over £1 million for the first time. This is a good measure of the value placed by third party investors in the wider economic value of research undertaken at The University of Manchester.

KPI 3.2: To increase the proportion of our research grant income derived from industrial sponsorship from eight per cent in 2004 to 20 per cent by 2015.

In previous years, this KPI has tended to focus on income earned from UK industry, but following anecdotal evidence from Faculties that income from non-UK industry was increasing, the University has focused on the full range of industrial income. The data for 2008-09 is indeed encouraging. Of the total RGC income earned by Faculties, 10 per cent is drawn from industry in the UK and abroad. This is a significant increase from 2007-08, when only eight per cent of RGC income was earned from industry.

In the context of the wider economic situation and especially the continued stringency being imposed by research councils, this KPI will become increasingly important. We should therefore stress that the University still has some way to go to meet its 2015 target. More positively, however, the confirmation of major research funding from Tesco and BNFL promises very substantial growth over the next few years.

Goal Four

Excellent Teaching and Learning



To provide students with teachers, learning environments, teaching and learning infrastructure and support services equal to the best in the world.

A key focus of 2008-09 has been the implementation of the Review of Undergraduate Education, initiated in mid-2007. It is clear that significant progress has already been made in implementing the recommendations of the Review, however, a number of the problems we are tackling remain stubbornly intractable. The changes we are introducing are being made with strong student support but, as yet, without being reflected clearly in the consciousness of our students or the levels of satisfaction they report when surveyed about their undergraduate experience.

All Faculties are currently undertaking their own major curriculum reviews. The aim is twofold. First, streamlining curricula is seen as a necessary means of releasing substantial amounts of staff time able to be used to provide students with personal, academic advice and support and feedback. Secondly, curriculum review is seen as a necessary first step towards making undergraduate curricula more purposeful. A clear explication of the purposes of a Manchester education will be used to ensure that in future Manchester students (and prospective employers) are provided in advance with detailed information about the educational, professional and learning outcomes and personal qualities that each unit and programme sets out to develop, including clear information about how these purposes have been built into the curriculum, and how they will be taught, assessed and certified following graduation.

Above all, there is across the University, an increasing emphasis on the personalisation of the student experience, with a network of Academic Advisors now in place, and a formal resolution of Senate to ensure that staff contact with individual students occurs at least weekly. Similar mandatory guidelines are being developed to ensure good practice in the provision of "feedback" to students. In part, this re-personalisation of learning will be achieved through better use of online communication. Construction has also started on a Manchester "Learning Commons", a major new student learning facility in the heart of the campus.

The reality is that much of this activity will reap benefits in the medium- to long-term. In the meantime, however, the University is in danger of serious reputational damage unless the current enthusiasm of students for the changes being undertaken is accompanied by genuine confidence in the University's determination to see this agenda through.

KPI 4.1: Annual improvements in student satisfaction with the quality of teaching they receive and of the learning environment they experience in Manchester.

Student satisfaction, especially as measured by the National Student Survey (NSS), has become a crucial performance measure for UK universities. Manchester's relatively poor NSS performance has a direct, adverse impact on our ranking in newspaper league tables, and represents a major potential threat to student recruitment, especially the recruitment of international students.

Manchester undergraduates (7.7%) were less satisfied overall in 2009 than the previous cohort of students had been a year earlier. In particular, the average scores for "Teaching" and "Assessment and Feedback" dropped. More generally, there was also a drop in "Overall Satisfaction".

This is a matter of major concern, but is not readily explicable, given the immense efforts being made since mid-2007 to improve the undergraduate learning experience.

A possible explanation is that, perversely, our candid recognition that all is not well, and our emphasis on improving the undergraduate student experience, has drawn attention to the problems and possibly also raised expectations about the pace at which improvement should take place. This explanation certainly fits the fact that the NSS reflects the views of final year students only, whose initial – and formative – Manchester experience pre-dated the introduction of many of the reforms arising from the Review. The satisfaction with individual units at all levels of undergraduate programmes does seem consistent with the view that the changes we are introducing are already having some positive impact.

We have set ourselves the task of ensuring that final year students in 2009-10 not only have a more positive final year experience, but are better informed about the improvements being made more generally to undergraduate education in the University.

During 2008-09, the University ran its own in-house biennial general Student Satisfaction Survey. This allowed the University to survey in detail all students and therefore provided a useful addition to the data compiled through the NSS. The results of the Undergraduate Survey mirror the results of the NSS, with a significant drop across the board in satisfaction with the overall experience and current programme of study. There has been little change in the satisfaction rates of postgraduate taught students. While research students are generally our most satisfied student cohort, there has been a significant drop in their overall level of satisfaction.

The Course Unit Evaluation questionnaires provide much more direct feedback and useful intelligence. It is therefore encouraging that satisfaction with specific course units and individual teachers is improving gradually across the University.

A major challenge in 2010 will be - without any diminution in our commitment to continual improvement at the course unit level - to understand the more general aspects of the Manchester student experience with which respondents to both national and institutional surveys remain dissatisfied.

KPI 4.2: Sustained high levels of satisfaction among key employers with the quality of Manchester graduates, as measured by properly validated employer satisfaction surveys.

Graduate destinations are currently measured through the Destinations of Leavers of Higher Education Survey taken six months after graduation. The latest publicly available data shows a significant increase in the percentage of Manchester graduates progressing into graduate level jobs - 74 per cent of 2006-07 graduates secured graduate level jobs or undertook postgraduate study compared with 67 per cent in 2005-06. This represents a significant improvement compared with the sector as a whole, but the University still trails the majority of its Russell Group peers on this measure.

KPI 4.3: Annual increases each year until 2015 in the number of students enrolled on online programmes.

Following a slight decrease last year in the number of students enrolled in courses offered wholly online, there has been a resumption of growth during 2008-09 in this important category of student enrolments. Total student numbers increased by eight per cent, more than compensating for the ground lost during 2007-08. The bulk of this increase has come from MBS Worldwide, which accounts for over 85 per cent of the University's online student numbers. A key challenge for MBS Worldwide in the immediate future will be to ensure that it offers an effective portal for the development of online education for off-campus students drawn from Schools across the University, and not just from the Manchester Business School.

Substantial investment is planned in 2009-10 in Continuing Professional Development (CPD) and Executive Education programmes offered online.

Goal Five

Widening Participation

To make The University of Manchester the UK's most accessible research-intensive university by providing international students from economically deprived backgrounds and home students from traditionally under-represented sections of society with a supportive learning environment in an inclusive and welcoming University community.

KPI 5.1: To invest progressively in the provision of merit-based "Equity" bursaries and scholarships for home students from traditionally under-represented sections of society.

The University continues to offer a wide range of merit-based equity scholarships and bursaries to students from low income families. Manchester's investment in these programmes greatly exceeds the minimum level of provision required by the Office for Fair Access (OFFA), which is measured in terms of the proportion of additional "top-up" fee income committed to undergraduate scholarships and bursaries. The University committed 29 per cent in 2006-07 and 28.5 per cent in 2007-08 and in the last academic year, 2008-09, this had risen to 29.2 per cent. Sector data is not yet available for 2008-09, but unless there have been major changes elsewhere (an unlikely prospect in current economic

circumstances), Manchester will remain one of the most generous institutions in the UK on this measure.

All the four main undergraduate bursary schemes have seen an increase in the number awarded, in 2008/9. In addition, there were nine President's Awards made, each valued at £10,000.

KPI 5.2: To invest progressively in "Equity and Merit" scholarships for qualified students from economically deprived backgrounds in developing countries.

The "Equity and Merit" Scholarship scheme has evolved over recent years. It is a "signature" initiative for the University, reflecting our determination, as a major university in a relatively wealthy society, to address issues of educational disadvantage internationally, not just nationally. In 2008-09, 18 new scholarships were awarded to students studying on full-time postgraduate taught programmes and masters by distance learning. In addition, we supported 57 students studying for a degree in HIV/AIDS care and management delivered by Mildmay International in Uganda and validated by the University. We drew on "Equity and Merit" funding to waive the validation fee for the programme.

This took the total number of students assisted since the scheme began to 88.

KPI 5.3: Annual increases in the number of students from traditionally under-represented groups benefiting from programmes supporting progression to research-intensive universities.

The University continues to participate in a wide range of activities designed to widen participation in higher education in the UK. The Manchester Access Programme (MAP) is proving a very successful vehicle for encouraging students from traditionally under-represented groups to apply for and accept places in higher education institutions, and at Manchester where their results meet the required standard. Of the 180 students who started on the programme in 2007-08, 153 were made offers by the University for 2009 entry and 130 made Manchester their firm choice, making this the largest intake of MAP students to date.

The University is also taking up the formidable challenge of developing ways of identifying talented students whose results do not fully reflect their genuine educational potential. Such students (through no fault of their own), have experienced serious educational disadvantage at primary and/or secondary level. Developing admissions policies, processes and procedures that are not only transparent and fair, but which are also able to take account of educational disadvantage and educational potential, is fraught with risk. But unless universities achieve this capability, national widening participation targets are most unlikely to be achieved.

A range of contextual data indicators has been identified to complement existing undergraduate admissions criteria, and this new system is currently being piloted in five Schools across the University, where it will be used as the basis for offers going out in 2010. If the pilot is successful, the system will then be rolled out across the University from 2011 onwards.

Goal Six

Empowering Collegiality

To maintain The University of Manchester as a collegial community to which staff of the highest calibre are attracted, and within which all staff, whatever their roles or functions, may be proud of their University, are able to identify with its aspirations and are informed, enabled and encouraged to take appropriate responsibility for its direction, development and management.

KPI 6.1: Progressive improvement in levels of staff satisfaction, as measured by trend analysis from a well-designed, biennial survey.

The last Staff Survey was run in April 2008. Preparations are currently underway to run the next one in 2010. Comparative analysis of these two Surveys will be reported in the 2011 Stock Take Report.

Meanwhile, feedback from the 2008 Survey has been incorporated into the People and Organisational Development Strategy as well as helping shape other initiatives introduced to improve levels of job satisfaction. Some of the more prominent measures introduced, partly in response to feedback from staff, include the introduction of 'Pension Choice' (which benefited 90 per cent of staff by increasing their net salary), the reintroduction of the Bikes to Work scheme, the development and implementation of a Stress Survey Action Plan, and a new system for reporting sickness absence.

A new Dignity at Work and Study Policy and Procedures, launched in November 2009, also drew on Staff Survey feedback, as did a set of new leadership management programmes, aimed at middle and junior managers, and a revised version of the University's Recruitment and Selection policies and procedures.

KPI 6.2: Progressive improvements in equality of opportunity in all areas as measured by the diversity of the University's staff profile.

The University continues to demonstrate its commitment to equality and diversity by implementing challenging plans set out in its Disability, Gender and Race Equality schemes.

During 2008-09, there were a number of key successes. Monitoring of equality data, including data on recruitment, current staff profile and promotions, is now firmly embedded in the University's Performance Reviews. The University was awarded the "Two Ticks" disability symbol by JobCentre Plus and, following receipt of the Athena SWAN Bronze Award for commitment to the career advancement of women in Science, Engineering and Technology in 2008, the Faculty of Life Sciences won the Athena SWAN Silver Award in 2009.

The Directorate of Sports, Trading and Residential Services (STARS) was the North West and Yorkshire regional winner of the Shaw Trust STAR award 2009 for supported work placements and there has been a wide range of activity to promote equality in staff (and student) recruitment.

Underpinning these specific achievements, the University has just developed and is implementing a Single Equality Scheme which extends existing programmes promoting race, disability and gender equality by taking account also of age, sexual orientation, religion, belief and nationality as potential bases for improper discrimination in the workplace.

Goal Seven

Efficient, Effective Management



To maintain management systems, processes and services at all levels of the University that are open, supportive and empowering, responsive to academic needs, strategically focused and exemplary in meeting all internal and external obligations and responsibilities, and able to provide the University with a competitive advantage in its pursuit of the Manchester 2015 Agenda.

KPI 7.1: Annual improvement in levels of satisfaction with the quality, effectiveness and efficiency of leadership and management in the University Administration, at all levels.

Following last year's Operational Performance Review, it was agreed to change the name of the University Administration to Professional Support Services (PSS) to reflect more accurately the key role they play in supporting the strategic aims and objectives of the University.

The 2009 annual Management Survey of PSS, provided evidence of continued improvement in satisfaction with the quality, effectiveness and efficiency of leadership in relation to support services. The overall mean satisfaction score increased again and there was an overall improvement in satisfaction from respondents based in Schools, although this was still lower than satisfaction of Faculty and Centre respondents. Among the functions where the 2009 Survey indicated the greatest improvement in levels of satisfaction was the important provision of support for eLearning.

KPI 7.2: Reduction in the cost of administration as a percentage of total expenditure.

Following work undertaken by the Registrar and Secretary in 2008, there is now a much clearer understanding of the cost of administration across the University. The cost of administration is defined as:

- Central administrative costs (comprising Estates, Finance, HR and other central PSS Offices); plus
- Cost of PSS staff within Faculties and Schools.

Quite rightly, the total net cost of administration does not include general University overheads such as depreciation, energy costs, etc., or the cost of Academic Services such as the John Rylands University Library, the Manchester Museum or the Whitworth Art Gallery.

On this basis, the cost of administration in 2008-09 was £131.9 million, comprising £63.8 million in central costs and £68.1 million at Faculty and School levels. This compares favourably against a budget of £140.9 million. In 2008-09, the pay costs were 32.8 per cent of the total University pay costs, a reduction from the previous two years. The cost of administration as a proportion of University expenditure over the same three-year period has fallen from 19.8 per cent in 2006-07 to 17.9 per cent in 2008-09.

KPI 7.3: Annual assurance to the Board (via Finance Committee) of effective financial management and control through analysis of key financial performance and sustainability indicators.

As reported in the 2009 Stock Take Report, the Board of Governors has established a set of financial performance and sustainability indicators to help monitor the University's financial performance. These KPIs are:

- Operating surplus/(deficit) as a percentage of total income
- Staff costs as a percentage of total expenditure
- Net liquidity
- Current ratio
- External borrowing as a percentage of total income
- Discretionary reserves as a percentage of total income
- ASC as a percentage of adjusted total income.

The University's greatly improved financial outcomes for 2008-09 compared with the previous two years, means that our trend analysis is moving emphatically in the right direction.

The indicators can also be used as valuable benchmarking tools, predominantly for measuring our performance against the rest of the UK higher education sector and/or against the Russell Group.

But benchmarking can be misleading if it relies simply on crude comparisons uninformed by a good grasp of context.

Thus while The University of Manchester

performed relatively poorly in 2007-08 on a number of the above indicators compared with UK sector norms, this was due very largely to a range of decisions taken by the Board of Governors as a means of optimising opportunities afforded the new University by the 2004 merger. It accepted deficit financing of major investments in research, and undertook a high level of borrowings (on extraordinarily favourable terms) to increase the scale of our major capital programme. As planned, the University turned a significant deficit in 2006-07 into a comparatively comfortable surplus in 2008-09.

We do not yet have the data to compare our 2008-09 performance with sector norms, but it is reasonable to assume that the greatly strengthened financial position reflected in the 2008-09 end-of-year results will translate into a considerably stronger position in comparison to other UK institutions than at any previous time since the merger.

The year-on-year trend analysis is certainly reassuring. As reported extensively elsewhere, the University posted a profit of £16.8 million in 2008-09; net liquidity increased by more than a third to 87 days; and external borrowing reduced from over 30 per cent in 2006-07 to 26.8 per cent. With staff costs of 57.6 per cent of total expenditure in 2007-08, the University was just below the sector average on this indicator, and during 2008-09 it has further improved its position to 55.8 per cent.

KPI 7.4: Receipt by the Risk Committee of the Board of Governors in December each year of assurance by the University's Internal Auditors that the University is maintaining prudential risk management, including full compliance with all legal and public policy obligations, the maintenance of a comprehensive, up-to-date Risk Register and effective systems and processes for reviewing and evaluating risk management at all levels.

The Internal Auditors have produced their Annual Assurance Report for 2008-09 as prescribed. The Report found that arrangements in a number of key areas such as Governance, Risk Management and Value for Money were effective. However, although the Report confirmed that internal controls were generally effective, it recognised that improvements are still required in the University's financial control environment, reflecting an array of systems, process and attitudinal issues, particularly in some Faculties and Schools. The 2009 External Audit Management Letter also made similar observations.

Accordingly, a detailed programme of work designed to review and improve financial controls at all levels has been instigated by the Registrar and Secretary. All senior budget holders are fully cognisant of the importance of this issue and are fully engaged with the improvement programme and committed to securing major improvements during the next 12 months.

To ensure that the University acquires the recurrent and capital resources necessary to be competitive at the highest international level.

KPI 8.1: To increase the unit-of-resource funding of the University (defined as recurrent income from all sources per academic staff FTE) by 50 per cent in real terms by 2015.

In an emerging era of public funding austerity, the ability to generate non-Government income will become ever more crucial as a determinant of the University's capacity to achieve sustainable strategic success.

The University has seen a 12 per cent improvement in its unit of resource during 2008-09. However, our unit of resource is measured in terms of income per academic FTE. Positive progress is demonstrated on such an index if the "improvement" reflects significant growth in the income being generated by the University's fundamental academic activities.

For 2008-09 the movement was largely driven by significant income growth, which reached 10 per cent over the year. To a lesser extent, the figure has been inflated by a slightly smaller academic staff base. Going forward, the University will have to treat this indicator with caution, as apparently healthy trends may merely reflect changes in staff numbers.

A thorough reappraisal of the way we define and measure the unit of resource is being undertaken.

KPI 8.2: To increase the University's discretionary income (defined as the sum of income from fees for educational services, knowledge and technology transfer and unencumbered fund raising) consistent with a doubling of such revenue in real terms by 2015.

With serious cuts expected to Government funding for the higher education sector, it is crucial that the University is able to generate its own discretionary income for re-investment in the 2015 Agenda. Realistically, such income growth will have to come largely from non-Government sources. Unfortunately, however, public sector austerity combined with pressures from increased costs associated with pensions does, in some cases, have the potential to impact negatively on attempts to build up discretionary income streams from non-Government sources.

In evaluating the performance of the University against this measure, 2008-09, was, overall, a mixed picture.

First, growth in international student fee income for award bearing programmes at both undergraduate and postgraduate (taught) levels significantly exceeded what were ambitious targets. Total income from this source grew by £14.8 million, a 20.6 per cent increase over the year. This was an outstanding result. Future growth may not be so easy.

Secondly, Executive Education and CPD programmes and income grew far too slowly. High quality, flexible CPD and Executive Education, customised, packaged and delivered to suit the needs of corporate clients, is an obvious strategy for leveraging the infrastructure, expertise and brand strength of a major University.

Thirdly, while income from knowledge and technology transfer is growing, it remains small, and should not be seen as a major source of discretionary funding.

The highest priority of the University in relation to knowledge and technology transfer is to ensure that the intellectual property it develops contributes, to the greatest extent possible, to human benefit and wider economic activity. Prioritising it as an income stream risks making less of it available for these purposes.

Finally, fundraising and benefaction remains an important priority for the University, not so much because it promises to solve major financial problems over the next few years, but because it may well do so in the longer term and because it returns major non-financial benefits to the University as well.

In 2008-09, donation income increased by £4.7 million from £4.5 million. The Development Office is revenue positive for the University but the more important reality is the range of intangible benefits of national and international networking and reputation-building that go hand-in-hand with fundraising and development activities.

Goal Nine

More Effective Service to the Community



To contribute to the development of a secure, humane, prosperous and sustainable future for human society and, beginning in its local communities in Greater Manchester, to explore opportunities to enrich the social, cultural and economic development of the communities, regions and countries in which the University works.

Under the new Strategic Plan, there is increased emphasis on public engagement and social responsibility, driven by an agenda encompassing some of the objectives highlighted under the original Goal Five, but also reflecting a clear development over the last five years in the University's perception of its responsibilities beyond the narrow confines of research and formal higher learning.

Along with some other major international universities, The University of Manchester, as a major knowledge institution, accepts that universities may be among the most important 21st century institutions in helping the wider society, locally, regionally, nationally but also internationally, address the great issues of global poverty, international violence and environmental sustainability around which the very survival of humankind may turn.

One indicator of success in defining this aspect of our institutional mission will be better KPIs for measuring success. Indicators of national and international engagement, like evidence of impact on the search for solutions to great global problems, are elusive and not readily measured.

For 2008-09, therefore, we are limited to evidence of the important contributions made by the University to our locality, City and region. Even in relation to these, moreover, there are key contributions not captured by any of our KPIs, such as our engagement through "Corridor Manchester" with programmes designed to develop employable skills among the unemployed in Ardwick and elsewhere. We need to develop KPIs for monitoring the impact of such initiatives in future.

KPI 9.1: Expanding opportunities through the "Manchester Leadership Programme" (MLP) for students to combine formal leadership and enterprise skills training, with community work focused on the University's community engagement and widening participation agendas.

The MLP continues to thrive. In 2008-09, a total of 601 students were enrolled on the Programme, with a target of 900 set for 2009-10. Under the new Strategic Plan, the University has set itself the ambitious target that half of all graduates will have been on the MLP by 2015. To facilitate this continued growth, the University is currently reviewing the funding and organisational model of the Programme, and developing online access to it.

KPI 9.2: Annual increases in, and broadening of, participation in educational programmes and public visitors to the University.

The University's cultural assets continue to be a flagship in the University's programme of outreach and public engagement activity. Numbers of visitors to both the Manchester Museum and Whitworth Art Gallery increased significantly during 2008-09, and both institutions enjoyed their highest visitor numbers since the merger.

In the case of the Manchester Museum, visitor numbers increased by 18 per cent and school visits increased by five per cent.

2008-09 was the most successful year to date for the Whitworth Art Gallery. Total visitor numbers for 2008-09 were the highest ever and for the calendar year 2009 are likely to top 170,000.

Despite the modest nature of the visitor facilities at Jodrell Bank, annual visitor numbers remain respectable at over 70,000 and contact with school age children has much improved in 2008-09. It is anticipated that numbers for both general visitors and for school age students will increase in 2009-10. The University is planning to develop visitor facilities on the site.

In terms of public engagement, a growing element in the University's activity, particularly with the local community, is co-ordinated through the Manchester Beacon for Public Engagement.

Funded by the UK higher education funding councils and Research Councils UK (RCUK), and supported by the Wellcome Trust, the Beacons programme is the biggest initiative ever launched to support public engagement throughout the UK with the common goal of achieving a more joined up and embedded approach to public engagement.

The Manchester and Salford centre – one of six to be established – is a collaboration between The University of Manchester, Manchester Metropolitan University, The University of Salford, the Museum of Science and Industry and Manchester: Knowledge Capital (M:KC).

It is hoped that the Manchester Beacon will be at the forefront of efforts to bring about a substantial change in the culture of academic institutions, encouraging and assisting staff and students enthusiastically to reach out, listen to and engage with the public in practical ways.

Priorities for Future Action

As noted last year in this document, the *Manchester 2015 Agenda* has been pursued in a relatively benign external climate since 2004, but the challenges going forward are quite different.

The Planning and Accountability Conferences for the Board of Governors and Heads of School held earlier this year agreed that the major priority for the year ahead would be centred around how we can keep institutional confidence, ambition and strategic commitment alive in a much more challenging external environment.

Both these conferences agreed that not to persist with ambitious, aspirational strategies in the face of financial pressures would be to risk most of the gains that the University has made since its inception and to ignore major continuing opportunities for positioning Manchester as an even more powerful international institution in future.

In view of this, the conferences agreed that the key priorities for the next year would be:

- Maintaining strategic momentum while managing financial austerity.
- Pursuing the agreed priorities for re-shaping undergraduate education
- Developing e-learning to enrich face-to-face contact with students
- Agreeing strategic research imperatives
- Strengthening interdisciplinary research
- Investing detail and substance in the broad ambition outlined in its Social Responsibility Goal, which embodies the University's commitment to address the great challenges facing human society.



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