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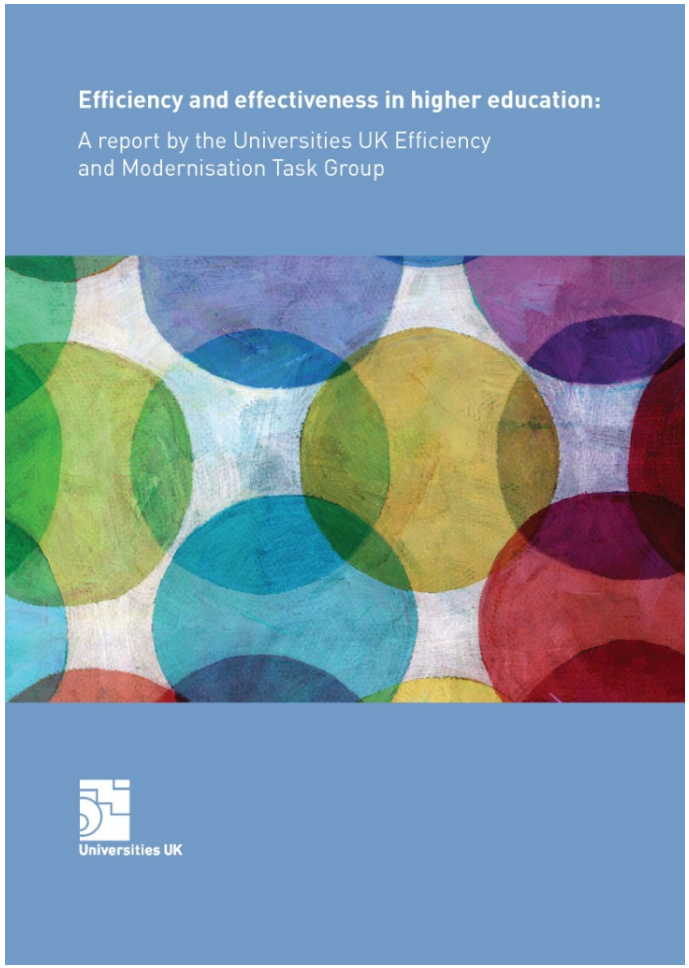

Implementing the Diamond report

HE Shared Service Forum

November 28 2012

Chris Hale
Deputy Director of Policy, Universities UK

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Political & economic context

- **Pressure on public finances – efficiency a government priority**

  Green review & Efficiency & Reform Group in govt; Spending Review (2010) – significant dept cuts

- **Funding settlement – higher education relatively well protected?**

  Research ring-fenced; new funding streams but uncertainty; loss of capital funding

- **Higher education funding reforms**

  New funding dynamic; increased expectations from students; value-for-money over public accountability?

- **Perceptions of the higher education sector as inefficient**

  Current practices should not be replicated in new funding environment

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Significant progress to date…

- The sector has been exploring ways to enhance efficiency and effectiveness for a number of years
- Significant progress, but sector has been good at hiding this:
  - in England efficiency savings of £462.72m were reported for 2010/11 against a benchmark target of £363m
  - Wakeham pressures leading to reduction in the indirect costs of research and new approaches
  - sector responding to competitive pressures and reforms to teaching funding… most looking to find room to reinvest (and ensure sustainable)
  - Numerous and diverse initiatives to find savings and do things better (collaborations, shared services, process improvement). Not just about the back office
  - Pension reform and controlling pay costs
- At same time the sector has maintained quality and international reputation and standing for research and teaching

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Giving efficiency further momentum

UUK task group established in 2010, led by Prof Ian Diamond

- Focus on ‘back office’– ICT, finance, estates, procurement, administration etc
- Combined extensive sector engagement and public/private sector expertise
- Report published September 2011, good uptake, ongoing interest

Review identified strategies HEIs can use to work more efficiently

- process improvement and simplification
- shared services
- outsourcing
- more effective use of benchmarking
- better use of collaborative procurement

17 recommendations for institutions, sector bodies and govt

- Sector-level commitment to developing supporting infrastructure
- Commitment to monitor, evaluate and report on progress
- Responsibility of institutional leaders to address efficiency ‘at home’

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Next steps: implementation

- **Implementation plan developed – available on UUK website**
  - 17 recommendations crystallised in to four core programmes of work – to be taken forward with sector partners
  - Programmes of work: (1) leadership, implementation and monitoring; (2) data, benchmarking and costs; (3) regulation; (4) procurement
  - Expectation that institutions will address relevant recommendations and embed efficiency and modernisation – but no ‘one size fits all’ model

- **UUK to lead on four important projects**
  - Establishing mechanisms for overseeing progress and ‘telling the story’
  - Delivering efficiency through effective benchmarking (ITF supported)
  - Developing the innovation and efficiency hub (ITF supported)
  - Establishing Procurement UK

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Establishing mechanisms for overseeing progress

To develop a comprehensive system for monitoring, evaluating and reporting developments in efficiency and modernisation to ensure that the sector is fulfils its commitments to deliver VfM

- **Panel to coordinate implementation and evaluate progress**
  - Chaired by Prof Diamond, representation from HE/public/private sector
  - Report on activity beyond Diamond implementation (eg, Wakeham)
  - To report on sector progress to BIS and set out priorities/challenges
- **Regular reporting to BIS on progress**
  - Informal and formal reporting – workshops and annual report (Feb 2013)
  - Work with sector & professional bodies to present coherent narrative
- **Sector engagement to ensure joined-up approach to review**

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Developing the Efficiency Exchange

To develop a dynamic multi-media platform based on user needs that supports higher education professionals to embed efficiency by improving access to sources of advice, guidance and expertise

Efficiency Exchange:

- A web-based resource to support HE professionals wanting to develop new and more efficient ways of working
- Central repository of advice, guidance and learning resources across a range of thematic areas (eg shared services)
- Improve dissemination of sector-owned resources, sharing of good practice and access to innovative developments beyond HE
- Development will be grounded in a comprehensive analysis of user needs to ensure it is accessible, relevant and user-friendly
- The project is led by UUK and JISC, and is part-funded by the Innovation and Transformation Fund; launch is scheduled for July-Sept 2013

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Establishing Procurement UK

To establish a mechanism for providing strategic leadership on the development of collaborative and more effective procurement to meet the objectives set out in the Diamond report

- **Procurement vital to delivering efficiencies and better VfM**
  - Sector spends £8bn a year on procurement, huge potential for greater savings
- **Diamond recommendations on procurement**
  - Greater proportion of non-pay spend through collaborative arrangements (30%)
  - Better strategic oversight of procurement across the UK needed
  - Institutional leaders – need to recognise strategic value of procurement
- **Procurement UK**
  - Chaired by Prof Nick Petford (Northampton), high-level sector representation
  - Provides strategic oversight of developments in procurement (eg, ITF projects)
  - Status – reports directly to UUK Board and monitoring panel

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Delivering efficiency through effective benchmarking

To ensure the UK higher education sector has access to a robust, effective and accessible tool that will provide all universities with the facility to evaluate their operational costs in selected areas

In summary this project will:

- identify approaches and established methodologies for benchmarking operational performance
- evaluate how benchmarking of operational costs is currently undertaken, including assessment of data
- identify an initial basket of operational activities that would provide a basis for evaluating costs and performance
- provide a toolkit and, ultimately, access to suitably granular data to enable universities to use benchmarking along with relevant guidance

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Challenges ahead…

- Have we managed to get the message across effectively? What more should we be doing to evidence and promote progress (especially quantitative data). Who are the key audiences? Do we have any totemic message?
- How do we lead change in an autonomous sector? Is there a need for more effective and coordinated action at a sector level? Or are the pressures such it will happen?
- How can we ensure that efficiency and modernisation remain a priority for institutional leaders and HE professionals?
- The UUK review looked at operational efficiency, but the challenges go much wider.