

**REVIEW OF THE MERGER BETWEEN
CARDIFF UNIVERSITY AND UNIVERSITY
OF WALES COLLEGE OF MEDICINE**

26 MARCH 2007

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ABBREVIATIONS USED IN THIS REPORT

HEFCW	Higher Education Funding Council for Wales
WAG	Welsh Assembly Government
Cardiff	Cardiff University pre merger
UWCM	The former University of Wales College of Medicine
the University	The merged institution
QR allocation	Quality Research allocation
SRIF	Science Research Investment Funding
JIF	Joint Infrastructure Funding
RAE	Research Assessment Exercise

1. EXECUTIVE SUMMARY

- 1.1 This report reviews the outcome of the merger between Cardiff University and the former University of Wales College of Medicine and the processes by which it was supported through the Reconfiguration and Collaboration fund.
- 1.2 The merger was the first and largest funded merger supported by the Reconfiguration and Collaboration fund and in many ways paved the way for subsequent projects.
- 1.3 In overview terms the merger has been highly successful, meeting and in places exceeding a substantial majority of the specific and strategic objectives set.
- 1.4 Research grant funding has risen from £58m p/a to £77m p/a since merger and there is every indication that it is on track to more than double by 2010, in line with the original merger business plan.
- 1.5 The merged University has established a comprehensive infrastructure to support continued growth in quantity and quality of research work, including the appointment of research academics of international stature. This has resulted in a significant rise in some external indicators, for example in the Times Higher Education Supplement league table of international research institutions Cardiff did not figure pre merger. In 2005 it was ranked 228th and in 2006 141st.
- 1.6 The merger received £15m of grant support funding and an offer of £8.2m repayable grant funding from the Reconfiguration and Collaboration fund. In general the processes for approval and implementation of this merger support funding were well founded and operated properly.
- 1.7 Some process issues arose, in the main as a result of this being the first project to be funded under the Reconfiguration and Collaboration initiative and because of the scale of funding and the level of public scrutiny. Issues also arose from the inherent difficulties in a two stage, agent and principal (HEFCW and WAG), approval process, subject to Ministerial consideration.
- 1.8 These manifested themselves in:
- ❑ Different expectations of timescale and concerns about delay;
 - ❑ Late negotiations about the level of funding support resulting in some disruption and disquiet;
 - ❑ A requirement to re-present the business case at a late stage;
 - ❑ Inadequate communication and agreement of target outcomes.
- 1.9 These issues could be substantially addressed with:
- ❑ Early and full communication between the parties to agree process and timetable;
 - ❑ Better appreciation of the process and requirements of other parties;
 - ❑ Refinement of the process for testing/negotiating the level of funding support awarded;
 - ❑ Refinement of the approval process between HEFCW and WAG (in particular greater clarity/agreement on process roles).
- 1.10 In respect of the last point we understand that the approval processes have been streamlined for subsequent Reconfiguration and Collaboration Fund projects. We have provided recommendations for further detail refinement and other lessons learned in Section 7 of this report.

- 1.11 The process for the merger itself between the institutions was generally very successfully achieved. This was helped by the strength of strategic fit between the organisations but ensured by:
- Early, comprehensive agreement as to senior management structure;
 - Robust project management processes.
- 1.12 The one major shortfall was the failure to obtain final parliamentary approval for the merger on time, requiring the use of alternative temporary legal mechanisms. The responsibility for delivering this approval lay with professional agents and was outside the University's direct control.
- 1.13 There were also some relatively minor issues relating to the transfer of financial risks and the management of organisational change. In all cases we have recorded the lessons learned in Section 7.
- 1.14 Finally, support funding has delivered considerable benefits by way of merger outcomes, but the institutions point out that continued support funding is critical to maintain international competitiveness of the merged institution.

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2. INTRODUCTION

- 2.1 We have been commissioned by HEFCW to undertake a review of the merger between Cardiff University and the former University of Wales College of Medicine which effectively took place in August 2004, ratified by Act of Parliament in December 2004.
- 2.2 The purpose of this review is to:
- Check progress towards the forecast outcomes and benefits.
 - Review the processes and procedures used to evaluate, approve and implement the merger.
 - Identify lessons which can be drawn from this experience which can be applied, particularly in future collaborative ventures in the higher education sector in Wales.
 - Offer recommendations.
- 2.3 We have conducted the review from a desk study of documents relating to the merger (listed in Appendix 1), supported by interviews with members of the University staff and HEFCW. Appendix 2 is a copy of the interview agenda which we used in this process. In many cases there have been subsequent telephone and email exchanges.
- 2.4 This report is presented in the following sections:
- Background to the merger
 - Evaluation and Approval process
 - Merger Implementation
 - Outcomes
 - Lessons Learned
 - Conclusions and Recommendations
- 2.5 We have adopted the following terms to describe the various institutions pre and post merger:
- Cardiff University pre-merger – **Cardiff**
 - Former University of Wales College of Medicine – **UWCM**
 - Merged University – **the University** (or Cardiff University if required for clarity)
- 2.6 Wherever it is useful we have identified the documents listed in Appendix 1 from which we have drawn conclusions by their reference numbers thus: (1,5,18). On many occasions the same information can be derived from multiple sources and we have used only the main reference unless others add clarity.
- 2.7 Appendix 3 is an overall chronology of the merger process, based on one supplied by the University (62) with other key milestones and dates added by ourselves.
- 2.8 We would like to thank HEFCW and University staff for their time and unstinting assistance in helping us to prepare this report.

3. BACKGROUND

History

- 3.1 The merger in 2004 could be said, in one sense at least, to have reverted to the situation which existed in Cardiff prior to 1931, when a number of medical departments within the then University College of South Wales and Monmouthshire were allowed to separate and form the Welsh National School of Medicine as a constituent School of the University of Wales.
- 3.2 In 1984 the School adopted the name University of Wales College of Medicine and by the time of the merger in 2004 UWCM had extended its subject areas to cover a range of health related disciplines as well as medicine.
- 3.3 The two institutions retained very close ties throughout this history. UWCM medical and dental students completed the early stages of their degree tuition at Cardiff and there was extensive collaboration and cooperation in joint research ventures.
- 3.4 In 1996 the institutions formed a Partnership Board to promote and facilitate better co-operation.
- 3.5 In 2001 new Vice Chancellors were appointed in both institutions and in 2002 WAG published their review of Higher Education in Wales, including the requirement that institutions explore opportunities to achieve efficiencies through collaboration. These events triggered a more intensive review of collaboration opportunities which ultimately resulted in the merger.

Strategic considerations

- 3.6 Cardiff has always been a learning institution with a very strong research base. The merged University is by a long margin the pre-eminent research institution in Wales. They receive 61% of the QR allocation (58) and are expected to draw in half of the total research funding coming into Wales.
- 3.7 Pre-merger Cardiff had a weakness in their research capability, compared with their competitors, in that they did not have a school of medicine.
- 3.8 UWCM, on the other hand, were one of only two colleges of medicine not connected to a major research university and were suffering in their attempts to attract major research contracts and associated academics of international status.
- 3.9 The new boundaries of medical research are increasingly in the areas of physics, chemistry and engineering, all areas of particular research strength at Cardiff.
- 3.10 Finally Cardiff was in a strong financial position whilst UWCM were relatively weak. It is difficult to conceive of a better strategic fit between two organisations.
- 3.11 This is not to belittle or minimise the many very real issues and problems that had to be overcome to achieve the merger, but the reasons for doing so were very strong.

Relationships

- 3.12 Another critical element enabling the merger was the relationship between the newly appointed Vice Chancellors. Before either had been formally appointed to their posts they had met and agreed that the strategic environment led to a compelling need for their institutions to work extremely closely together.
- 3.13 They had further agreed that if this meant merger what their respective roles would be in the merged organisation.

4. EVALUATION AND APPROVAL PROCESS

- 4.1 As set out in Appendix 3 (merger chronology) in 2002 serious consideration was given to the best vehicle for very much closer collaboration between the institutions. This culminated in a recommendation to merge and preparation of an appropriate business case to support this (3).
- 4.2 This business case was presented in a way to address the requirements, newly published by HEFCW (1), for institutions to apply for support from the, then recently established, Reconfiguration and Collaboration Fund. The Cardiff/ UWCM merger was the first to be considered for support from this fund and we acknowledge that there was an inevitable substantial learning process for everyone involved in supporting the merger.
- 4.3 This process followed a conventional path through the following steps:
- ❑ Initial business plan and proposal from the merging organisations(3)
 - ❑ Written responses to requests for clarification and more information (6)
 - ❑ Negotiations between the merging parties, HEFCW and WAG culminating in a formal request for merger support funding from HEFCW to WAG (18)
 - ❑ Approval of funding from WAG to HEFCW (19)
 - ❑ Notification of funding approval and framework and conditions for its drawdown from HEFCW to Cardiff (20).
- 4.4 In the main this process proceeded smoothly with good cooperation between the parties, particularly taking account of the fact that it was the first time the path had been trodden.
- 4.5 As far as can be determined from the available documentation the key process elements described in guidance note W02/47 HE (1) were followed and the business case produced (3) covered all the elements identified in the guidance note, and indeed the more comprehensive guidance note W03/65 HE, which post dates the application.
- 4.6 There were, however aspects of the process which merit closer examination and we have focussed on these in the remainder of this section, identifying opportunities for improvement where appropriate.

Process Development

- 4.7 It has been noted in the introduction to this section that the process was under development as this project progressed. A great deal of this development and evolution occurred at a relatively late stage in the process at or near the point of final approval. The impact of this was to put considerable pressure on both the Institutions and HEFCW.
- 4.8 The chronology in Appendix 3 sets out the sequence of events and timings in some detail. It is helpful for clarity to lay out the key stages in the process leading up to approval as follows:

Date	Events
March 2003	Councils of UWCM & Cardiff agree merger in principle subject to satisfactory funding agreement with HEFCW & WAG.
April 2003	Formal start of funding request process under the Reconfiguration and Collaboration programme.
30 May 2003	Business plan submitted to HEFCW. (3)
1 August 2003	WAG confirm that HEFCW are responsible for agreeing outcomes and deliverables with Institutions. (7)

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26 September 2003	HEFCW offer Institutions £12.6m funding (following "in principle" approval from WAG) against a need of c£23m identified in business plan. (9)
27 September – 6 October 2003	Negotiations between Institutions, HEFCW & WAG leading to proposed offer of £15m grant plus £8m repayable loan. (15)
10 October 2003	WAG confirm £15m + £8m in principle but request additional information and evidence of commitments to short and long term deliverables and outcomes. (16)
20 October 2003	Submission from HEFCW to WAG in terms of document 16. (17, 18)
10 November 2003	WAG approval of funding

- 4.9 It is clear from this summary, and confirmed by those involved, that there was a period of intense activity in the first 3 weeks of October 2003, five months into the process, where the Institutions, HEFCW and WAG were involved in what has been characterised as "frenzied" discussions/negotiations on the amount of funding to be provided to support the merger and the manner in which the request was to be presented. During this period the defined outcomes by which the merger was to be assessed subsequently were also changed. Much of this activity appears to have resulted from changes in view as to the respective roles of HEFCW and WAG in the approval process.
- 4.10 These discussions/negotiations were complicated by the fact that the Institutions required approvals from their Councils as they negotiated and, similarly, HEFCW officers required approvals from their Panel/Council and then the Welsh Assembly Government via officers and Ministers.
- 4.11 It appears that a good deal of this last minute hiatus was a result of changes to process and the fact that this was the first time that it had been undertaken. Notwithstanding this, we have been advised that during this period there was substantial collaboration and goodwill on all sides to make the process work.
- 4.12 The eventual approval format developed for this merger has been retained for all subsequent projects under the Reconfiguration and Collaboration fund and to a large degree represents a lesson already learned.
- 4.13 The main impact of this evolution of process in this period was a disruption of the project timetable, uncertainty about finances and some disagreement about the targeted outcomes for the project – all of which are discussed below.

Project timetable

- 4.14 In the initial business plan submitted to HEFCW in May 2003 it was planned that implementation work would commence in July 2003 to enable a target date for merger of August 2004 (to coincide with the start of the new financial year).
- 4.15 In the event, final approval for support funding was not received until November 2003, enabling implementation work to commence. Notwithstanding this 4 month delay (July to November) the target date for merger was not changed, nor, as far as we can establish, was the scope of the planned pre merger work. This placed additional time pressure on the project. It is clear from the documentation that a key driver of the pace of negotiations and approvals was the fact that the project timetable would be unachievable if it were delayed any longer.
- 4.16 However, as noted in the next section, almost every aspect of the project was actually delivered within the planned time frame, the only exception being Royal assent to the necessary parliamentary bill.

- 4.17 It is arguable that the original timetable was overly ambitious, particularly as this was the first merger to be supported by the new Reconfiguration and Collaboration Fund. HEFCW advised the Institutions of the steps involved at an early stage (2) and warned that the process could be delayed by the requirement for Assembly involvement and the fact that the entire funding support process was being developed as this merger was being assessed.
- 4.18 In terms of learning points on timescale it is clear (as already noted) that much has already been learned. We are aware of a recent merger like arrangement that was progressed from proposal to completion in nine months, suggesting the arrangements for dealing with these projects is better honed.
- 4.19 It is clear that Institutions must make their own estimates as to how quickly their project can be progressed and they face a balance in doing so between their own strategic needs and the requirements to satisfy HEFCW and WAG due process to obtain support funding.
- 4.20 It has been noted that the approval process under current structures is a two step one; firstly between the institutions and HEFCW and secondly between HEFCW and WAG. This two stage process adds to timescales. Within each organisation there are additional approval steps involving Councils, Boards and the assessments of legal and compliance officers.
- 4.21 Institutions need to recognise this process and the timescale requirements for it. Similarly, WAG and HEFCW should also recognise the timing and process requirements of the Institutions themselves and seek to accommodate these wherever possible. A key lesson learned is the need for full and open discussion on timescales between all of the parties and an early understanding of each other's requirements, processes and constraints.
- 4.22 Whilst this lesson has, in our experience, been largely learned, the process of negotiation is essentially unchanged, which is discussed in the next subsection.
- 4.23 We would add the general observation that because the project plan in this case was designed to create a merger to coincide with the end of the financial year, delays to it would, in principle, be in increments of years. Although a change at financial year end is simpler than one inside a year, in our view there is no substantive reason why a mid year merger should not be considered as an alternative to a year end merger.
- 4.24 We recommend that if in future projects a very tight timescale is predicated by an approaching year end, HEFCW should suggest to Institutions that they consider alternative change over points to enable a more flexible timetable. This would compensate for the somewhat more complicated process requirements.

Process for Negotiation of Merger Support Funding

- 4.25 Throughout the period from May 2003 to the end of September 2003 Cardiff and UWCM were evaluating expected merger costs from "bottom up", to account for all the elements of a very complex project. Throughout this period they kept HEFCW officers appraised of the elements and basis of calculation and believed they were working cooperatively to derive the appropriate level of funding required to deliver the project.
- 4.26 At the end of September the Institutions received a funding offer significantly less than they had calculated as necessary to deliver the merger resulting in the three weeks of intensive activity described previously.
- 4.27 During this process the viability of the whole project was, in the view of University staff, in balance; notwithstanding several months of activity, staff communication and in principle approvals from the respective Councils. This was not conducive to smooth change management.
- 4.28 When we discussed this with officers from HEFCW they recognised this as how funding negotiations are usually ordered between themselves and institutions, albeit this example was particularly exacerbated by the fact that the processes were essentially under development.

- 4.29 To a large extent such processes are always ultimately a matter for negotiation and it is the responsibility of the grant awarders not to give away more public money than the recipient organisation strictly needs.
- 4.30 This “testing” of the level of funding required is of necessity an iterative process, with no simple objective measure of whether the funding requested is fully required. However in terms of opportunities to improve, there would be merit in not having these negotiations in such a make or break, “confrontational” style so late into the process.
- 4.31 There are standard negotiation processes, widely used on large scale capital projects, which iterate towards a negotiated solution as the project design evolves, enabling both parties to have reasonable certainty of where they are and in particular reduce the degree of last minute hiatus.
- 4.32 It is a feature of such negotiation processes that both parties must be able to formally commit themselves at each stage in the process, either immediately or with a short approval process.
- 4.33 This is challenging when there is a two step approval regime, described in paragraph 4.20, above, coupled with the fact that decisions relating to the Reconfiguration and Collaboration Fund can be affected by the wider political environment.
- 4.34 Nevertheless there are many examples of iterative negotiation in the similar, and in many ways more challenging, area of government procurement of high value, high risk projects. Both DfES and DH have developed processes for cooperative negotiation to an agreed fair fee within a competitive environment. We believe that these models offer a framework from which a more effective way of determining appropriate grant support for complex Reconfiguration and Collaboration projects could be developed.

Agreement on Outcomes

- 4.35 Another less than ideal aspect of the evaluation and approval process in this merger was a failure to clearly agree between Cardiff/UWCM, HEFCW and WAG exactly what long term outcomes were to be delivered by the merger.
- 4.36 We believe that this problem was very much a product of the “frenzied” activity in October 2003 and the reworking of the funding proposals to WAG which created some misunderstandings as to what target outcomes had actually been agreed between the parties. It also reflected the evolution of process during this period, particularly with regard to the nature of the target outcomes which would be key for WAG.
- 4.37 We understand that subsequently the process of establishing an explicit relationship between grant provided and outcomes expected has been tightened up in other merger projects and have therefore simply briefly set out the facts for the record and described how we have addressed the inconsistency in target outcomes in order to prepare this report.
- 4.38 The funding approved by WAG (19) was given against a proposal document from HEFCW (18) advising the outcomes from the merger and how these would be monitored. These were split between short term deliverables relating to the merger process itself and longer term strategic outcomes from the merger, as per the HEFCW guidance documentation (1).
- 4.39 The list of some 70 specific, unambiguous, short term deliverables for the merger process were agreed between Cardiff and HEFCW and published in document 18. Subsequently Cardiff produced a number of progress reports (43,48,55) detailing achievement against this list, about which there is no ambiguity.
- 4.40 In respect of the longer term strategic objectives, expectations of strategic outcomes against relevant criteria had been included in the text of the Institutions’ original business plan submitted to HEFCW (3). These were discussed between Cardiff, UWCM and HEFCW and a draft schedule based on them was included in the business plan (18).

- 4.41 Cardiff/UWCM were however uncomfortable about committing to all of these outcomes, as several of them were out-with their control or influence and it was decided to include them with the caveat "To be confirmed by 30 June 2004"
- 4.42 Subsequently Cardiff provided HEFCW with a detailed breakdown of the strategic outcomes which they were happy to commit to (41), based on their existing internal strategic objectives and including most of the items from the original schedule. Updates on progress towards these were included in the progress reports (43,48,55)
- 4.43 As detailed in Section 6 there is only one objective in the WAG accepted list which does not feature at all in the list in document 41. This refers to increased levels of employment. The other differences between the lists are in relation to indicators by which the outcomes would be measured.
- 4.44 It is not clear whether WAG were formally advised of the "confirmed" strategic outcomes put forward by Cardiff; we have not seen any documents suggesting that they were.
- 4.45 It appears WAG did not register that the strategic outcomes had been changed from the list included in document 18 as in September 2005 they requested an update on progress against the original outcomes list (52) and HEFCW in turn requested the relevant information from the University (53). There followed an email exchange in which the University re-iterated their understanding that the agreed strategic outcomes were as per the list in document 41.
- 4.46 Our commissioning instructions for this project retained references to items which had been included in the document 18 list, but excluded in document 41, suggesting that there remained an element of misunderstanding in this area.
- 4.47 In order to clarify matters we have inserted the key outcomes sought by WAG in document 52 into the list from document 41 in such a way as to clarify the common ground and differences. This list is included in Appendix 4.
- 4.48 We have worked with the University to judge progress on all these objectives on the basis of the understanding that they are unable to take responsibility for those elements outside their influence and control. The results of this are detailed in Section 6 below.
- 4.49 Whilst it is a failing in process that the performance measures by which the outcome of the merger were to be assessed were not fully agreed at the time, the degree of divergence appears to have been relatively inconsequential for the most part and there are extenuating circumstances explaining how it occurred. In any event we hope that analysis in Appendix 4 helps to resolve this matter going forward.

5. IMPLEMENTATION

- 5.1 The merger project was managed under a very robust project management framework which has ensured that, to all intents and purposes, it was very successfully implemented. We should also record that in the opinion of everyone interviewed this success was in no small measure due to the excellence of the project manager, Dr Sue Hybart.
- 5.2 Soon after joining Cardiff the Vice Chancellor identified that the University did not have consistent project management processes or robust policy deployment to ensure achievement of strategic objectives. .
- 5.3 He instigated projects to develop appropriate tools for both. As a result the University established its own project management framework. This framework was tested on several smaller projects before being used on the merger exercise to good effect.
- 5.4 In July 2005 Deloitte undertook an audit of the project management process as it had been applied to the merger (51) comparing it with the industry standard, Prince 2. They concluded that it was equivalently robust, offering only one relatively minor recommendation for improvement.
- 5.5 We have not undertaken an equivalent in depth exercise but on the basis of what we have seen we would concur with Deloitte, adding perhaps that the University's project management processes have a great deal in common with Prince 2 and mirror all the fundamental elements.
- 5.6 The management structure for the project was presented to WAG and HEFCW in June 2004 (39). In summary, a Merger Commission was established reporting to the Councils of both institutions. Reporting to the Commission was a Project Steering Group (made up of key operational decision makers) who oversaw the project management process and the work of a number of implementation groups with specific project objectives.
- 5.7 The project was directed with reference to the business case; managed by monitoring concrete deliverables; approved in stages; and managed risks with a live and dynamic process – all hall marks of robust project management.
- 5.8 A feature which is additional to Prince 2 methodology was the role of independent reviewer. This is essentially an audit role filled by a member of Council whose reports (5, 10, 21, 34, 36, 40, 42, 47) provide a very clear picture of the generally controlled progress of the project.
- 5.9 We would certainly draw the learning point from this that a robust project management process with clearly defined roles and deliverables is essential for success in delivering this type of merger.
- 5.10 There are a couple of specific aspects of the implementation process which those involved thought were either particularly effective or could have been done better. These are considered below.

Communication and involvement

- 5.11 A key element of the project was the combining and restructuring of all support service departments within the two institutions. In each department a review of what was best in the two existing departments was undertaken and decisions made to adopt one or the other or start afresh using the best of both. This was a very disruptive, though necessary, process.
- 5.12 Great lengths were taken to engage the people involved, with conferences and working sessions arranged for everyone involved. These included break out groups where the staff from the two institutions mingled and worked out solutions to problems.
- 5.13 Similarly the detailed implementation work for this restructuring was almost entirely undertaken by people who worked in the departments concerned.

- 5.14 Finally a series of open meetings were held to get general and specific feed back on the process and to ensure that the objectives and progress of the project were disseminated as fully and interactively as possible.
- 5.15 Those involved believe that these actions achieved good buy-in to the changes and were an important element in the successful implementation. There can be no question that they are best practice and are recommended to any organisations going through such changes.

Senior appointments and dissenting voices

- 5.16 Whilst there is little doubt that the project was essentially successful it would be wrong to say there were no problems along the way.
- 5.17 A particular area where it has been identified that there were real difficulties was in the appointment of the senior posts in support services. These functions in both institutions were completely restructured, reducing 5 board level support departments at UWCM and 10 at Cardiff to 7 new directorates in the University with the consequent loss of 8 senior posts.
- 5.18 Assurances had been given in early discussions with staff that there would be no compulsory redundancies as a result of the merger process. Therefore there was no cost advantage from making early decisions on who would be appointed and who not.
- 5.19 The view was taken that it was better to retain the expertise and commitment of all the senior staff throughout the amalgamation process and then decide who was to be appointed (through appropriate processes) towards the end.
- 5.20 There is a widespread view that the uncertainty and resulting disruptive behaviour outweighed the benefit. In our opinion this is always a difficult judgement to make and the balance of benefit can only be assessed on a case by case basis. We have seen contrary situations where early restructuring / rationalisation before merger has created significant concerns and disruption, not least from reducing the resources available to implement the merger.
- 5.21 We understand that there were more predictable dissenting voices arising from humanities' and non-science based departments and schools in Cardiff concerned that the investment in the merger with UWCM would be at the expense of investment in their own areas of research.
- 5.22 Similarly there were occasions when those from the much smaller UWCM became alarmed and concerned that the merger with Cardiff would be more accurately described as a take over – particularly as the arrangements between the Vice Chancellors had already been settled in that direction.
- 5.23 This latter concern was eased by the fact that the chair of the Merger Commission was a former member of both UWCM and Cardiff Councils and further neutralised when three of the seven senior appointments were made from former UWCM heads of department.
- 5.24 We would offer one observation from the foregoing that whilst the project clearly included a large amount of good change management practice, it was used in a piecemeal, embedded way rather than strategically. By this we mean that for each element of the change due consideration was given to the attitudes of the individuals involved and actions and activities introduced to engender engagement and buy in to the solution. There was also a substantial layer of general communication and opinion gathering/forming.
- 5.25 However in our experience it is helpful with projects of this type and magnitude to formulate a detailed change management strategy at the initial project planning stage which identifies the entire change management requirements for the organisation(s), highlighting, for example, individuals and groups whose attitudes have a disproportionate impact on the whole and specific change needs for those not directly involved. These requirements are then converted into actions which are integrated into the project plan from the top down.

- 5.26 It is possible that more analysis at the earliest stages of the project would have led to strategies which would have addressed the problems experienced with senior personnel. We would emphasise that this observation is a more a matter of fine tuning than significant weakness.

Royal assent

- 5.27 The only key deliverable for the project which was not achieved on time was the completion of the Act of Parliament required to enable the merger. Instead an alternative legal device had to be used as a temporary measure until the bill had been passed and received Royal assent.
- 5.28 To a degree this was an issue which was outside the control of the project management team, requiring the effective services of a Parliamentary Agent to manage the process.
- 5.29 We believe that the agents were fully informed of the requirements and timetable and provided assurances when commissioned that they could deliver the requirements within the timetable, but subsequently failed to do so and failed to keep the University informed of likely delays when those became apparent to them.
- 5.30 In the event an effective alternative solution was found in time, vindicating the project/risk management process' ability to deal with contingencies.
- 5.31 In terms of learning points the University's recommendation is to use a different agent! In addition, the University advises that universities going through an Act of Parliament need to closely manage the agents throughout the process. We have not followed up to investigate the agent's opinion on the matter as we consider this to be outside our brief.

Financial review and due diligence

- 5.32 At the time the financial due diligence was being undertaken the £15m Wellcome Building construction project was in progress in UWCM. There were problems with quality and workmanship alleged by the College and un-planned access restrictions being claimed by the Contractor. The building is prestigious, complex and sited on the Heath hospital site - all factors which made the project more problematical.
- 5.33 Through due diligence Cardiff was made aware of the potential dispute between UWCM and the Contractor and advised that there was an expectation of a cost overrun of £3m, based on information received.
- 5.34 In the event the dispute is still unresolved. The cost overrun at merger was significantly higher than had been anticipated and is currently thought to be in the order of double the original estimate.
- 5.35 With hindsight the University's senior management believe that it would have been prudent to undertake a more detailed analysis of the project at the time of the merger which may have revealed the potential for the additional overrun risk.
- 5.36 They have taken the learning point to be more vigilant in assessing risks associated with major projects in progress at the time of a collaborative venture where the financial burden will be transferred.

6. OUTCOMES & FUTURE EXPECTATIONS

- 6.1 As discussed below there can be little or no doubt that since the merger the University's standing and ability to attract research funding has increased quite significantly. To what extent this can be attributed to the merger and to what extent it arises from other management initiatives and changes in the overall research environment is essentially impossible to judge.
- 6.2 However, in our opinion, and that of the senior management of the University, the merger and the associated changes to the support services functions have been an important factor in what has happened.
- 6.3 We have broken the consideration of outcomes into three elements:
- Overall effects and changes in the University
 - Progress towards the strategic outcome targets set
 - Completion of the specific deliverables relating to the merger process.
- 6.4 Each of these is considered below.

Overall effects

- 6.5 It is important to convey the enthusiasm and excitement in those responsible for driving the research performance of the University for the changes which the merger has enabled. They speak of a culture of excellence and a new ability to attract the "big hitters" of the research world into the University.
- 6.6 The merger was accompanied by the introduction into the University of the position of Linked Chairs – substantial figures in the research world with specific responsibility for engendering multi-discipline research across a number of subject areas.
- 6.7 Initially attracting suitable individuals to the University proved harder than anticipated, but as more have been recruited the University's reputation has grown, making the task easier until there is now a full compliment. In Appendix 5 we have reproduced document 69 which gives a thumbnail sketch of the appointed Linked Chairs and gives some indication of their standing and credentials.
- 6.8 It should be noted that the positions are not exclusively associated with linking the elements of the former UWCM into the University – they cover all the areas of key research interest in the institution.
- 6.9 The linked chairs have in turn attracted top researchers to the Schools and established a virtuous circle of the best researchers winning prestigious research contracts and thus attracting further researchers.
- 6.10 An indication of this progress is that in the Times Higher Education Supplement (THES) survey of top research institutions in the world Cardiff University did not feature in 2004. In 2005 it was ranked 228th, and in 2006 141st. In the THES International league table for Life Science and Biomedicine research the University is currently ranked 70th (67)
- 6.11 It is important to note that these current advances are only the very first steps on an ambitious path. The linked chairs and other engines of change are only just in place and there are high expectations that the current accelerating trajectory will continue.
- 6.12 Appendix 6 presents data on the University's research grant performance over the period 2000/1 – 2005/6 (derived from 61).
- 6.13 The document from which this data is drawn (61) is a report to HEFCW on the University's performance against the research income targets and the possible constraints on their continued growth. We have discussed the contents of this document with the University and drawn on them in assessing performance against the specific objectives identified in the next sub section.

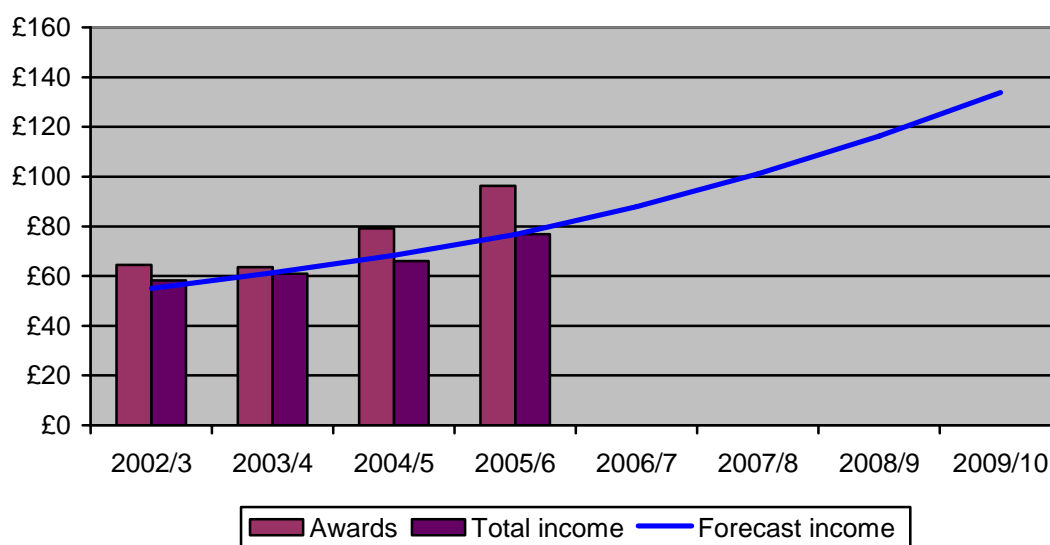
**REVIEW OF THE MERGER BETWEEN
CARDIFF UNIVERSITY & UNIVERSITY OF WALES COLLEGE OF MEDICINE**

6.14 In Appendix 6 we have compared actual grant income received in the years 2002/3 to 2005/6 (as reported by the University) with that forecast in the original business plan (3). The headline data is presented below.

	2002/3 £m	2003/4 £m	2004/5 £m	2005/6 £m	2006/7 £m	2007/8 £m	2008/9 £m	2009/0 £m
Awards	£64.54	£63.58	£79.22	£96.22				
Income	£53.55	£59.49	£57.80	£69.90				
SRIF/JIF	£4.72	£1.39	£8.24	£6.89				
Total income	£58.27	£60.88	£66.04	£76.79				
Forecast	£54.97	£61.26	£68.38	£76.75	£87.92	£101.11	£116.26	£133.72
Variance	£3.3	-£0.38	-£2.34	£0.34				

6.15 The original forecast included capital grant (SRIF/JIF) funding as was the convention at the time. In the upcoming RAE capital funding is no longer to be included in grant funding figures and the University have consequently been providing all recent data to HEFCW on this basis. We have therefore added back SRIF income to the data to create a fair comparison with the business case. The total of the variance over the period reported is +£0.91m. These figures are presented graphically below.

Grant Awards, Income and Forecast (£m)



6.16 The graph shows significant and accelerating growth substantially in line with the forecasts made. The graph of awards made (NB these figures exclude SRIF funding) is clearly accelerating at an even greater rate than the income.

- 6.17 Awards are obviously a leading indicator of income and give comfort that the income growth shown to date is likely to continue to remain on or close to forecast. In fact research grants awarded in the first 4 months of 2006/7 are up 191% over the equivalent period in the previous year and whilst there is no suggestion that this growth rate will be achieved for the whole year it gives weight to the view that the upward trend in awards will be also be maintained.
- 6.18 One of the key objectives of the merger was to raise research revenue overall and specifically attract a greater proportion of the UK's total research revenue into Wales. The target for this was set as winning 2.25% of total UK research funding by 2010. The University provided a detailed report to HEFCW in June 2006 (61) which concluded that this target remained realistic and that they were confident of reaching it, subject to caveats which have been rehearsed in the sub-section Future Expectations, below.
- 6.19 We have reviewed this document and, in the light of the data presented above, have no reason to question the University's confidence.
- 6.20 On a more general level we have been advised that the positive impact of the merger on the parts of the institution deriving from UWCM has been even more pronounced. They have benefited from a much clearer focus on their research activities and the Cardiff policy deployment process which cascades the organisational objectives down to departmental goals.
- 6.21 They have also benefited from the ability to invest in new facilities derived from the financial stability merger has provided.
- 6.22 Additional and less anticipated benefits have been reported as the blossoming of the schools of Dentistry and Nursing which in the previous arrangements were the poor relations of the much larger School of Medicine.
- 6.23 Within the larger environment of the University the College's schools have been forming relationships with Cardiff's schools such as Engineering and Psychology and started developing new areas of research and teaching such as the establishment of the Universities Police Science Institute (jointly with South Wales Police and University of Glamorgan) researching ways to improve the effectiveness and reliability of medical evidence used in criminal investigations.
- 6.24 It is reasonable to ask why it was necessary to merge to gain these benefits, and whether they could have been realised by a less far reaching and expensive collaboration route.
- 6.25 We believe that at a practical level anything less than merger would not have yielded the benefits noted to us. From an internal perspective collaborative research projects would have been required to proceed through two Research Boards and be progressed through two sets of administrative procedures, not to mention the inevitable weaker communication and commitment to one another of two separate organisations, no matter how close.
- 6.26 Interestingly from an external perspective the case is even more compelling. Joint bids are treated as pertaining to two institutions. Positions in research league tables and the entire external perception of the status of the institutions is affected. Those responsible for advancing research in the University were adamant that their ability to attract top flight researchers and to establish the virtuous circle described above was critically dependant on being able to present the enterprise as a seamless whole.
- 6.27 Turning to the outcome from an HEFCW and WAG perspective it appears to us that the impact of the enhanced capability and reputation for research at the University progresses the *Reaching Higher* objectives in the ways set out in the original business case. We believe that they continue to be entirely helpful to the refined strategic objectives for education in Wales as detailed, for example, most recently in *The Learning Country – Vision into Action*.

- 6.28 They are also extremely pertinent to the development of the Welsh knowledge based economy and the specific policies and areas of focus set out in, for example, *A Winning Wales, Wales – a Vibrant Economy*, the recent *Science Policy for Wales* and particularly the *Nexus* report with its specific remit of elucidating the role of higher education in developing the economy.
- 6.29 The vision of *Nexus* to establish Wales as “a small clever country known throughout the world for its quality of life... and strong knowledge-driven economy.” is clearly significantly advanced by these developments at the University.
- 6.30 Similarly the new advanced medical capabilities such as CUBRIC at the Cathays site and PET at the Heath site, coupled with enhanced medical research and teaching capability, align well with the ambitious plans set out in the *Design for Life* strategy document.
- 6.31 Finally, the new developments have enabled the University to attract significant levels of additional revenue into Wales, essentially in line with their projections. In the next section we have undertaken a detailed assessment of the progress towards the various specific outcomes agreed at the outset of the project. This again demonstrates a high level of compliance.
- 6.32 We were specifically asked to comment upon a number of broad outcomes which the merger was intended to achieve namely:
- Integration of strategic planning;
 - Development of unified academic structure;
 - Academic appointments to support the merger;
 - Unified support services structure;
 - Integration of MIS;
 - Harmonisation of policies and procedures;
 - Integrated communications systems.
- 6.33 We can confirm that in our opinion all these areas have been achieved almost entirely to the extent that it was anticipated they would be by this time. This is based upon our discussions with those involved and the evidence of achievement of the many specific objectives which enabled these broader aims.
- 6.34 In summary, there is a considerable amount of evidence that the University and Wales have benefited in terms of organisational improvements and enhanced delivery, research and International standing.
- 6.35 Although it is impossible to attribute this exclusively to the merger it appears that this was a very significant contributor to the outcome and that the Welsh Assembly Government’s investment made in the University continues to be justified.

Progress towards strategic targets

- 6.36 Moving from the general to the more specific, Appendix 4 sets out the specific strategic objectives (outcome) targets the University set itself in 2004 (41) which have been correlated with a full review of these (and other) strategic objectives undertaken in late 2006 (63). A cross check has been made with the University’s overall strategic plan for 2006/7 – 2010/11 presented to HEFCW (57) which demonstrates internal consistency between the documentation.
- 6.37 These objectives are arranged to show how they progress the high level aims of the University by which it intends to achieve its stated mission “To pursue research, learning and teaching of international distinction for the benefit of Wales and the wider world”. The exact wording of the high level aims has changed between reviews, we have referenced to the earlier version for consistency, namely:
- To pursue research that is recognised as internationally distinguished in its quality and impact.

- ❑ To pursue learning and teaching together with professional training and development that are recognised as internationally distinguished in their quality and impact
 - ❑ To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world
 - ❑ To create an environment in which staff and students can achieve their full potential and within which intellectual and creative life can flourish.
- 6.38 As described in Section 4 above, we have also inserted in Appendix 4, the strategic outcomes (objectives) suggested by WAG and HEFCW at the time the funding was approved, wherever possible next to the University's equivalent objectives.
- 6.39 For clarity of understanding we have referred hereafter to these two sets of objectives/outcomes as University objectives and WAG objectives. There is no implication that either party is divorcing itself from the others objectives, as discussed in Section 4.
- 6.40 It can be seen that there is really only one WAG objective which does not feature in the University's own schedule in any way, which is the objective of increasing employment numbers in the University and in the wider community through the multiplier effect.
- 6.41 In all other cases the WAG objectives and University objectives have commonality. In some cases they have identical measures of success and in others the intent is the same but the ways of assessing the achievement are different.
- 6.42 Documents 63 and 67 detail progress against all the objectives listed in Appendix 4. Document 67 was specifically prepared for us by the University providing information regarding the WAG objectives and is reproduced in full in Appendix 7.
- 6.43 Using these documents together with clarifying discussions we have commented, objective by objective, on the degree to which each has been achieved in line with the targets set at the time the merger process was being planned.
- 6.44 On the basis of the most stringent measure of achievement "in full inside the timeframe planned", we calculate that overall 80% of the individual sub-objectives have been met,
- 6.45 This is a harsh measure of progress, according no value to objectives partially achieved. In fact, there has been significant progress everywhere and in virtually all cases any shortfall is the failure to meet a specified milestone in a specified time frame. In many cases this is particularly hard as the initial work towards the milestone has revealed alternatives and resulted in changes of priority. These have been reflected in some eight new complementary objectives which have been added since the project started – on all of which there has been good progress.
- 6.46 Taking a wider level perspective it is clear that all the high level aims which the individual objectives sought to achieve have been significantly advanced, as was illustrated in the Overview subsection above.
- 6.47 The only significant deviation from this pattern relates to the WAG objective of increased employment. The some 100 additional employees to date is sharply below the hoped for additional 1,800 employees by 2010 and, in the University's opinion, is unlikely to reach this number (although the continued growth forecast will inevitably close the gap).
- 6.48 There are various reasons for the fact that employment levels are lower than originally expected including variation from the University's expectations of overall income levels. It is also a fact that this objective is to a large degree inimical with the University's objective 4.13, (which precedes it in Appendix 4) to achieve efficiency gains in the administrative processes of the University, a key outcome of which will be more effective use of manpower.

- 6.49 It is worth noting that while the numbers directly employed by the University are lower than was hoped for the objective of increased commercial activity is ahead of target, with 3 joint commercialisation projects with the NHS, 92 active IP licensing agreements and 17 spin out companies (67). We have not attempted to speculate whether the resulting increase in external employment compensates for the shortfall in direct employment but it must, to a degree, mitigate it.
- 6.50 There is another issue (which we judge to be of limited real consequence) with one of the headline measures of success, namely "To be in the top 5 research universities in the UK".
- 6.51 The measure by which this was to be judged was standings in the RAE expected around 2010. This was against the ranking given in the 2001 RAE which placed Cardiff 7th. Unfortunately this ranking scheme has been discontinued so it will not be possible to judge compliance or otherwise with the objective at the time. We suggest that conformance with all the other measures of success would be adequate evidence of the virtual achievement of this one.

Specific Process Deliverables

- 6.52 At the outset of the merger project some 70 specific actions were identified with a timetable for completing them which was tied to release of funding. Throughout the project Cardiff produced reports (43,48,55) tracking progress on these actions.
- 6.53 In the last of these progress report a few items were recorded as in progress but not completed.
- 6.54 We have checked with the University and all the elements that it was anticipated would be complete by this time have been. The only activity on the list which is still ongoing is the final stages of the long term project to create a fully integrated web presence (objective 66) the final stages of which are expected to be completed ahead of target in February 2007, with a rolling programme to migrate all academic schools to the new system by February 2008.

Future Expectations

- 6.55 Whilst all the indicators we have seen suggest good progress towards the objectives which were established for this project we need to record that there is concern in the University as to their continued trajectory.
- 6.56 Essentially this concern centres on funding issues. This is a complex subject and we do not believe it is appropriate in this report to go into great detail but simply to set out the broad areas of concern.
- 6.57 In essence the University competes in the international arena for leading research staff, grants and contracts and graduate students and to do so they are disadvantaged if their base funding is lower than their rivals.
- 6.58 The elements of this funding parity operate at 3 levels:
- Between UK and the rest of the world
 - Between Wales and the rest of the UK
 - Within Wales
- 6.59 In respect of the first there may be issues but they are certainly beyond the scope of this report. It is generally recognised that the UK higher education sector has been historically under funded in comparison to those in other economies, notwithstanding the high levels of international research knowledge originating historically from the UK compared with other countries

- 6.60 The Rees report referred to a “funding gap” between Welsh and rest of UK HEIs which had been identified by HEFCW. This gap has been further quantified in more recent analysis HEFCW have undertaken for WAG. There is a concern in Cardiff that this gap continues to widen and that this will jeopardise the University’s ability to compete with comparable institutions in the rest of the UK for the most prestigious work.
- 6.61 Turning to the issues within Wales, as was stated earlier in this report the University has by far the largest research footprint in Wales, receiving 60% of QR funding.
- 6.62 The business case for the merger assumed a 15% growth of QR funding by 2010 as a result of improvements (still thought to be well on track) in the RAE.
- 6.63 There is a concern within the University that there may be a reluctance to allow the advances in the University’s research position (both in terms of quantity and quality) to be reflected in the allocation of an even higher proportion of QR funds in Wales and/or to increase the total QR fund to fully reflect the achievements of the University and others in the HEI sector. HEFCW have pointed out that the QR funding is formulaic and not open to manipulation, within the parameters of total funding available for this grant.
- 6.64 In addition, as a result of the merger of the two institutions, the University believes it has suffered an ongoing reduction in non-recurrent grant associated with initiatives such as Third Mission and the Learning and Teaching fund amounting to more than £300k to date.
- 6.65 This comes about because the allocation of these funds incorporates a base line component and/or a ceiling allowance, both of which tend to reduce total receipts to a single merged institution in comparison to two institutions operating separately.
- 6.66 Although this is a matter of principle for the University, in HEFCW’s view the sums involved are small in relation to the level of merger support funding and current total income levels.
- 6.67 Finally, there is a need to maintain a policy environment within which the University can flourish on a competitive basis with the rest of the UK.
- 6.68 All of these points, particularly the last, have wider reaching political and policy ramifications. We include them as markers for debate outside the scope of this exercise. However there is a very pertinent point that the continued success of the merged institutions depends on their ability maintain their new momentum which the issues noted above could impede or derail.

7. CONCLUSIONS AND LEARNING POINTS

- 7.1 The merger between Cardiff and UWCM appears to have been a substantial success, both in terms of the way it was implemented and the greatly strengthened Institute which has emerged.
- 7.2 The University has grown in stature, becoming increasingly recognised in International terms and has been able to attract additional research contracts and revenue into the Principality.
- 7.3 The merger has enabled the former UWCM to more fully achieve its potential, enhancing research and education and also providing world class medical facilities to the people of Wales.
- 7.4 The key outcomes to date have, to all intents and purposes, kept in line with or ahead of the forecasts made at merger and there is good evidence that they will continue to do as far as it is reasonable to predict.
- 7.5 This merger was the first to be supported from the Reconfiguration and Collaboration fund and, particularly in view of the fact that it was a new untried process, proceeded smoothly, in large measure. There were some minor procedural issues which have been described in the report and identified below as learning points, but in the main the assessment, approval and supervision processes all functioned as they should.
- 7.6 The Institutions managed their ambitious restructuring project to the desired conclusion very effectively – largely as a result of a well implemented, robust project management process. The overwhelming majority of strategic and process objectives were achieved within the timeframe set. The few exceptions have been described in the report and brought out in learning points below. As noted above, any delays there have been in achieving specific deliverables has not impacted the achievement of the overall objectives.
- 7.7 The only note of caution which needs to be drawn into these conclusions is the concern we have had expressed to us that the continued success of the merged institution depends upon it being funded to the same degree as its competitors in the rest of the UK. Detailed discussion of this subject area is beyond the remit of this report but we have recorded this as an area of concern.
- 7.8 HEFCW and WAG adopted and implemented a proper process for scrutiny and agreement of the bid for public funding support for the merger through the Reconfiguration and Collaboration Fund. Although there were some relatively minor issues with the process used, addressed below, these should not detract from the overall achievement of this key objective.
- 7.9 Below we have drawn together and summarised the learning points identified in the rest of this report and our recommendations as to how they can be used to improve future projects:
- 7.10 The successful outcomes from this merger have much to do with the exceptionally good strategic fit between the Institutions. The benefits have been remarkable and it would be unwise to assume these will be the norm for other mergers in the sector. However, the strength of the underlying fit and rationale for merger is a key factor in successful outcome.
- 7.11 The project was enabled by early complete agreement, at the most senior level, on the management structure of the proposed merged organisation. Absolute confirmation of this degree of agreement should be obtained wherever possible prior to embarking on negotiations and if it does not exist it should be one of the first elements to be settled.
- 7.12 The merger followed the guidance included in W02/47, which was current at the time the merger was started and W03/65 which was developed during the course of the merger. Its success affirms the effectiveness of these guides (and by inference W04/48HE which is very similar).

- 7.13 The process of reaching agreement between Cardiff, UWCM, HEFCW and WAG was time consuming and put considerable time pressure on the subsequent implementation process, primarily because it was the first time the process had been used. Although subsequent Reconfiguration and Collaboration projects have proceeded more quickly there are inherent delays caused by the decision making chain through HEFCW, WAG officers to Ministers and elected members. This chain is required for compliance but all opportunities should be sought to streamline it for more effective support of reconfiguration opportunities within the education sector in Wales
- 7.14 The final negotiation of grant levels occurred at a late stage and was based on an offer significantly less than the Institutions had calculated as necessary. The final negotiation has been characterised as “frenzied” and was disruptive to the project. The main cause of the problem in this case was the fact that this was the first time the process had been used and was, to a degree, being developed as it progressed.
- 7.15 It is, however, an inherent feature of the extended decision chain described in 7.13 above and the underlying process by which approval is given that negotiation of funding support is back ended. We recommend that consideration be given to developing an iterative decision making process to eliminate the last minute “all or nothing” hiatus via a series of “in principle” stages. We are aware of analogous processes used for large, high risk, procurement by Government departments which lead us to believe it would be possible to meet compliance and other constraints.
- 7.16 In addition we recommend early and more comprehensive dialogue between all of the parties about process, timescale and the constraints all parties face so that there is a clearer understanding of how the project will progress. This will help to avoid unrealistic expectations on the part of both the institutions seeking funding and WAG officers and Ministers in providing it.
- 7.17 We would add that in this case the pressure on the project was exacerbated by the selection of a change over at financial year end. There is a balance to be struck between the relative simplicity of a year end change and the flexibility of a change at an arbitrary point in the calendar. We would recommend that in future projects, if it is apparent that a tight project schedule is envisaged to coincide with the financial year end, that HEFCW suggest the parties give early consideration to a non-year end transition as it is disproportionately disruptive to change from year end to non-year end mid project.
- 7.18 In this project a relatively minor misunderstanding about the specific outcomes against which the project would be assessed occurred between the University, HEFCW and WAG. We are satisfied that the cause of the misunderstanding was the evolution of the process and that it should not recur. We have provided a mechanism by which ongoing monitoring can be undertaken.
- 7.19 As noted in 7.6 above the successful implementation of the project was in no small measure due to a well run, comprehensive, project management framework. We recommend that the use of equivalent processes be a key requirement of grant funding in merger implementations.
- 7.20 The project management process was complimented with good change management practice which, in the main, ensured effective engagement of staff. There were some instances where this process failed to manage all staff concerns and we have suggested that earlier, more strategic change management analysis may have helped to avoid these problems.
- 7.21 The single biggest shortfall in terms of specific deliverables was the timely achievement of an Act of Parliament to authorise the merger. Alternative short term legal arrangements were made to overcome the deficit within the project timeframe, vindicating the recovery aspects of the project management process.
- 7.22 This action was wholly in the hands of an outside agent who failed to advise the University of delays which were apparent to them. The learning point is to maintain the closest scrutiny of professionals responsible for critical elements of the process.

- 7.23 Finally, in respect of implementation, although the risk of overspend on a construction project being run in UWCM was picked up in the Financial Due Diligence the amount estimated was approximately half what it is now thought likely to be. The Due Diligence report relied on information, properly provided, which proved optimistic. The learning point is the recommendation to undertake more detailed specialist analysis on major inherently risky projects (particularly Construction and IT) where liability will transfer.

APPENDIX 1 – DOCUMENT REGISTER

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 1 - Document Register

Doc ref	Date	Issuing Org	Receiving Org	Nature of Document	Description & Notes
1	01-Aug-02	HEFCW		Report	HEFCW guidance on Reconfiguration and Collaboration W02/47HE
2	15-Apr-03	HEFCW	UWCM	Letter	Advice on timetable and process and warning of delay
3	30-May-03	Cardiff Uni	HEFCW	Report	Final draft of Business Plan which formed basis of bid
4	10-Jun-03	Cardiff Uni		Report	remit for independent reviewer
5	16-Jun-03	Cardiff Uni		report	1st report of independent reviewer
6	30-Jun-03	Cardiff Uni	HEFCW	Report	Date est. Supplemental information to Business Plan. Indicates additional sources of funding over and above HEFCW
7	01-Aug-03	WAG	HEFCW	email	Email from Derek Adams to Richard Hirst advising that Assembly would put restrictions on grants
8	23-Sep-03	WAG	HEFCW	Letter	Letter from the Minister confirming in principle support for the release of £12.7 million.
9	01-Oct-03	HEFCW		Notes	Note of a meeting between HEFCW/UWCM at which the offer of £12.6 million was made, outlining the institutions' response that this offer was insufficient.
10	02-Oct-03	Cardiff Uni		report	2nd report of independent reviewer
11	02-Oct-03	HEFCW	Cardiff Uni/ UWCM	Letter	Letter from the HEFCW Chief Executive to the Cardiff Vice-Chancellor asking for further information to support the universities' request for additional funding.
12	02-Oct-03	Cardiff Uni	HEFCW	Letter	Letter and detailed response (to the HEFCW letter of 2 October 2003) from the Vice-Chancellors supporting their assertion that funding of £12.6 million would be insufficient to enable the merger to proceed.
13	06-Oct-03	HEFCW	HEFCW Council	Report	Paper sent to HEFCW Council members to request that they approve a revised funding package in the form of a £15 million grant and a repayable grant of up to £8.2 million. This approval process was handled via email, as opposed to holding a meeting, due to the urgency.
14	06-Oct-03	HEFCW	WAG	letter	Letter from the HEFCW Chairman to the Minister requesting the urgent approval by the Welsh Assembly Government of the revised funding package.
15	07-Oct-03	HEFCW	Cardiff Uni	letter	Letter from the HEFCW Chief Executive to the Cardiff Vice-Chancellor (a similar letter was sent to the UWCM Vice-Chancellor) outlining in-principle support for the revised funding package, subject to Welsh Assembly Government approval of the release of funds.
16	10-Oct-03	WAG	HEFCW Cardiff Uni/	letter	Letter from Welsh Assembly Government to the HEFCW Chief Executive requesting a the submission of a revised business case for the merger before a decision could be made on the release of funds.
17	20-Oct-03	HEFCW	UWCM	letter	Letter from the HEFCW Chief Executive to the Welsh Assembly Government sent together with the revised business case (Doc 7)
18	21-Oct-03	HEFCW	WAG	Report	Application for approval of funding for merger setting out case in terms of WAG priorities.
19	10-Nov-03	WAG	HEFCW	Letter	Indication of approval and associated conditions and requirements
20	10-Nov-03	HEFCW	Cardiff Uni	Letter	Confirmation of funding as per Doc 8
21	02-Dec-03	Cardiff Uni		report	3rd report of independent reviewer
22	11-Dec-03	Cardiff Uni	CU & UWCM	report	Heads of Agreement (3rd iteration)
23	17-Dec-03	Cardiff Uni?		report	Statement of Deliverables - reflects statements in Doc 21
24	23-Jan-04	Cardiff Uni	HEFCW	email	comments on deliverables and marked up precursor of Appendix to Doc 21 (NB same typed document received from HEFCW with date 9/3/2004 hand written at top)
25	30-Jan-04	Cardiff Uni		Publication	Newspaper articles in Times Higher Ed Supplement announcing merger proceeding and seeking to recruit research staff
26	02-Feb-04	Cardiff Uni	HEFCW	Letter	Response to Doc 9 answering conditions and requirements
27	02-Feb-04	HEFCW?		report	draft precursor to outcomes document
28	04-Feb-04	HEFCW	WAG	Letter	Letter answering Doc 8 setting out how requirements will be met in principle
29	04-Feb-04	HEFCW	WAG	Letter	comments on process of agreeing outcomes etc (refers to Doc 17)
30	04-Feb-04	HEFCW	Cardiff Uni	email	Alyson Thomas discussion with Sue Hybart re outcomes
31	20-Feb-04	Cardiff Uni	HEFCW	Report	Report on achievement of implementation objectives pre April 2004 (justifies Doc 22)

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 1 - Document Register

Doc ref	Date	Issuing Org	Receiving Org	Nature of Document	Description & Notes
32	23-Feb-04	HEFCW	WAG	letter	Detail response to Doc 8 setting out operational mile stones, Financial forecasts and outcome targets
33	04-Mar-04	Cardiff Uni	HEFCW	letter	Record of expenditure to date and forecast expenditure (see Doc 20)
34	10-Mar-04	Cardiff Uni		report	4th report of independent reviewer
35	15-Mar-04	HEFCW	Cardiff Uni	Letter	Confirmation of funding approval, payment profile and outcomes targets
36	29-Apr-04	Cardiff Uni		report	5th report of independent reviewer
37	30-Apr-04	Cardiff Uni		report	Risk register at end April 2004
38	01-Jun-04	Cardiff Uni		Report	Strategic plan 2004/5 - 2008/9
39	14-Jun-04	Cardiff Uni	HEFCW/WAG	Presentation	Objectives and implementation plan presentation.
40	16-Jun-04	Cardiff Uni		report	6th report of independent reviewer Breakdown of sub objectives underpinning main objectives and outcomes (undated - Assumed July 2004)
41	01-Sep-04	Cardiff Uni	HEFCW	Report	7th report of independent reviewer
42	02-Sep-04	Cardiff Uni		report	Report on achievement of implementation objectives April-Sept 2004
43	11-Oct-04	Cardiff Uni	HEFCW	Report	Note of financial expenditure associated with Doc 32
44	11-Oct-04	Cardiff Uni	HEFCW	Report	Note of financial expenditure associated with Doc 32
45	10-Nov-04	Cardiff Uni	HEFCW	Report	Report of the Estates Option appraisal task group (plus covering letter)
46	14-Jan-05	Cardiff Uni		Publication	Cardiff University newsletter announcing winning of research contracts post merger
47	02-Mar-05	Cardiff Uni		report	Final report to council by independent reviewer
48	09-Mar-05	Cardiff Uni	HEFCW	Report	Report on achievement of implementation objectives Oct 2004 - Feb 2005.
49	09-Mar-05	Cardiff Uni	HEFCW	Report	Note of financial expenditure associated with Doc 37
50	01-Jun-05	Cardiff Uni	HEFCW	Report	Strategic plan 2005/6 - 2009/10
51	01-Jul-05	DeLoitte	Cardiff Uni	Report	Project management framework audit
52	29-Sep-05	WAG	HEFCW	Letter	Request for information re. achievement of outcomes
53	14-Oct-05	HEFCW	Cardiff Uni	Letter	Request for information re. achievement of outcomes and subsequent email exchange
54	01-Jan-06	Cardiff Uni		Report	Single page report of research funding to 2000/01 - 2004/5 (date est) - supplied by HEFCW
55	04-Apr-06	Cardiff Uni	HEFCW	Report	Report on achievement of implementation objectives Mar 2005 - Mar 2006 plus review of outcomes
56	09-May-06	HEFCW	Cardiff Uni	Letter	Request for further information on outcomes
57	01-Jun-06	Cardiff Uni		Report	Strategic plan 2006/7 - 2010/11
58	01-Jun-06	HEFCW		Report	Allocation of QR funds 2006/7 - HEFCW web site
59	01-Jul-06	Cardiff Uni		Publication	Cardiff University newsletter announcing winning of further research contracts post merger
60	05-Jul-06	Cardiff Uni	HEFCW	Letter	Further information re. outcomes
61	01-Sep-06	Cardiff Uni		Report	Grant income analysis 2000/1 - 2005/6 incl email (Geraint Jones jan 2007)
62	01-Dec-06	Cardiff Uni	HWCF	report	Merger chronology
63	01-Dec-06	Cardiff Uni		report	Current status of strategic objectives
64	15-Dec-06	HWCF	Cardiff Uni	Notes	Interview agenda
65	19-Dec-06	HWCF		Notes	Interview with Fiona Peel
66	19-Dec-06	HWCF		Notes	Interview with David Grant, Steve Tomlinson & Sue Hybart
67	21-Dec-06	Cardiff Uni		report	By Sue Hybart on progress to Alyson Thomas draft objectives
68	21-Dec-06	Cardiff Uni		report	By Sue Hybart on research outcomes
69	21-Dec-06	Cardiff Uni		report	By Sue Hybart on Linked Chairs
70	21-Dec-06	HWCF		Notes	Interview with Louise Cassella, Mike Daies, Chris Turner & Sue Hybart
71	08-Jan-07	HWCF		Notes	Interview with Louise Cassella, Peter Blood, Geraint Jones, John Harwood & David Wynford Thomas
72	16-Jan-07	Cardiff Uni	HWCA	email	Email response from Sue Hybart re funding targets
73	18-Jan-07	Cardiff Uni	HWCA	email	Email response from Sue Hybart re strategic deliverables

APPENDIX 2 – INTERVIEW AGENDA

1. Terms of Reference

We have been commissioned by HEFCW to undertake a review of the merger between Cardiff University and the University of Wales College of Medicine (UWCM) with particular reference to:

- Assessment of the processes leading to and post merger;
- Review of the outcomes of merger and comparison with forecasts;
- Identification of lessons learned and recommendations for future collaboration projects;

The core driver for this project is accountability, but the intent is to use the exercise as much as possible to help HEFCW advance the Reconfiguration and Collaboration agenda as effectively as possible. There is a specific objective of seeking to add value for the academic institutions:

- How can we use this exercise to add value for Cardiff University?

We have a tight timetable (plan appended) and are using a combination of desk research and interviews to gather facts. A list of the documents we have received to date is appended.

- Are you aware of any additional documents you think would help us?

2. Stage I objectives

- Understanding the framework and processes which created the merger
- Fact finding to describe the current and anticipated outcomes compared to plan
- Identification of things that went well and things that could have gone better
- Identification of "lessons learned" and areas where recommendations for future action can be developed in Stage 2

3. Areas for Discussion

The following framework is a guide. The objective is to enable us to gain as much insight as possible to fulfil our remit and we will welcome any proactive input.

Background

- What circumstances relating to Cardiff University and UWCM made merger particularly appropriate?
- Which feature and factors were potential blocks to merger and how were they overcome?
- To what extent did the Welsh Assembly Government's strategy for Reconfiguration and Collaboration influence the decision to merge?

Process

- Q What went particularly well and what could have gone better in the following stages/processes? To what do you attribute the good out turns? How would you do things differently to avoid the less good in future?

Stages

- Pre proposal discussion
- Merger proposal preparation
- Merger proposal evaluation and approval
- Merger implementation
- Post merger integration

Processes

- Planning
- Project management
- Change management
- Communication
- Governance
- Statutory/legislative compliance
- Risk management

Outcomes

- Q Please review the attached list of outcomes drawn from documentation received. Do you agree with the current levels where these have been identified and/or have a view on what they are? Do you believe the original targets are going to be achieved? If not, why not?
- Q Are there any lessons to be learned from the target setting/monitoring process?

Thank you for your time. We will be circulating draft reports to all those interviewed to ensure their comments are accurately reflected. We will be grateful for feedback and comments.

Adrian Godfrey
Partner, HW Corporate Finance

Attached:

- Review time plan
- Document register
- Outcomes document

APPENDIX 3 – PROJECT CHRONOLOGY

- ❑ **Pre-1996:** The University of Wales College of Medicine and Cardiff University have a tradition of collaboration and partnership dating back more than seventy years.
- ❑ **1996:** the institutions formed a Partnership Board to promote even closer teaching and research collaboration.
- ❑ **January 2002:** The Welsh Assembly Government published its Review of Higher Education which recommended that institutions explore how they might work more closely together. The University of Wales College of Medicine and Cardiff University welcome the report and establish an "Alliance Project Joint Working Group" to explore options.
- ❑ **April 2002:** The Alliance Project Joint Working Group, having investigated a variety of options and models recommends that the two institutions merge.
- ❑ **July 2002:** Both Councils agree in principle to merger and a Merger Steering Group is established with Sir Graeme Davies, former Chief Executive of the Higher Education Funding Council for England, appointed as the independent Chair.
- ❑ **February 2003:** The Merger Steering Group sets out the case for merger and the benefits to be gained for the many stakeholders in creating an internationally-competitive university in Wales.
- ❑ **March 2003:** The Councils of the University of Wales College of Medicine and Cardiff University formally agree to merger and that it should take place with effect from 1 August 2004, subject to securing adequate financial investment in both the merger process and the academic development of the merged University.
- ❑ **April 2003:** Start of the implementation stage of merger.
- ❑ **30 May 2003:** Full business Plan submitted to HEFCW.
- ❑ **16 June 2003:** First independent project review – good progress
- ❑ **1 August 2003:** WAG advise HEFCW that they are responsible for agreeing outcomes with Institutions
- ❑ **26 September 2003:** Offer of £12.6m to Institutions following "in principle" agreement from WAG from HEFCW.
- ❑ **2 October 2003:** 2nd independent project review – Generally good progress but noted some issues with Charter and Statutes and still unresolved but imminent funding decision.
- ❑ **6 October 2003:** After further discussions HEFCW request approval of revised offer of £15m grant + £8m loan. Governing Councils of both institutions unanimously endorse the merger at their meetings based on this funding plan.
- ❑ **10 October 2003:** WAG agree revised offer in principle, but requiring additional information and commitments to long and short term deliverables and outcomes
- ❑ **20 October 2003:** Formal submission to WAG from HEFCW
- ❑ **10 November 2003:** Final confirmation of funding from WAG.
- ❑ **2 December 2003:** 3rd independent project review – good progress
- ❑ **10 March 2004:** 4th independent project review – Generally good progress though some slippage in Research Third Mission programme area noted and concerns about delay in resolving staffing issues in support services and the need for better communication.

- ❑ **29 April 2004:** 5th independent project review – uniform good progress reinstated.
- ❑ **16 June 2004:** 6th independent project review – Predicting on target to complete but noting continued staffing/HR issues in support directorates.
- ❑ **1 August 2004:** Merger through legal contract of agreement due to delay in Act of Parliament.
- ❑ **2 Sept 2004:** Final independent project review noting that virtually all key milestones of the project had been completed and University was ready for new academic session. The only outstanding issue was Royal Assent progress of which was outside the control of those external to the University
- ❑ **1 December 2004:** Merger formalised through Royal Assent and Act of Parliament.

APPENDIX 4 – STRATEGIC OUTCOMES

NB The following is an abbreviated version of Appendix 4 for general publication.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE
 Appendix 4 - Strategic Outcomes review (abbreviated)

Mission: To pursue research, learning and teaching of international distinction for the benefit of Wales and the wider world.

Ref	Key Strategic Outcomes	Key Objectives	Outcomes/Comments
0.1	To establish a clear identity for the new Cardiff University.	Complete full merger and approval of merged University Charter.	The merger between Cardiff University and the College of Medicine was formalised by Royal Assent and the associated Act of Parliament from 1 December 2004. The Supplemental Charter and revised statutes were approved, in the name of Cardiff University, by the Privy Council on 11 March 2005. This act also confirmed the University's secession from the University of Wales.
0.2		Develop a shared culture of excellence.	The University Committees Review started in November 2005 and current progress is viewed as a considerable success by all involved. The former UWCM has benefitted from more rigorous Strategy deployment, management information systems and other processes to create a common culture of excellence. This achievement has underpinned all of the following.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE
Appendix 4 - Strategic Outcomes review (abbreviated)

Aim 1 To pursue research that is recognised as internationally distinguished in its quality and impact.

Ref	Key Strategic Outcomes	Key Objectives	Outcomes/Comments
1.1	To achieve and maintain a place in the top 5 UK universities.	Increase the scores for all Units of Assessment in the 2007 RAE.	The target date for achieving a top 5 placing is the RAE round after next, i.e. 2010. It is probable that the relevant league table will be discontinued and so this measure will no longer be available for monitoring. The sub-objective, to develop institution-wide RAE targets, has been fully realised with all Schools having specific RAE targets. A further sub-objective regarding the assessment of all academic staff is progressing. An initial assessment has been completed on schedule and the outcomes will be taken forward to the RAE submission.
1.2		Achieve/exceed school-based targets for increases in research income based upon external benchmarks.	Target setting was extended to Heath Park Schools on schedule and research grant funding growth is in line with the business plan. The Research Committee has established a Research Performance Indicators Group to consider Key Performance Indicators (KPIs) to deliver the Research Strategy. Records of research applications for each School are updated and reviewed on a monthly basis.
HEFCW/WAG 1	<i>Aim: To pursue research which is recognised as internationally distinguished in its quality and impact.</i>	<i>To achieve and maintain a place in the top 5 universities: by extending School targets.</i>	<i>See response to 1.2 above.</i>
HEFCW/WAG 9	<i>Aim: Significantly greater income from sources other than the Assembly Government and HEFCW.</i>	<i>Significantly greater income from sources other than the Assembly Government and HEFCW - measured by grant and contract income of £88m before the next RAE.</i>	<i>Expected to be some shortfall on target of £88m in 2006/07 but expected to achieve targets thereafter. See section on research and grant income.</i>
1.3		Achieve/exceed targets for PGR recruitment based upon external benchmarks.	PGR targets were set on time, benchmarked against other Russell Group universities and universities with high RAE scores in 2001. Work on targets for PGR recruitment and PhD studentships is ongoing as is work on management information for Graduate Development Committee that will include statistics relating to this area.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

Ref	Key Strategic Outcomes	Key Objectives	Outcomes/Comments
1.4		Increase number of research grant applications, particularly to research councils and major charities, for large programme grants. (See also Priority 1.8)	Ambition to support grant application process only partially achieved but applications are up by approximately 50% between 2005/06 and 2006/07 nevertheless. The objective to monitor application/success rate has been achieved on time.
HEFCW/WAG 2	<i>Aim: To pursue research which is recognised as internationally distinguished in its quality and impact.</i>	<i>To achieve and maintain a place in the top 5 universities: by introducing and monitoring incentives.</i>	<i>The University does not have a policy of direct incentivisation for grant applications. Systems of monitoring, shared culture and peer pressure are believed to be more effective.</i>
1.5	To maintain and further develop a research infrastructure that will encourage and support research of the highest quality.	Utilise Science Research Investment Fund (SRIF) and other external capital funding for maximum advantage.	Objective achieved on time with various SRIF3 projects and a new Estates Strategy being submitted to HEFCW.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

Ref	Key Strategic Outcomes	Key Objectives	Outcomes/Comments
1.7		Provide leading edge library and IT/information infrastructure to support research.	The Library Review's recommendations have been translated into 60 separate projects for the next three years, some of which have already been completed. The longer term strategic plan for the Review is now being led by a Project Board chaired by a member of University Council. This includes developing the space requirement and design and costings to implement the Review's proposals.
1.9	To encourage, promote and monitor collaborative and interdisciplinary research.	Increase number of interdisciplinary applications/awards. (See also Priority 1.4)	All six appointments made under the Link Chairs Scheme are now in post although difficulties in recruiting meant that the original target date was missed. In addition, a Scheme has been created in which a number of 'link' PhD students are funded and which supports interdisciplinary research. The University has also approved the process for the establishment of autonomous interdisciplinary research centres and institutes.
1.11	To secure a balanced research portfolio.	Avoid undue reliance on single source of funding and increase the level of support received from research councils to 2.25% of market share by 2010/11.	This is an ongoing objective which is subject to regular analysis and monitoring. The University is confident of achieving the target.
HEFCW/WAG 3	<i>Aim: To pursue research which is recognised as internationally distinguished in its quality and impact.</i>	<i>To achieve and maintain a place in the top 5 universities by: avoiding reliance on single source funding and increasing the level of support received from Research Councils to 2.25% of market share by 2010.</i>	<i>The market share for 2003/04 was 2.1% and the University is confident of 2.25% in 2010.</i>

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

Aim 2 To pursue learning and teaching together with professional training and development that are recognised as internationally distinguished in their quality and impact

Ref	Key Strategic Outcomes	Key Objectives	Measures/Timescales/Outcomes
2.2	To develop a shared culture of learning and teaching.	Explore and articulate the relationship between research and teaching.	There is ongoing work with Schools with funding being made available to support innovative projects in this area of activity. The Information Literacy Strategy continues to be implemented and additional activity to provide an ongoing programme of quality and innovation in learning and teaching has been undertaken to progress the overall strategic objective.
2.3	To ensure the University's academic standards befit a research-led institution.	Develop internal quality assurance and enhancement procedures that are appropriate and not burdensome.	The University has received endorsement of quality by the QAA and by professional and statutory bodies and there is annual monitoring of the Academic Quality Strategy. In addition, Cardiff submitted its Special Review Report and Supporting Evidence in February 2006. The QAA issued the final report to institutions and HEFCW in July 2006 and Cardiff University 'passed'. A number of themes emerged during the drafting of the report which resulted in the identification of areas for further development or enhancement. These have been signalled as priority areas for Graduate Development Committee during 2006-07 and beyond and are also addressed in the Registry development plan. Some examples of good practice were identified by the QAA team, plus some recommended areas for attention and these will be pursued in Institutional Review.
		Develop coherent, integrated and efficient policies, practices and procedures.	Good practice has been identified following merger harmonisation and there is ongoing continual improvement.
2.13	To further develop the quality of the postgraduate student experience.	Enhance training provision and support for postgraduate students. (See also Priorities 1.5 to 1.7)	The Graduate Schools and Graduate Centre continue to work closely to ensure that the multiple providers within the Research Student Skills Development Programme do not cause confusion for students or supervisors. Administrative structures are in place to support a co-ordinated and integrated approach. The RSSDP continues to expand and develop, with good student take up and positive evaluations of offerings. It is constantly under review. Ahead of finalising the 2006/7 programme, students and supervisors were consulted to ensure that information on any perceived gaps in provision was fed into the process. The RSSDP continues to expand and develop, with good student take up and positive evaluations of offerings. It is constantly under review. Ahead of finalising the 2006/7 programme, students and supervisors were consulted to ensure that information on any perceived gaps in provision was fed into the process.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

Ref	Key Strategic Outcomes	Key Objectives	Measures/Timescales/Outcomes
			In addition The University has ensured: that structures were in place to support all early stage researchers; that all relevant future strategies and initiatives address the needs of both staff and students; and, that there were clear access points for end-users to the support available. A plan is being developed to ensure that the University approaches the training and development of all early stage researchers in an integrated and strategic way.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

Aim 3 To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.

Ref	Key Strategic Outcomes	Key Objectives	Measures/Timescales/Outcomes
3.2	To promote activities which are consistent with the University's mission and strategies which will help the Welsh Assembly Government address particular problems in Wales, and to contribute to policy development in Wales.	Collaborate within Wales on the sector's contribution to the Welsh Assembly Government's <i>Reaching Higher</i> strategy, and on the recommendations of the <i>Knowledge Nexus Report</i> .	The University's Innovation and Engagement Strategy addresses all WAG Third Mission objectives. Examples include alignment with WAG's Science Policy, including a major contribution to Health objectives; work on sustainability projects such as BRASS; and, the support of networks for the business sector such as CUIN.
HEFCW/WAG 4	<i>Aim: To benefit society thorough making a significant and sustainable contribution to the helath, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.</i>	<i>To promote activities consistent with the University's mission and strategies which will help WAG address particular problems in Wales and to contribute to policy development in Wales: by collaborating within Wales on the sector's contribution to WAG's Reaching Higher strategy and on the recommendations of the Knowledge Nexus Report.</i>	<i>See 3.2 above.</i>
3.4		Enhance CPD provision for health professionals through enhanced access to CPD opportunities.	<p>This objective is incomplete against target but progress has been made. Meetings with senior staff in most Heath Park schools have taken place took place with opportunities for collaborative development being identified as a result. It was also suggested that a cross-University plan for CPD provision for health professionals should be investigated. This remains the subject of active discussion.</p> <p>A needs analysis for a Graduate and Profesional Development Centre was completed in 2004/05 leading to a decision to concentrate resoirces on other vehicles to achieve the same aims.</p> <p>An extensive range of services to support the new training structure for doctors have been developed which are overseen by the School of Postgraduate Medical and Dental Education. These will be extended to Allied Health Professionals in the future. In addition, 38 of the 39 NHS Trust and CU locations where CU students attend on placement use the Library catalogue, and 21 of the Trust Libraries also provide connections to the full range of resources available on the CU network. All CU students (and their supervisors) have the same level of access to information wherever they are placed.</p>

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

HEFCW/WAG 5	<i>Aim: To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.</i>	<i>To promote activities consistent with the University's mission and strategies which will help WAG address particular problems in Wales and to contribute to policy development in Wales: by enhancing CPD provision for health professionals through enhanced access to CPD opportunities.</i>	<i>See response to 3.4 above.</i>
3.5	To play a pivotal role in the development and provision of health and social care in Wales.	Close collaboration with NHS and other appropriate agencies.	The University's NHS Liaison Unit works to facilitate good relationships between the institution and its NHS partners, particularly in the shared delivery of high quality medical and healthcare education. Major collaborative proposals with the NHS and other academic partners include (i) the Wales PET Scanner Research Centre; (ii) the Clinical Research Co-ordinating Centre for Wales (CRCC Cymru); and, (iii) the Wellcome Trust Clinical Research Infrastructure Initiative. Also, the Health Policy Group provides a forum to bring together relevant participants from across academic disciplines in research, education and training, together with professionals from the health and social care sectors, to monitor developments in health policy in Wales and co-ordinate responses where appropriate.
HEFCW/WAG 6	<i>Aim: To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.</i>	<i>Development of strategic international links to promote the University to a global audience.</i>	<i>No specific baseline was set as this was not a measure that the University was tracking. There are, however, over 80 news stories describing international links with universities and other institutions, particularly in China, India and Europe on the University's website. A typical article cites examples of research agreements with Fudan University, Shanghai Jiaotong University, Tsinghua University, Peking University and commercial enterprises such as BaoSteel Corporation.</i>
HEFCW/WAG 7	<i>Aim: To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.</i>	<i>Targets re: spin out companies and licensing, etc</i>	<i>2005/06 targets and actuals: Major partnership proposals with NHS Trusts - target 2/actual 2. Research and clinical trial projects - target 35 with value of £2.0m/actual 15 with value of £2.15m. Joint commercialisation projects with NHS Trusts - target 2/actual 3. Licensed IP (patents and software) - target 60/actual 92.</i>
HEFCW/WAG 8	<i>Aim: To benefit society through making a significant and sustainable contribution to the health, economy, education and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.</i>	<i>Development of a commercialisation portfolio</i>	<i>Rationalised joint commercialisation portfolio currently includes 85 patent projects, 43 active patent licence agreements, 49 active software licence agreements and 17 spin-out companies.</i>

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE
Appendix 4 - Strategic Outcomes review (abbreviated)

Aim 4 To create an environment in which staff and students can achieve their full potential and within which intellectual and creative life can flourish.

Ref	Key Strategic Outcomes	Key Objectives	Measures/Timescales/Outcomes
4.2	To recruit, retain, motivate and develop staff of the highest professional standards.	Develop a shared culture of excellence for the University.	Ongoing and successful (see 0.2)
		Enhance the University environment through performance management and leadership.	<p>In terms of Performance Management, the underpinning policies are now in place and HR are working with Schools to implement and embed these activities.</p> <p>A draft outline Leadership & Management Development Framework has been developed through consultation with stakeholders. From January 2006, activities have been initiated to improve the support of existing leadership and management development across the University and to integrate all initiatives into the over-arching institutional strategy on leadership and management as it emerges.</p> <p>An IiP Steering Group has been established and an implementation structure is being developed to project manage the implementation of IiP at Cardiff University. The target for the whole University gaining IiP status is set for 2009 which has been revised from the original target date of 2007.</p>
4.3	To enhance the student experience and provide opportunities for student involvement in the development of the University.	Implement a Student Communications Strategy.	The Implementation Plan for the Communication (Students) Strategy is being undertaken in conjunction with the development of Project Q which aims 'to assist the University in gaining a clear insight of the scope of the existing engagement with the student body and of the means of enhancing this engagement. The University and Students' Union are currently running the Project Q online survey for new students for the second year. A detailed action plan based on feedback from the first year survey is now being applied. Actions have already taken place and include more effective communication methods being used at enrolment by both the University and Students' Union. The learning and teaching experience of postgraduate students has been explored through focussed discussion groups and headline findings will feed into the learning and teaching activities for the coming year.
4.5	To ensure that the Estates Strategy is consistent with the University's mission and strategies.	Continue to develop the Estates Strategy to make creative use of existing and any future additional space. (See also Priority 1.5)	The Estates Strategy was submitted to HEFCW by the deadline of the end of March 2006 and the University has purchased land which will provide additional space.

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 4 - Strategic Outcomes review (abbreviated)

4.7	To ensure the University's mission and aims are underpinned by an effective and efficient structure.	Establish a unitary committee system with clear lines of accountability.	The initial review of the Committee structure was completed at the end of the 2004/05 session and is now under continuous rolling review. Objective therefore achieved on time and subject to continued development.
		Reduce expenditure on overheads as a proportion of total expenditure.	The University believes that these objectives will be met. 2005/06 levels are: Admin at 6.02% against the planned 6.96%; premises at 6.33% against a planned 5.40%. In combination these figures are in line with the plan. The overrun on premises is entirely due to much higher than forecast energy costs.
<i>HEFCW/WAG 10</i>	<i>Aim: The creation of substantial additional jobs within the University and with a multiplier effect which will create a large number of new jobs in the wider community.</i>	<i>The creation of substantial additional jobs within the University and with a multiplier effect which will create a large number of new jobs in the wider community measured by an estimated 1800 academic and support staff by 2010 and an estimated further 1350 jobs in the wider community associated with the growth of the University..</i>	<i>To date 300 additional FTEs have been employed. However, many issues affect this objective and the expectation is the the target will not be achieved.</i>

APPENDIX 5 – LINKED CHAIRS

Link Chairs' Schools and disciplines/expertise

Professor Ruedi Alleman, School of Chemistry (1 January 2005)

Research interests: range of areas within Chemical Biology, including synthetic organic chemistry, quantum mechanical and molecular mechanics approaches to enzymes catalysis, chemical genetics and medicinal chemistry.

Professor Alleman will spearhead the establishment of Chemical Biology as a major area of research activity at Cardiff, with strong links with other schools including Biosciences, Pharmacy, Optometry and the School of Medicine.

Professor Ruth Chadwick, Cardiff Law School and School of English, Philosophy and Communication (1 January 2006)

Research interests: focused primarily on genetics and related issues.

Professor Chadwick is director of the Economic and Social Research Council Centre for Economic and Social Aspects of Genomics (CESAGen). She has been awarded the 2005 World Technology Award for Ethics.

Professor Wolfgang Drexler, School of Optometry and Vision Sciences (1 April 2006)

Research interests: focused on optical imaging and the sophisticated use of statistics and other data for early non-invasive medical diagnosis. He has played a key role in the development of optical coherence tomography, and optical medical diagnostic imaging modality which enables non-invasive high resolution in vivo three-dimensional tomographic visualisation of internal microstructure in biological systems.

Professor Glyn Elwyn, School of Medicine (1 May 2005)

Research interests: areas of expertise include the study of how patients can be actively involved in decision making and the communication. The use of new communication technologies to support these goals has led to interest in patient decision aids and in the impact they make on quality and patient safety.

Professor Andrew Sewell, School of Medicine (1 July 2006)

Research interests: Professor Sewell is an internationally renowned expert on T cell biology and T cell receptor structure-function relationships. In the past decade he has published some 50 papers in this area, many in the highest impact immunology journals. He has contributed important work that has extended understanding of T cell responses to HIV, and paradigm-shifting studies on CDS T cell receptor activities. He has begun to translate these basic structure-function analyses into novel therapeutic approaches for viral and autoimmune diseases.

Professor Lawrence Wilkinson, School of Medicine and School of Psychology (1 May 2006)

Research interests: Alzheimer's diseases and other dementias, genetics of impulsive behaviours, imprinted genes, brain and behaviour. Professor Wilkinson leads a laboratory that focuses on the field of behavioural genetics and epigenetics, with an emphasis on cognition. This brings together expertise in behavioural neuroscience and molecular methods.

APPENDIX 6 – GRANT AWARDS AND INCOME

REVIEW OF THE MERGER BETWEEN CARDIFF UNIVERSITY AND UNIVERSITY OF WALES COLLEGE OF MEDICINE

Appendix 2 - Research Income and Awards breakdown

Research Income and Awards - Cardiff University 2001-02 to 2005-06 (including former UWCM)

All figures in £ million

Note: Income Data exclude all SRIF; some SRIF data may remain in Awards

Income; excluding all SRIF/JIF	2001-02	2002-03	2003-04	2004-05	2005-06	Forecast/Target			
						2006-7	2007-8	2008-9	2009-10
Research Councils	13.69	14.77	17.31	18.2	22.08				
Charities	10.7	12.32	14.04	12.01	13.27				
UK Government	11.92	10.75	11.95	10.84	16.59				
UK Local & Health Authorities	0.71	0.85	0.85	0.83	0.89				
UK Industry, Commerce & Public Corporations	5.35	6.39	6.62	6.1	8.36				
European Commission	1.73	2.53	3.31	4.8	3.74				
Other Overseas	1.74	1.68	1.4	1.94	2.04				
Other Sources & EU Other	4.57	4.26	4.01	3.08	2.93				
TOTAL	50.41	53.55	59.49	57.8	69.9				
SRIF/JIF income		4.72	1.39	8.24	6.89				
Total income on same basis as business case		58.27	60.88	66.04	76.79				
Original Business case Forecast		54.97	61.26	68.38	76.45	87.92	101.11	116.27	133.72
Surplus/shortfall		3.3	-0.38	-2.34	0.34				

Note 1: Research Councils includes AHRB/AHRC

Awards	2001-02	2002-03	2003-04	2004-05	2005-06
Research Councils	21.69	19.31	24.23	25.63	22.29
Charities	13.86	14.12	8.31	14.81	15.14
UK Government	8.3	11.62	8.67	16.63	30.38
UK Local & Health Authorities	0.82	1.28	0.24	0.75	0.8
UK Industry, Commerce & Public Corporations	6.03	7.96	6.94	6.43	15.2
European Commission	3.76	2.53	3.28	6.61	4.59
Other Overseas	2.36	1.55	1.74	2.2	2.78
Other Sources & EU Other	8.25	6.17	10.17	6.16	5.04
TOTAL	65.07	64.54	63.58	79.22	96.22

APPENDIX 7 – REVIEW OF WAG OUTCOMES

PROGRESS AGAINST ITEMS TAKEN FROM ANNEX 4 OF ALYSON THOMAS’S LETTER OF MARCH 2004

Aim: To benefit society through making a significant and sustainable contribution to the health, economy and culture of Wales, thereby enriching and enhancing the profile of Wales in the UK and the world.

Development of strategic international links to promote the University to a global audience

International recognition of Cardiff University has been increasing since 2004. In 2004, the University was outside of the Times Higher Educational Supplement (THES) Top 200 Universities worldwide; in 2005, Cardiff was ranked 228th; and in 2006, Cardiff was ranked 141st. In the THES International League table for Life Sciences and Biomedicine, Cardiff was ranked joint 70th.

Targets re: spin-out companies and licensing, etc.

The University reports annually to HEFCW on progress towards its ‘Third Mission’ targets. The merger of UWCM and Cardiff has relevance to the following areas:

2005/06 performance indicators	Progress against performance indicators
Number of successful major proposals in partnership with NHS trust: target of 2	Achieved = 2 Cymru Co-ordinating Centre PET Research Centre
Number of new research and clinical trial projects: target of 35 with value of £2,000k	Achieved = 15 with value of £2,147k
Number of joint commercialisation projects with NHS trusts: target of 2	Achieved = 3
Number of active licences IP granted (patent and software): target of 60	Achieved = 92 (43 patent and 49 software)

Development of a commercialisation portfolio

1. The patent portfolio of the two antecedent Universities was reviewed and rationalised following the merger such that only those patents considered to have a reasonable prospect of commercialisation either through licensing or through a spin-out company were maintained. This has resulted in a current portfolio at 31 July 2006 of more than 180 technology transfer projects, including 85 patent projects, 43 active patent licence agreements, 49 active software licence agreements and 17 spin-out companies.
2. The merged University has continued to utilise the £4 million Cardiff Partnership Fund (University Challenge Seed Fund) set up jointly in 2000 to invest in commercialisation projects, including equity investments in spin-out companies. However, as the total amount of money available from the Cardiff Partnership Fund has now fallen below £1 million, most of this funding has been earmarked for follow up investment in existing spin-outs.
3. In light of the diminution of the Cardiff Partnership Fund, a new seed venture fund to replace it was recently secured by the University through a 10-year agreement entered into with the AIM-listed technology commercialisation company Biofusion plc. Modelled on a similar arrangement which Biofusion had entered into with the University of Sheffield in

2005, this provides a ring-fenced fund of £8.2 million to invest in commercialisation opportunities arising from Cardiff University's research. The University will also hold just under 30% of the shares in Biofusion plc valued at approximately £16.5 million. Biofusion also provides a one-off payment £180,000 and further payments of £210,000 per annum over the lifetime of the agreement which will be used to accelerate technology transfer and other commercialisation activities at Cardiff University. The University would not have been able to secure this type of agreement with Biofusion had it not been for the merger in 2004 as Biofusion were seeking to partner with a university having a certain volume/critical mass of research, especially in the biological and biomedical sciences.

Aim: Significantly greater income from sources other than the Assembly Government and HEFCW

Measured by grant and contract income of £88m before the next RAE.

The University target for research grant and contract income for 2006/07 is £88m. Accompanying tables illustrate the growth in awards and income.

Aim: The creation of substantial additional jobs within the University and with a multiplier effect which will create a large number of new jobs in the wider community.

Measured by: estimated [additional] 1800 academic and support staff by 2010; estimated further 1350 jobs in wider community associated with the growth of the University.

This outcome of merger was included in the Business Plan to demonstrate the benefits of additional research growth through merger. The increase in research grants and contracts would result in increases in research and support staff, with a lower level of increase in academic staff. Further growth in academic staff can be forecast if Cardiff were to receive a high level of QR income from HEFCW following the 2008 RAE.

Two years into merger, there are an additional ca. 300 full-time equivalent (FTE) staff employed at the University. Separate information provided shows the increase in research awards since merger, and the increase in research income/expenditure – there is a lag between award and expenditure; thus there is also a lag between award and growth in research and support staff employed on the research grants.

At the same time as growth in research income, there are counter-forces at work through (i) the increasing funding gap between English and Welsh HEIs; (ii) increased salary bills arising from the pay modernisation and the pay settlements. Without additional funding to compensate for these counter-forces, it is therefore to be expected that the estimated 1800 additional academic and support staff by 2010 will not be achieved.