AdvanceHE

Current practice, challenges and recommendations for university accountability and performance monitoring

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Contents

1	**Foreword**	**4**
2	**Introduction**	**5**
2.1	Background	5
2.2	Why this study and why now?	6
4	**Approach to data collection**	**8**
5	**Content of annual reports and KPIs in board papers**	**10**
5.1	Education	10
5.2	Research	12
5.3	Value creation and delivering impact for society	13
5.4	Risks, opportunities and strategy	15
5.6	Governance disclosures	17
5.7	Social indicators	19
5.8	Diversity and inclusion	21
5.9	Environmental indicators	25
5.10	Economic impact indicators	27
5.11	Additional governing body papers examined	28
7	**Concluding reflections**	**30**
8	**References**	**32**

1 Foreword

This stimulus research was commissioned by Advance HE to prompt discussion on how universities present themselves in their annual reports and the role of the governing body in monitoring performance on the value universities create for their stakeholders and the impacts of universities on sustainable development.

It was overseen by a sector Steering Group including:

Advance HE, Victoria Holbrook and Kim Ansell

AHUA, Helen Watson

CUC, John Rushforth

Guild HE, Gordon Mackenzie and Kate Wicklow

UUK, Professor Sir Steven West

The stimulus was prepared in 2023 and limited to a small reference group of universities and based primarily on publicly available information in annual reports and some board papers kindly provided on an anonymous basis.

Through the experience of a sector steering group and Advance HE's experience of undertaking Governance Effectiveness Reviews, we acknowledge that lots of important and relevant information is published elsewhere, for example; on university websites and/or to board committees, academic boards (particularly in the case of education, quality and standards information), or internal executive committees and university leadership teams.

This suggests two things:

+ that there is not holistic oversight of key elements of performance either reported as part of the board oversight or which are reported to key stakeholders via the annual report.
+ That clarity across the governance ecosystem about who is accountable and who is responsible for performance reporting and performance oversight could be improved.

The sector steering group used this stimulus to undertake a series of consultative conversations to create a narrative about 'measuring what matters' in a series of UK universities.

2 Introduction

This report reviews university reporting and performance monitoring, identifying challenges and opportunities for improvement. The study looks in detail at a small sample of key university documents: the annual report; and reports containing key performance indicators reviewed by governing body in nine universities in the UK and Australia.

The potential of annual reports as a communication tool is yet to be recognised by the university sector and in times of budget pressures this document becomes more important for many organisations. Outside of higher education, annual reports are regularly used by providers of finance to assess the quality of management and governance oversight. In making financing decisions, providers of finance consider a broad range of information including, for example: the social, economic and political context in which the organisation operates; social, economic and environmental impacts; risk management and related governance oversight; and forward-looking information. In most sectors annual reports are also extensively used by employees, prospective employees, customers, suppliers and regulators and local communities as a source of the information the organisation considers matters most. The information in the annual report is also considered to be reliable as it is approved by the governing body and is increasingly subject to at least partial external assurance (IFAC, 2023).

The key performance indicators reviewed by the governing body can reasonably be expected to be of most strategic importance and are generally aligned with strategy. It is reasonable to expect, and common in most sectors, that these KPIs are included in the annual report and monitored by the governing body. That is, it is reasonable to expect a high degree of overlap between KPIs included in annual reports and KPIs that are monitored by the governing body in the university sector it appears that this alignment does not necessarily hold and university governing bodies are missing an opportunity to communicate key issues to stakeholders in an open, transparent and credible way.

2.1 Background

This report builds on an earlier report commissioned by Advance HE, Let’s talk Value; How Universities create Value for Students, Staff and Society *(Adams, 2018) which* called on universities to develop ways of measuring and articulating the broader outcomes of university activities and the value they create. The 2018 report provided examples of universities pioneering a strategic and integrated approach to providing their own account of their contribution to society. These universities were developing an identity beyond that determined by the measures used in university rankings and government agency assessment criteria. The report set out steps to developing university annual reports that articulate the value they create for stakeholders and how that value is created.

Since that report was published in 2018 there have been increasing calls for both private and public sector organisations to increase the quality and volume of sustainability reporting and its integration into decision making. There is increasing recognition that the impacts of organisations on society and the environment and their dependencies on natural resources and good relationships with stakeholders pose risks and opportunities. Public sector sustainability reporting: time to step it up (Adams, 2023) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) discusses the nature of sustainability performance information required by public sector organisations and sets out steps for them to improve their sustainability reporting and performance management.

Many universities post separate strategy documents on their website, indicating the importance they attach to the strategy itself. However, public reporting of performance against strategy is limited. Most also report sustainability performance information and targets on their website or in a separate report, but these are not subject to governing body scrutiny in the same way as KPIs used to monitor strategy.

2.2 Why this study and why now?

Against this background, the purpose of this report is to:

+ Increase our understanding of information and data that is monitored by university senior executives and governing bodies.
+ Identify publicly reported information that is reviewed by the most senior governing body.
+ Identify areas for improvement in accountability and performance monitoring and resources to facilitate that improvement.
+ Identify social and environmental sustainability information that is considered important to universities and their stakeholders.
+ Stimulate sector wide thinking about how universities articulate the value they create for stakeholders and accountability for their social, environmental and economic impacts.

The key audiences for this report and their interest in university accountability and performance monitoring are set out in Table 1. Many organisations consult their key stakeholders about what matters to them in determining what performance measures to include in external reports that are approved by the governing body.

Table 1: University stakeholders and their interest in accountability and performance management and monitoring

Stakeholder	Interest in university accountability and performance management and monitoring
Governing body	Governing bodies are required to monitor risks, identify opportunities and set strategy. This report will help them identify gaps in the information available to them for this purpose.
Senior executives	The availability of data allows performance monitoring and assists in decision making. The process of identifying material impacts and disclosing them builds trust with a range of stakeholders.
Prospective students and staff	Prospective students and staff make decisions about where to study and work based on information available to them. They may be concerned about diversity issues, environmental impacts, efforts to address sustainable development challenges through research and teaching, opportunities for community engagement and the relevance of their qualifications for work in a world with critical sustainable development challenges.
Students and staff	In addition to the concerns as prospective students and staff, this group want to be part of positive change and action. Data informs them where they can make a difference. Accountability and action plans to improve poor performance can build a sense of pride in their institution.
Providers of finance	High quality data signals the quality of management and governance oversight.
Regulators and ranking agencies	Metrics determined as important by the university sector, in consultation with a range of stakeholders, are likely to influence regulation and university ranking criteria to better align with those metrics.
Strategic partners	Strategic partnerships benefit from evidence-based information on a university's key capabilities plus the quality of management and governance oversight that can be inferred from good reporting.
Local communities	Information on how universities contribute to their local communities and the steps they take to limit negative impacts builds trust.

4 Approach to data collection

For this exploratory study, a small sample of university annual reports and governing body performance monitoring reports were examined in detail. Annual reports are approved by the governing body and the inclusion of information in them is therefore perceived as signifying the importance attached to it. Publicly available data on websites and other types of publicly available reports were not reviewed as these are not required to be approved by governing bodies. Confidential board papers from five of these universities were also obtained and reviewed. Papers reviewed only by board sub-committees were not included.

The sample was drawn from UK and Australian universities. Whilst the sample is small, it allowed for tentative identification of differences in performance measures favoured between universities across the two countries. Australia and the UK are in the top three countries by percentage submissions included in the top 100 universities in the Times Higher Education (THE) Impact ranking (see Table 2).

Table 2: Top three countries in Times Higher Education (THE) Impact Rankings 2023 top 100 universities

Country	No. of universities in top 100	No. of universities that submitted	% submissions ranked in top 100
Australia	15	24	63%
Canada	16	26	62%
United Kingdom	26	57	46%
Other	102[1]	1,591	6%

Source of data: https://www.timeshighereducation.com/impactrankings

Table 3 provides some information about the nine universities (five from the UK and four from Australia) whose annual reports were examined, including their university grouping and ranking in the THE impact ranking 2023. Five are in the world top 100 in the THE Impact Rankings 2023 and might reasonably be expected to undertake more comprehensive reporting and performance monitoring of their impacts on economies, society and the environment. More specific details of the sample are not provided to maintain anonymity of the five universities amongst these nine that provided board papers through Advance HE. The most recent annual reports available in May 2023 were selected. In addition to the board papers of five of the universities listed in Table 3 being examined, board papers from a further six universities were obtained and examined.

These documents pertaining to universities in Table 3 were uploaded to NVivo software and coded by content type (e.g. governance, risks, approach to value creation etc) or KPI type

[1] 3 universities tied in the 100th place

(eg. social, environmental, research, education, etc). Sub codes were used to identify KPIs on specific issues of interest (% of BAME[2] staff at senior levels, % of students from low socio-economic status (SES) backgrounds etc). This facilitated assessment of annual reporting practice by content type and KPIs as presented in the following sections.

A review of the content of the board papers from a further six UK universities, whose annual reports were not examined was also conducted.

Table 3: Sample of universities whose annual reports were examined

	University Grouping[3]	THE impact ranking 2023
	UK universities	
UK1	-	201-300th
UK2	Russell Group	Top 100
UK3	Russell Group	Top 100
UK4	Russell Group	101-200th
UK5	Million+	Not included
	Australian universities	
Aus1	Australian Technology Network	Not included
Aus2	Group of Eight	Top 100
Aus3	Innovative Research Universities	Top 100
Aus4	-	Top 100

[2] BAME standards for Black, Asian and Minority Ethnic and has been used by universities. However in March 2021 the UK Commission on Race and Ethnic Disparities recommended that the government stop using this term in order to "better focus on understanding disparities and outcomes for specific ethnic groups".

[3] See https://www.findamasters.com/blog/6299/a-quick-guide-to-uk-university-groups and https://en.wikipedia.org/wiki/Template:Australian_university_groups

5 Content of annual reports and KPIs in board papers

5.1 Education

Qualitative information disclosed concerning education included details about: student exchanges; international partnerships; industry partnerships; embedding sustainability into the curriculum (only one university indicated it had a systematic approach to this that was monitored); university awards and accreditations related to education provision; and improvements to digital infrastructure to enhance teaching and learning.

Changes over time in the student cohort data, for example, total number of students, % post graduate students, % international students, spread of country of origin of international students, graduate employment % and student satisfaction (see Table 4) is a key indicator of future revenue (and hence relevant to providers of finance). This information is also important to (prospective) students. Yet, as Table 4 demonstrates, reporting student cohort data for the current and previous years was at a low level. Additional information, not included in Table 4, reported by some universities included: proportion of students in university accommodation; number of applications; offers and enrolments; opportunities to study overseas.

Table 4: Student cohort and feedback data in annual reports

Disclosure topic	No. UK Universities (n=5)	No. Australian Universities (n=4)
Student cohort - general		
No. of students	3	3
No./ % of students by level (u/g, p/g)	1	2
Student cohort – internationalisation		
No./ % international students	2	3
No. of countries students come from	3	1
Details of countries students come from	1	0
Student outcomes / feedback		
Completion rates	0	1
Graduate employment %	2	2
Student feedback / Satisfaction (eg. National Student Survey (NSS), module feedback)	3	1

5.1.1 Suggestions to improve disclosures on education, learning and teaching

Reporting on education provision, learning and teaching could be extended to include:

+ linking qualitative and quantitative information disclosed with performance against university strategy

+ additional quantitative data that would be a useful indicator of performance against strategy
+ disclosing matters on Table 4 not already disclosed
+ increasing trend reporting
+ setting and disclosing targets that link to strategy and disclosing performance against previous targets
+ engaging with students and/or the student union to find out what matters to students
+ disclosing the steps being taken to integrate sustainable development matters into the curriculum.

Determining the value created by the education provided by a particular university might also require new data, not already collected. This might involve surveying alumni and/or employers to identify whether any specific attributes of the university's education provision have contributed to their overall well-being, value in the workplace or contribution to society.

5.1.2 Board KPIs on education and students

Board papers disclosed slightly more information than the corresponding annual report but were nevertheless limited. It is possible that the KPI reports submitted to Advance HE are not the only performance reports provided to governing bodies, but it is also possible that some governing bodies are not receiving information critical to business oversight, particularly regarding student cohort data.

5.2 Research

Annual reports and governing body papers focused on the inputs to research (such as total grant and other external funding received or research income as a % of total income). Some also reported on the outputs in terms of quality publications. Most annual reports provided some coverage of research projects and research partnerships that have a social, environmental and/or economic impact. More innovative disclosures and KPIs included expenditure on knowledge exchange facilities with government and industry, the value of research with industry and government, number of projects funded by different types of grant and a breakdown of grant income by grant source. One university provided trend data on its field-weighted citation impact benchmarked against the Russell Group median. Annual reports disclosed selected, presumably favourable, research rankings and Research Excellence Framework (REF) outcomes.

5.2.1 Suggestions to Improve disclosures on research

Greater provision of trend and benchmarked data would allow stakeholders to make more meaningful assessments and provide greater confidence that performance was monitored and managed and strategies for improvement put in place.

Reporting on research projects and collaborations with impact seemed ad hoc as no information was provided about how such projects were selected. More could be done to say how projects were selected for discussion and to elaborate on the impact of the research on societies, economies and the environment.

5.2.2 Board KPIs on research

Governing body KPIs focused on research income and various measures of research intensity and quality.

5.3 Value creation and delivering impact for society

Two of the British and one Australian university set out in diagrams how they create a positive impact on, or value for, society. These diagrams included the following elements:

UK2

+ the resources they 'draw from' (people, knowledge, networks and relationships, natural resources)
+ the 'impact' they have on each of these resources through research, teaching and knowledge exchange
+ the functions that support it (finance, physical estate and virtual infrastructure).

UK3

+ their 'enablers' (people, networks and partnerships, environmental sustainability, effectiveness and financial sustainability, physical and digital infrastructure)
+ what they do to 'create value' through these enablers
+ the 'outputs' (student satisfaction, graduate destinations, colleague engagement, research outputs, reputation, financial position and performance).

Aus1

+ the value they create for each of their key stakeholder groups (students, staff, friends and alumni, partnerships) or with their enablers (digital technology, campus infrastructure, smart and efficient working, financial stability)
+ the 'outputs' they create or develop with each of these stakeholder groups and the enablers
+ the 'impacts' they create with, or have on, each of these stakeholder groups and the enablers.

The other six universities did not address their approach to value creation in a systematic way.

5.3.1 Suggestions to improve disclosures on value creation and delivering impact for society

Presenting information about value creation visually across two pages is an excellent way of conveying a university's view of what it contributes to whom, with what and through what means or inputs. This involves identifying:

1. The key 'enablers', 'inputs' or 'resources' into the business model.
2. The key stakeholders that the university is having an impact on, creating value for, or making a difference to.

3 The processes through which that impact/value/difference is achieved (e.g. research, education, extra-curricular activities, etc).

4 The 'outputs' of the processes in 3. above (e.g. education delivered to address future workforce needs and enhance quality of life, contribution of research to addressing sustainable development).

5 The 'outcomes' for the enablers, inputs or resources identified at 1. above i.e. how are these inputs or resources enhanced or depleted.

Ideally the elements in such visuals would be linked to strategy, using common language and elements. Strategy would then likely evolve to focus on: which enablers or inputs should be enhanced and how; how the business model can be improved to enhance outputs and outcomes; risks and opportunities and their implications for strategy.

Limited reference was made to strategy in annual reports. The annual report provides an opportunity to discuss areas of success and challenges to achieving strategy.

5.4 Risks, opportunities and strategy

Only four of the nine annual reports (three British and one Australian) provided information that gave some indication in their annual reports that they had identified and managed risks. This information included: the matter giving rise to the risk, a description of the risk, the appetite for risk related to that matter, the likelihood or impact of the risk, actions to mitigate the risk and governance oversight of risks. The maximum number of these elements provided by any one university was four.

There was no explicit coverage of identified opportunities. Further, links were not explicitly made in reports between risk and opportunities and strategy, that is, how the risks and opportunities identified are addressed in the strategy.

Three universities (**UK3**, **UK4** and **Aus1**) provided excellent visual summaries of their strategy, several reference separate strategy documents, one (UK5) reported progress against strategy while some others made a brief reference to strategy.

5.4.1 Suggestions to improve disclosures on risks, opportunities and strategy

Reporting on risks, opportunities and strategy could be improved by:

+ providing more detail of risks, their likelihood and impact, actions to mitigate them and governance oversight
+ explicitly identifying key opportunities
+ linking risks and opportunities to strategy
+ providing a visual overview of strategy
+ setting and reporting targets that are linked to strategy
+ reporting progress against strategy and related targets
+ linking strategy to a statement about how the university creates value
+ providing links in annual reports to separate strategy documents available on websites.

Integrated Reporting Framework: risks, opportunities and strategy

"An integrated report should answer the question: What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?...Where does the organization want to go and how does it intend to get there?" Integrated Reporting Framework, IIRC, 2021, p44

SDGD Recommendations: strategy

"S 1 Describe how consideration of sustainable development issues has influenced strategy and its impact on the achievement of the SDGs and… disclose:

S1-1. The impact of risks and opportunities on the organisation's business model, strategy and financial planning (where such information is material);

S1-2. The nature and extent of scenario analysis to test the resilience of the organisation's strategy, considering the likelihood and magnitude of material sustainable development risks and opportunities;

S1-3. Value created for the organisation and its stakeholders through the organisation's approach to sustainable development issues and its impact on achieving the SDGs.

S 2 Disclose investments in and benefits generated from opportunities arising from sustainable development issues." (SDGD Recommendations, Adams et al, 2020, p13)

5.6 Governance disclosures

Informative governance disclosures in the sample annual reports included: governing body composition, role and membership of sub-committees, attendance at meetings, matters of governing body focus, approach to risk monitoring and statements of compliance with legislation. Some of this information was effectively summarised in infographics. But some key information was not present in annual reports.

5.6.1 Suggestions to improve governance disclosures

Governance information that does not change from year to year could be disclosed on the website and a link to the information included in the annual report. The annual report could focus on the work of the governing body and its sub committees during the year and provide insights into key challenges facing the governing body.

Governance disclosures could be checked against those included in GRI 2, the SDGD Recommendations and the Integrated Reporting Framework for missing information (see text boxes). Particularly important is information on the collective knowledge of the governing body. Such information on the skills of members of the governing body would allow readers to make an informed view of the depth and breadth of skills (see GRI 2).

Governance disclosures in GRI Standard, GRI 2[4]

Governance structure and composition
Nomination and selection of the highest governance body
Chair of the highest governance body
Role of the highest governance body in overseeing the management of impacts
Delegation of responsibility for managing impacts
Role of the highest governance body in sustainability reporting
Conflicts of interest
Communication of critical concerns
Collective knowledge of the highest governance body
Evaluation of the performance of the highest governance body
Remuneration policies
Process to determine remuneration
Annual total compensation ratio

[4] See GRI 2 for more information. GRI Standards can be downloaded free here.

Integrated Reporting Framework: governance

"An integrated report should answer the question: How does the organization's governance structure support its ability to create value in the short, medium and long term?" Integrated Reporting Framework, IIRC, 2021, p40

SDGD Recommendations: governance

"Describe the Board's integration of sustainable development issues into overall governance processes including oversight of:

G1-1. Material sustainable development issues;

G1-2. The sustainable development context and relevant sustainable development issues;

G1-3. Material risks and opportunities associated with sustainable development issues;

G1-4. The process of stakeholder identification and engagement and the role played by stakeholder relationships in enhancing the organisation's impact on the achievement of the SDGs;

G1-5. The integration of sustainable development issues into strategy;

G1-6. The appropriateness of the organisation's culture for encouraging a focus on sustainable development issues and innovation to respond to them….

G4 Describe the Board's competencies concerning sustainable development issues and the mechanisms (such as internal audit, performance incentives) used by the Board to effect oversight of processes to drive progress."
(SDGD Recommendations, Adams et al, 2020, p12)

5.7 Social indicators

5.7.1 General social issues

Several social issues affecting universities have had significant press coverage including sexual misconduct and sexual violence on campuses and staff on casual contracts. These issues received very little coverage in annual reports and board KPIs. Three mentioned sexual misconduct and sexual violence with no information about prevalence or actions taken. Only one mentioned casual workers. Further, only one university disclosed information on policy or performance on each of animal welfare, human rights and ethical conduct. Four reported having a policy on freedom of speech. All four Australian universities included some information on indigenous people with limited quantitative information and little consistency across the universities. Four mentioned staff training and support. Six universities made a statement on modern slavery. Six universities reported some information on health and safety with no consistency across universities.

5.7.2 Suggestions to improve disclosures on social issues

Universities could identify additional social issues to disclose by:

1. engaging with students, staff and other stakeholders to determine how the university impacts them (including how it understands and meets their expectations and creates value for them)
2. considering how the university influences matters such as the quality of staff, student outcomes and relationships with stakeholders and other matters that affect its ability to create value

Coverage and consistency of coverage could be improved by following globally accepted KPIs for material topics (see text box).

Key GRI Standards addressing relevant university social impacts[5]

GRI 401 Employment
GRI 402 Labour management relations
GRI 403 Occupational Health and Safety
GRI 404 Training and education
GRI 413 Local communities
GRI 414 Supplier social assessments
GRI 416 Customer health and safety
GRI 418 Customer Privacy

[5] Exclude standards related to diversity and inclusion – see next section

5.7.3 Board KPIs on social issues

KPIs in board papers examined did not include many of the social issues included in the corresponding annual reports.

5.8 Diversity and inclusion

Tables 5 and 6 note the number of universities reporting quantified data on a range of diversity and inclusion matters related to students and staff in their annual reports. Reporting was more concerned with telling a positive story than providing data by which performance could be assessed, managed and monitored. For example, positions in rankings on matters such as social inclusion were quoted where they were favourable.

Much of the data was provided for the current year, although one Australian university provided 12 years of data for the proportion of indigenous, women and disabled staff. In some cases, a percentage improvement was shown, but not the indicator itself. For example, one university reported the improvement in the BAME attainment gap, but not the attainment gap itself (it could have been very poor). Good reporting practice involves reporting data in a transparent manner.

5.8.1 Student diversity reporting

Table 5: Student diversity and inclusion data in annual reports

Disclosure topic	No. UK Universities (n=5)	No. Australian Universities (n=4)
Race		
% Black, Asian and Minority Ethnic (BAME) students	2	0
BAME/ethnic minority breakdown	2	0
% BAME students receiving 2:1/1st	1	0
Gender		
% of female students	1	1
Socio-economic background		
% from state schools	2	0
% first in family	1	0
% from low socio-economic status (SES) backgrounds	1	2
% first in family	1	0
"Mobility rate"[6]	1	0
Funding committed to assist students from low SES backgrounds	2	0
Age of students upon entry	1	0
Sexual orientation		
LBTQA+ actions	1	1
Disability		
No. / % of students identifying as disabled	1	1

[6] A measure of the proportion of students from low income backgrounds, and whether those students have moved up to the top of the income ladder by age 30.

Only one university made a comparison with national sector benchmarks, against which it performed favourably. The benchmark was for the proportion of BAME students and mature students, the favourable outcome on the former clearly due to its location in an area with a high BAME population.

Where a university claimed to have a strategy to improve something, such as advancement of people from low socio-economic backgrounds, it did not always report a quantified target or performance data. And while some university annual reports contained statements about the importance of diversity and inclusion and commitments to improve it, there was limited reference to actions taken to fulfil those commitments. However, some reporting on actions did occur in most reports, but reporting on the outcomes of those actions was less common.

While most reports mentioned some actions to address inequalities, none of the reports mentioned services for neurodiverse students, such as autistic students, students with ADHD and dyslexic students.

5.8.2 Staff diversity reporting

Reporting on staff diversity matters has a positive tone, generally without reference to areas for improvement but with reference to awards gained, favourable rankings and accreditations such as Athena Swan and the Race Equality Charter.

In addition to the matters included in Table 6, one university reported the number of men and women accessing paid parental leave and the proportion of staff with dependent children.

Table 6: Staff diversity and inclusion data in annual reports

Disclosure topic	No. UK Universities (n=5)	No. Australian Universities (n=4)
Race		
% BAME senior staff	2	0
No. of countries staff originate from	1	0
No. / or % of indigenous employees	n/a	3
Ethnicity pay gap	2	0
Gender		
% or number women	1	2
% women in senior roles	2	2
% women in senior roles in STEM subjects	0	1
% women among top earners	1	0
Gender pay gap	2	2
% staff with dependent children	0	1
% men and women accessing paid parental leave	0	1
Disability		
No. or % staff with a declared disability	0	1
Disability pay gap	1	0
Age		
Staff by age band	0	1

5.8.3 Suggestions to improve diversity and inclusion disclosures

Diversity and inclusion is a key concern to students and staff, the majority of whom fall in one or more disadvantaged groups in the sector's workforce or with respect to education. Providing information in annual reports signifies its importance, thus building trust and confidence that performance is being monitored and action taken. Reporting targets and performance against targets along with at least three years trend data increases this confidence.

The disclosures related to diversity and inclusion issues that are required by GRI Standards are set out in the text box. Reporting can be improved by increasing coverage of these along with indicators in Table 6 not already reported. There was no disclosure by the sample of universities of incidents of discrimination and corrective actions taken or incidents involving violations of the rights of indigenous peoples (GRI 406 and GRI 411).

KPIs in GRI Standards relevant to diversity and inclusion

GRI 402: *Benefits provided to full-time employees that are not provided to temporary or part-time employees; Parental leave*
GRI 405: *Diversity of governance bodies and employees; Ratio of basic salary and remuneration of women to men*
GRI 406: *Incidents of discrimination and corrective actions taken*
GRI 411: *Incidents of violations involving rights of indigenous peoples*

5.8.4 Board KPIs on diversity and inclusion

In the case of diversity issues, in contrast to other types of social issues, there was a tendency to provide more information in board papers than in the annual report. Nevertheless, where a university did not include an indicator in the annual report, it generally was also not included in the board KPIs submitted to Advance HE. Exceptions, where information was reported in board papers, but not annual reports, largely related to race. Data provided in board papers but not in that university's annual report included: a student ethnic award/attainment gap; an ethnic minority student breakdown; investment in student BAME; proportion of Black students achieving a 2:1/1st degree; % BAME staff and % applications from BAME staff shortlisted and offered, % of professorship applications from BAME staff offered; staff ethnicity pay gap; number of countries staff originate from. It was not clear from the papers provided whether governing bodies have oversight of incidents of discrimination.

Other matters sometimes reported in board papers, but not corresponding annual reports included: the proportion of students from low SES backgrounds; disability initiatives; the number of students accessing a disability and mental health helpline; % of women at all levels of staff; % applications from women shortlisted; disability pay gap.

5.9 Environmental indicators

While most universities reported some information on emissions, there was limited or no information on how emissions are calculated, or, in the case of Scope 3 emissions, what was included (see Table 7). No benchmarked data was provided, and the provision of trend data was limited to three universities. Some universities reported a net zero target, but there was limited or no information on how this would be achieved. KPIs reported by one or two universities in addition to total emissions were emissions by turnover, staff FTE, student headcount or square metre.

Initiatives to reduce water consumption and waste received little coverage as did quantitative reporting of data on total water consumption and reclaimed water.

Only two of the five universities for which board papers were collected included environmental KPIs in those board papers.

Table 7: Environmental data

Disclosure topic	No. UK Universities (n=5)	No. Australian Universities (n=4)
Emissions		
Scope 1 and 2 emissions (separately or total)	2	1
Scope 3 emissions data	2	1
Total emissions	1	2
Carbon offsets purchased	1	1
Carbon neutral target	2	3
Energy		
Energy consumption	1	2
Renewable energy generated	1	1
Water		
Water consumption	1	2
Reclaimed water	1	1
Waste		
Waste total	2	2
Waste recycled	2	1
Zero waste target	1	0
Biodiversity		
Biodiversity strategy/plan	1	2
3+ years trend data some indicators	1	2

5.9.1 Suggestions to improve environmental disclosures

Impacts on the topics covered in Table 7 are likely to be material for all universities. In the private sector these are typically reported in a comparable manner using GRI Standards.

The relevant GRI Standards are listed in the text box. Use of indicators in the GRI Standards allows comparisons with other sectors and facilitates skills transferability.

It is increasingly common for KPIs on material environmental impacts to be reported to the board and included in annual reports for private sector organisations. Universities could follow the practice in private sector annual reports of providing links to additional information provided in a separate sustainability report or on the website. The practice of involving internal audit or getting external assurance on these indictors is increasing and adds credibility to reported data. Targets, performance against targets and trend data should be reported for material impacts.

Coverage of the approach to assessing social and environmental impacts in the supply chain was lacking. Supply chain impacts, such as human rights and labour rights abuses, are a potential risk to a university's reputation.

GRI Standards addressing environmental topics

GRI 306 Waste
GRI 301 Materials
GRI 302 Energy
GRI 303 Water and Effluents
GRI 304 Biodiversity
GRI 305 Emissions
GRI 308 Supplier Environmental Assessment

5.9.2 Board KPIs relating to environmental issues

Only two sets of university governing body papers included environmental KPIs in those KPIs monitored against strategy. This indicates that net zero goals tend not to be included in top level university strategy. It may mean that governing bodies do not have regular oversight of progress towards net zero goal, or that this information is provided to them in separate reports.

5.10 Economic impact indicators

Some universities report information on assistance and knowledge transfer to business start-ups, grants awarded to local communities, shorter payment terms for rural vendors and vendors struggling with cash flow, expenditure on supporting students, efforts to assist students who missed out on formal education and, academic partnerships. But there was no consistency in this type of reporting regarding what was reported and how.

5.10.1 Suggestions to improve disclosures on economic impacts

The work that universities do has a significant economic impact on local and global economies. Their impact on economies comes through the education they provide (an economic impact for employers and communities), through research findings and through various types of engagement with communities. This economic value creation is not something the universities studied addressed. Value for money was instead a focus of a minority of the sample in the annual report.

GRI Standards addressing economic impacts

GRI 201 Economic Performance
GRI 202 Market Presence
GRI 203 Indirect Economic Impacts
GRI 204 Procurement Practices
GRI 205 Anti-corruption
GRI 206 Anti-competitive behaviour
GRI 207 Tax

5.10.2 Board KPIs relating to economic impacts

Beyond the university's own financial performance there was little coverage of economic impacts in governing body KPIs.

5.11 Additional governing body papers examined

In addition to the five sets of governing body KPIs relating to the nine universities whose annual reports were examined, papers from an additional six universities were collected by Advance HE. This section discusses the documents provided by these six universities and what they included.

1. A detailed '**Academic Quality and Standards Report**' providing quantified information such as completion rates at different levels, withdrawal rates, graduate outcomes, higher degree student numbers. In some, but not all cases trend data was provided and in some cases, benchmarked data was also provided. Targets were not provided. Narrative information was provided on indicators of quality sourced from external examiners reports, new course approvals and feedback on periodic reviews. Information was provided on education partnerships and key challenges.
2. A '**Strategic Framework Report**' incorporating groups of 'measures' for areas of strategic focus, the most recent data, trend information and a summary of progress. Mid-year reports included information on challenges in the key areas of strategic focus and risk management issues. Some measures were mapped to the UN Sustainable Development Goals.
3. A **review of KPIs** including quantified, time bound targets and proposed changes to KPIs to be monitored by the governing body.
4. A '**KPI Update**' with 18 KPIs grouped under four themes. Each KPI was defined, five years trend data provided and a time bound target for each KPI. A discussion paper about the proposed KPIs was considered by the governing body before the KPIs were set. Some new KPIs were included to measure performance against the university strategy. One of the KPIs related to a global ranking of universities, others related to diversity, the student cohort and research income. KPIs concerned with the University's impact included carbon emissions, colleague engagement, spin out companies, and graduate employability. Experimental KPIs included student engagement (attendance data and Moodle logs) and international partnerships. A traffic light system was used to assess performance against targets and explanations were provided for performance below target. An annex provided additional KPIs, not part of the strategic focus.
5. A **list of indicators** reported to Board on a bi-monthly basis including financial indicators, indicators on student numbers, student satisfaction, research funding, carbon emissions, overall confidence in the university.
6. One university provided several reports:

– A '**corporate scorecard'** covering a large range of indicators about the student cohort, staff and student diversity, carbon emissions, space utilisation and university rankings. For some of these six years of trend data and annual targets to 2030 was included.

– A report on '**Academic Quality and Standards'** which included an assessment of internal systems and processes, a summary of actions with due dates and responsible area, policy and other developments, areas of risk, student complaints, an action plan.

– A '**Board Assurance Framework'** detailing the names of a large number of separate reports on different areas of university performance and the 'assurances' the board was seeking from them. The reports listed covered different areas of strategy, EDI, risks in different business and functional areas, regulatory compliance, finance, governance effectiveness, litigation, remuneration.

– An extensive '**Health and Safety' report** setting out objectives, KPIs, sources of data for each KPI, data for the current year and targets for each of the next three years. It included monitoring of health and safety compliance training, building safety measures as well as accidents and injuries. A further extensive health and safety report provided details of different types of safety assessments and audit/review thereof.

7 Concluding reflections

The analysis undertaken finds significant gaps in university annual reports. It is possible and we have heard that additional reports go to governing bodies beyond those provided to Advance HE for analysis. Nevertheless, there are inconsistencies (that is, there is no standard approach) in the way KPIs are presented across the universities, for example, whether they included time bound targets, trend data and benchmarked data.

There were gaps in university annual reports relative to annual reports of organisations in other sectors. There were also gaps in fulfilling university stakeholder information needs. Outside the university sector, the annual report is an important source of information not only to providers of finance and other resources, but also to regulatory bodies and other stakeholders identified in Table 1. Its importance stems from it being approved by the governing body of the reporting organisation.

The importance attached to the annual report makes its preparation a competitive activity in most sectors where organisations strive to improve their reporting by:

+ benchmarking their annual reports against others in their sector
+ following global standards and guidelines.

These are approaches that universities could adopt along with considering the gaps identified in this report that are specific to university annual reporting and performance monitoring.

Policy makers and critical friends to the sector, such as the steering group for this Measuring What Matters project, have a role in assisting universities to meet this challenge and might use the following approaches:

1. Writing to Vice-Chancellors and Chairs of governing bodies about the benefits of better external reporting, particularly the Annual Report.
2. Providing services identifying where external reporting/annual reports can be improved and board KPIs reviewed to facilitate board oversight.
3. Running an awards system for annual reporting that assesses disclosure of the approach to value creation; who value is created for and how; disclosure of risks and opportunities; reporting of time bound targets and performance against targets; use of trend and benchmarked data; inclusion of key social, environmental and economic impact data; and inclusion of areas of poor performance and plans to address it.

Future thought leadership work might involve:

+ helping governing body members to better understand the challenges they face in assessing university performance

+ supporting university senior executives to better understand how the range of university performance indicators are managed and where additional governing body oversight would be desirable
+ providing more insight to enable university senior executives to better understand the perceived benefits of and challenges to improving annual reporting.

8 References

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