

Dr Gary Granville,
Interim Director,
National College of Art & Design,
100 Thomas Street,
Dublin 8.

19th February 2016

Subject: Strategic Dialogue Cycle 2 Outcome

Dear Director,

Further to my letter of 27th November 2015, I now confirm the outcome of the strategic dialogue cycle 2 process as it pertains to your institution.

In respect of the performance funding process, I can confirm that your institution has been placed in Category 3 and, accordingly, 2% of your institution's funding is being reserved. In line with our process, institutions have an opportunity to engage with the HEA before end Q1 2016 with proposals to address the issues arising in the review of the compact. At that time, a final decision will be made on the funding allocation. The HEA remains available to provide any clarifications as necessary.

The HEA is quite concerned by the performance demonstrated in your institution's self-evaluation report, but I look forward to your engagement with us in the coming months to address these concerns. Alongside the specific issues identified through this process, I would also remind you of the need for continued capacity building in our higher education system through a process of ongoing and further improvement. Each higher education institution's leadership is therefore encouraged to carefully consider the actions they might take in order to address both the individual and systemic issues set out later in this letter.

In assessing performance under the second cycle of strategic dialogue we have relied upon the self-evaluation report submitted by your institution, the "Reflections on Performance" document as prepared by the HEA, the discussion at our recent strategic dialogue meeting and any subsequent correspondence from your institution received by the mid-December deadline.

Please now find attached copies of this documentation, along with a final copy of your institution's performance evaluation report. The attached are final versions which have been updated to reflect any amendments provided in accordance with the process as set out last November. It is our intention to publish these documents on the HEA website in the coming days. Finally, I attach a copy of the Process auditors' report setting out their views on the conduct of this round of strategic dialogue.

A summary of specific aspects of overall performance as they pertain to your institution are as follows:

- A self-evaluation report providing details on progress in implementing compact objectives was provided however some targets were partially or fully incomplete;
- Some critical analysis and self-reflection on this performance was provided. Institutional awareness on the need for clarity around institutional priorities, the plan to meet those priorities was also evident;
- A greater focus on a smaller number of high-level strategic objectives which include a better balance between process and outcomes (and what these outcomes mean to the institution) is required;
- An early example of this might be more targeted planning with a stated objective of returning the institution to financial stability, so as to protect the longer term performance of the institution;
- Performance on targets around research, student numbers, income generation, participation and internationalisation domains also warrant careful consideration;
- This strategic process should be particularly beneficial to institutional thinking on the development of more integrated planning processes to address cross-institutional issues;
- In this way, the compact objectives and targets need to be revisited with a view to ensuring that they are outcomes focussed, rather than input-based, and priorities should be framed in that context.

I should also like to outline the following general feedback from cycle 2 of strategic dialogue which was informed by input from the HEA Board and our external advisors to the process:

General context

- This round of strategic dialogue has taken place during a period of significant public sector reform. The engagement, and subsequent system level report, provides an opportunity to communicate the strengths of a responsive and well-performing higher education system that continues to provide quality higher education in order to meet Ireland's needs.
- Overall the level of system performance has been strong and there are some fine examples of good practice such as the benchmarking of performance and the sharpening of indicators at school, departmental and institutional levels. This is being achieved notwithstanding seven years of reducing resources alongside a significant growth in the provision of student places.

Improving the system

- The best performing higher education institutions have demonstrated good progress and an ability to move beyond a simple process-driven approach to their strategic intentions. Over time, all HEIs should become more outcome-focused and have clear priorities grounded in a stated institutional strategy such as, for example, stated priorities to serve a particular cohort of students, to advance gender equality, to differentiate the institution, or to make a regional, national or international contribution to education, society, research and/or enterprise.
- There are, however, some areas of practice which need significant improvement. In some cases the evidence of a focused and strategic approach to institutional direction and management was not strong. In other cases, evidence of a coherent plan to address performance failure or impending performance failure (with reference to the published performance compact) was not clearly articulated.
- In order to address these concerns institutions should, where there are weaknesses at institutional, faculty or disciplinary level, seek to review their objectives and better incorporate the use of benchmarking (as a means of setting a context for the statement of institutional ambition) to ensure that strategic goals:
 - are appropriately linked to overall institutional strategy;
 - represent a performance stretch in ambition;
 - strike an appropriate balance between process and outcome.

- Related to this benchmarking process, there is a continuing need for institutions to ensure that they are prioritising between (and across) their chosen compact domains so as to reflect and build on the institution's particular mission and strengths.
- For those high-performing HEIs there remains a need to continually improve their offer so as to maintain their international standing and relevance. In considering the future development of the strategic dialogue process, the HEA will also reflect on how engagement in the process can foster the setting of higher risk, or stretch, targets while accepting that not meeting such targets may not represent failure.

The HEA is of the view that careful strategic prioritisation alongside the benchmarking of relative performance can act as an assurance to higher education institutions, but also collectively serve as an indicator of overall national performance. Given the competitive international environment in which individual HEIs, regions and indeed Ireland compete, it is also imperative that poor performing HEIs address any deficits. Where institutional performance is sub-optimal this should be a concern for both the management and governance functions of a higher education institution. There is a responsibility and accountability that lies with Governing Bodies where institutional performance is not strong and therefore an onus on Governing Bodies to respond.

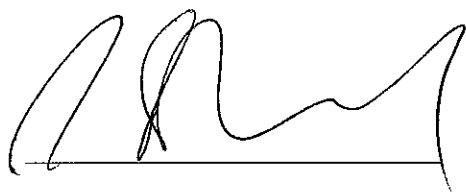
In HEIs' consideration and development of current and future strategic priorities, the HEA would also emphasise the need for institutions to have regard to ongoing and evolving policy priorities such as:

- Support for the ongoing *Transitions Agenda*;
- The *National Plan for Equity of Access to Higher Education, 2015-2019*;
- The need for flexible, innovative and interdisciplinary skills provision, to meet the changing needs of participants, enterprise and the community as set out in the *Action Plan(s) for Jobs*; the *National Skills Strategy 2025*; and, the *National Policy Statement on Entrepreneurship*;
- Research activity, regional skills fora and the delivery of the ambitious targets as set out in *Innovation 2020* and *Enterprise 2025*.

Finally, the need for oversight and accountability (for performance and for public funding), cannot be overstated. The 2015 round of strategic dialogue was the second cycle of a process designed to ensure responsiveness and accountability at an all-

institution and system level. The process is, however, at an early stage and the 2% performance funding adjustment applied in 2015 was therefore considered appropriate for this round. In the future, as the process matures, the HEA will continue to use strategic dialogue to recognise good performance but will also use the full performance funding scale (withholding up to 10%) as a means to drive performance and accountability across the system.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tom Boland', written over a horizontal line.

Tom Boland

Chief Executive

cc. Chair of NCAD Governing Body