

**Minutes of the 164<sup>th</sup> meeting of the Council held on 9 May 2014 at HEFCW offices, Llanishen, Cardiff**

**Present:**

**Members:**

David Allen (Chair)  
Dr David Blaney (Chief Executive)  
Dame Sandra Burslem  
Bethan Guilfoyle  
David Mason  
Professor Leni Oglesby  
Professor Stephen Tomlinson  
Ewart Wooldridge

**Observers:**

David Sweeney, Director of Research, Innovation & Skills, HEFCE  
Neil Surman, Head of HE Division, Higher Education and Lifelong Learning, Welsh Government  
Chris Jones, Head of HE Finance & Performance Improvement, Welsh Government  
Beth Button, President elect, National Union of Students Wales

**Officers:**

Dale Hall (Council Secretary)  
Celia Hunt  
David Hunt  
Bethan Owen  
Emma Rączka  
Alyson Thomas [item 1. only]  
Linda Tiller [item 1. only]  
Nick Williams

**Apologies:**

Professor Mark E Smith  
Professor Robin Williams  
Laurence Howells, Chief Executive, SFC  
Stephanie Lloyd, President, National Union of Students Wales

**1. Introductory remarks and declarations of interest**

- 1.1 The Chair welcomed the observers to the meeting, including Beth Button attending her first Council meeting as President elect of the National Union of Students Wales in the absence of Stephanie Lloyd. As this would have been her last meeting, the Chair would write on behalf of the Council to thank Stephanie for her contribution over the last two years.
- 1.2 Council members were thanked for providing updated information for the recent annual review of members' biographical details and declared

interests. No specific members' interests were declared in relation to any of today's agenda items.

- 1.3 The Chair welcomed Professor Julie Williams, Chief Scientific Adviser for Wales (CSAW), who addressed the Council on progress to date in improving science and innovation in Wales.
- 1.4 The CSAW noted a key statistic of concern (highlighted in the Welsh Government's *Science for Wales* strategy) was that Welsh higher education had for some time been underperforming in terms of its share of captured Research Council grant income. Currently Welsh HE received around 3% of total UK Research Council income, whereas Wales' population base suggested the figure should be 4.9%. The recent Elsevier report had shown that the issue was not one of quality or excellence. Welsh HE performed well on the world stage on a number of research measures – for example, proportion of most highly cited publications; proportion of research publications associated with patents. Rather, the key issue was that there were not enough scientists in Wales, particularly in the areas of life sciences and medicine; materials; and the environment. Although there was no agreement on the number of additional scientists needed for Wales (estimates ranged between 200 to 1000 more), there was evidence that every leading scientist appointed to a university had a strong leverage effect, attracting in 1.5 to 2 additional posts.
- 1.5 The significant investments to date through the Sêr Cymru programme – with the appointment of three international research 'stars' to Research Chairs in Wales, and the launch of three National Research Networks – would, it was hoped, contribute to the strengthening Wales' science research base. The CSAW was now proposing a successor programme, 'Spearhead', for which a bid had been submitted to the Welsh Government's Department for Economy, Science and Transport.

***The paragraph below is exempt from publication under the Freedom of Information Act 2000 (for future publication).***

**Exempt minute**

- 1.6 It was hoped that the Welsh Government approval process would be completed within the next couple of months, but even so Spearhead would not be launched until the Autumn at the earliest. The CSAW said that she would want to work closely with HEFCW on co-funding and delivery of some of the Spearhead projects.
- 1.7 In addition to Spearhead, the CSAW would like to see a 'catapult centre'<sup>1</sup> developed in Wales, working in the areas of precision medicine and, potentially, in energy.

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<sup>1</sup> A centre where businesses, scientists and engineers work side by side on late-stage research and development to transform ideas into new products and services.

- 1.8 Council members offered a number of comments on, and questions relating to, the issues covered by the CSAW. Members noted that the Council had made a significant contribution to the science agenda in Wales through the funding support it had provided over several years to various science-related collaborative projects, including IBERS; WISERD; and Sêr Cymru. A question was raised about how to ensure long-term sustainability of the research investments sought by the CSAW - for example, to address the risk that research stars might leave Wales after only a few years. The CSAW acknowledged the concerns and said that her office would be exploring options to encourage long-term institutional buy in, for example by profiling the funding for successful bids such that significant proportions of funding were provided in the early years and with universities required to contribute a greater proportion in later years. In her view there would be a greater chance of achieving long-term sustainability with rising research stars as these individuals were more likely to become fully embedded within their universities.
- 1.9 The Council commented that key to strengthening the Welsh science and research base would be trying to achieve a strategically joined-up approach on funding (QR; RCUK; European funding; funding from industry; etc.). It would be beneficial to try and create a 'conveyor belt' approach which facilitated clear career paths from PhD student right the way through to international research star. The CSAW agreed with this ambition, though noted that projects like the proposed Spearhead could not in itself achieve a joined up approach to research funding and support. Also, there was a timing pressure: Wales needed to make a difference sooner rather than later to bring in more external research funding.
- 1.10 The Council asked if it was intended to look into the possibility of joint initiatives between Spearhead and the Welsh Government's National Institute for Social Care and Health Research (NISCHR). The CSAW confirmed that they would be, and noted that there was a need for more capacity building in this area.
- 1.11 The Council asked about the work of the National Science Academy (NSA) in increasing the science and engineering talent pool. The CSAW said the NSA had a range of on-going projects, but relatively little funding. There was an opportunity to work with the four established education consortia in Wales to adopt a more structured approach, especially on ways to encourage more young people into science. The Council observed that there was evidence that more children in Wales were now opting for science subjects post-16, and that it would be helpful if there were more inspirational scientists visiting schools. The CSAW agreed to explore the idea of having within each consortium specialists to co-ordinate work with local schools.
- 1.12 The Council asked how the ambition to have at least one world class, research-led university in Wales linked with the Welsh Government's science and research ambitions. The CSAW said critical mass at

universities was important – for example, Cardiff University was working closely with universities in the south west of England to achieve the necessary critical mass in certain areas of research. Funding was crucial, and achieving the ambition would take time.

- 1.13 The CSAW raised a concern about the Council's proposed reductions to the expensive subjects premium and the potentially detrimental effects on funding for clinical medicine and dentistry provision. The Chair explained that the Council's room for manoeuvre in relation to discretionary funding was now very narrow given the demands of fee grant payments.
- 1.14 The Chair thanked The CSAW for her presentation and the discussion. He said that the Council welcomed that Wales had a Chief Scientific Advisor to take the strategic lead on science issues, and that it looked forward to continuing to work closely with the CSAW and her office to help achieve their ambitions.

[Professor Williams left the meeting at this point.]

## **2. Minutes of the meeting held on 14 March 2014 (HEFCW/14/Min163)**

- 2.1 The minutes were accepted as a true record of the meeting held on 14 March 2014.

## **3. Matters Arising (HEFCW/14/33)**

- 3.1 Council received a report on action taken following the previous Council meeting held 14 March 2014.

Noted:

***The paragraph below is exempt from publication under the Freedom of Information Act 2000 (commercial interests).***

### 3.2 Exempt minute

- 3.3 *Framework Document* (8 November 2013 & 14 March 2014, minutes 14.2-14.4 & 7.4 respectively) – A revised version of the Framework Document had been received on 8 May and was now close to being finalised.

- 3.4 *Increasing number of women and other under-represented groups in public appointments* (24 January 2014, minute 5.4) – Following the retirement of Howell Rees, Head of the Public Appointments Unit, other staff from the Unit had agreed to meet with HEFCW staff to discuss the Welsh Government's public appointments processes.

***The paragraph below is exempt from publication under the Freedom of Information Act 2000 (for future publication).***

### 3.5 Exempt minute

#### **4. Chair's Report**

- 4.1 The Chair expressed his thanks to the Welsh Government panel for appointing him as the new Chair of the HEFCW Council and said that he was looking forward to carrying out the role in what were both exciting and challenging times for higher education. He thanked Council members and HEFCW staff for their support, and also expressed his thanks to the former Chair, Roger Thomas, for the help and support he had provided during the transition period. The Chair would write to Mr Thomas to express the Council's thanks for his contribution as Chair of the Council over six years.
- 4.2 The Chair had held meetings with various Welsh Government officials. These would continue over the following weeks and months, and meetings would also be arranged with the vice-chancellors and chairs of boards of all the universities in Wales, and with NUS Wales.

#### **5. Chief Executive's Report (HEFCW/14/CE3)**

- 5.1 Members Workshop 8 May 2014: recap on outcomes (Oral)  
Members agreed that the Workshop sessions had provided for positive, constructive discussions on a number of important issues, both current and future. The discussions had focused on the changing role of HEFCW and the implications for the way in which the Council approached risk management; funding; and setting its Corporate Strategy ambitions and targets. The Welsh Government observer added that, once the HE Bill was enacted, the Welsh Government would continue to depend heavily on HEFCW to ensure that there continued to be high quality higher education provision in Wales. In addition to the proposed primary legislation, there would simultaneously be a considerable amount of work to be carried out to develop a range of sub-ordinate legislation, all of which would need to come into force from February 2015. This meant that any adjustments to HEFCW's processes and ways of working would need to be in place within the same time frame.
- 5.2 HEW/CHEW/HEFCW Strategic Dialogue meetings: future arrangements & Council meeting September 2014  
Council expressed disappointment that this year's Strategic Dialogue meeting had been cancelled by HEW and CHEW. It was noted that the sector wished to pursue potential opportunities around the NATO summit being held in Newport at the same time. As a consequence, the Council agreed to re-schedule its meeting from the 4<sup>th</sup> to the 25<sup>th</sup> of September, and to hold the meeting in Aberystwyth as this was the day before Council's Institutional Visit to the University.

HEW and CHEW had stressed their commitment to continue regular partnership engagement with HEFCW, but there was a view that the format of the current Strategic Dialogue model needed to be re-considered. Officers were in discussions with HEW and CHEW about what alternate arrangements might be established in future. The NUS Wales observer added that the NUS would welcome the opportunity for

students to be involved in some way in whatever new arrangements were agreed.

5.3 Welsh Centre for Crime and Social Justice: budget carry forward  
Council agreed to carry forward £178k of underspend on the original budget for the Welsh Centre for Crime and Social Justice into 2014-15 . £100k would go to funding post-doctoral researchers, and £78k to fund administration and support for the Centre's seminars and conferences.

5.3 Council received and noted a number of items for information:

- Chief Executive's Calendar of Meetings since the last meeting of Council on 14 March 2014.
- Major Research Council Grant award to WISERD.
- Reports on exercises of delegated authority through the Scheme of Delegation:
  - HEFCW contribution to the Long destination of leavers from higher education study (LongDLHE);
  - HEFCW contribution to the development of a website to provide a postgraduate decision-making toolkit.

## **6. HEFCW Funding Allocations 2014/15 (HEFCW/14/34)**

6.1 The paper outlined proposals for the distribution of funding for academic year (AY) 2014/15. Council recalled the prior stages that had informed the proposals, starting with initial discussions at Council's meeting in November 2013 about possible reductions to budget lines; subsequent rounds of correspondence with the sector on the budget proposals; the obtaining of legal advice following representations from the sector; and further detailed discussions and steers agreed by the Council at its meetings in January and March 2014.

6.2 As agreed by Council in March, a final set of funding proposals for 2014/15 had been sent to the vice-chancellor of each Welsh university on 27 March which invited comments by 29 April. Seven universities had responded to the consultation and these responses had been shared with Council members. The Council reviewed and assessed the responses received from each university to inform its decisions on both the overall and individual budget allocations for 2014/15.

***The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs).***

6.3 Exempt minute

6.4 Exempt minute

6.5 Exempt minute

6.6 Exempt minute

- 6.7 Exempt minute
- 6.8 Exempt minute
- 6.9 Exempt minute
- 6.10 Exempt minute
- 6.11 Exempt minute
- 6.12 Exempt minute
- 6.13 Exempt minute
- 6.14 Exempt minute
- 6.15 Exempt minute
- 6.16 The Council agreed to award a one-off payment to the OU in Wales in 2014/15 at the equivalent of the value of lost strategy funding which the institution would not be able to compensate for through FTUG tuition fee income.
- 6.17 Having carefully considered the arguments and proposals put forward by each university that had responded to the final consultation, the Council concluded that none of the issues raised necessitated revisiting the basis of the funding allocations proposed. The Council therefore agreed the overall and individual institutions' allocations as set out in the paper. The figures were subject to final checking by staff and final approval by the Chair and Chief Executive.
- 6.18 The circular announcing the allocations would be published on 23 May 2014. The circular would include the equivalent of Table 7 in the paper which compared overall institutional funding for 2014/15 with that for 2013/14, and which included the latest available estimated tuition fee income from Welsh/EU and other UK students for each Welsh university. It was agreed that future budget allocation papers to Council would include a comparative analysis of both the changes in overall funding between years and also the changes to each element of funding.
- 6.19 The estimated balance of available funds for 2014/15 was £16.7m. Council noted that this level of balance was deemed to be appropriate in the context of the uncertainty about the level of fee grant commitment required for 2014/15 and subsequent years, not least given the potential impact of the lifting of the cap on recruitment to English institutions from 2014/15. However, the allocations did not take into account any potential in-year cuts that might be applied by the Welsh Government.

Resolved:

- 6.20 To consider the comments from the sector in response to the funding steers.
- 6.21 To delegate authority to the Chair and Chief Executive to write to the University of South Wales setting out the Council's response to the points raised in the University's consultation feedback, and to confirm that Council had ratified the proposals on funding for the University for 2014/15.
- 6.22 To delegate authority to the Chief Executive to respond to the letter from the Arts Council of Wales of 22 April.
- 6.23 To endorse the proposed approach to the preparation of the circular.
- 6.24 To note the estimated fee grant obligations for Welsh and EU students studying in Wales, and Welsh domiciled students studying in the rest of the UK.
- 6.25 To confirm the overall allocation of funding for 2014/15 set out in Table 1.
- 6.26 To agree the Quality Research (QR) allocations to individual institutions set out in Table 2.
- 6.27 To agree the Postgraduate Research (PGR) allocations to institutions set out in Table 3.
- 6.28 To note the context and background against which the Part-time (PT)/Post graduate Taught (PGT) teaching allocations and Full-time undergraduate (FTUG)/Postgraduate Certificate of Education (PGCE) allocations were being made.
- 6.29 To agree the PT/PGT teaching allocations set out in Table 4.
- 6.30 To agree the FTUG/PGCE allocations set out in Table 5.
- 6.31 To agree the overall distribution of funds shown in Table 6.
- 6.32 To provide leeway of 1% for under-recruitment on total funded numbers for PT/PGT credit based funding in 2014/15, and an overall threshold of the lesser of £50,000 or 10% of teaching funding.
- 6.33 To note Table 7 and the estimated overall resources available to the individual institutions.
- 6.34 To endorse the proposals to award the OU in Wales the equivalent of their strategy funding which would be removed in 2014/15.
- 6.35 To delegate authority to Chief Executive to agree basis on which the additional OU in Wales award is released and monitored.

- 6.36 To delegate authority to the Chair and Chief Executive to agree the final allocations of funding to institutions for 2014/15.
- 6.37 To delegate authority to the Chair and Chief Executive to agree any in year adjustments required to the funding allocations as a result of the actual fee grant obligation.
- 6.38 To delegate authority to the Chief Executive to agree the final communication of allocations of funding to institutions for 2014/15.

## **7. Institutional Risk Review (HEFCW/14/35)**

- 7.1 The Council considered the outcomes of the latest Institutional Risk Reviews (IRR), which had been reviewed by the Audit and Risk Assurance Committee at its meeting in March.
- 7.2 The Council reviewed and approved the outcomes of the latest IRR of each institution, and noted the 'traffic lights' sheet which summarised the risk ratings for each institution in each of the six key risk areas.

***The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs; commercial interests).***

- 7.3 Exempt minute
- 7.4 Exempt minute
- 7.5 Exempt minute

Resolved:

- 7.6 To consider and approve the outcomes of the IRRs of each higher education institution.
- 7.7 To delegate authority to the Chair; Chair of the Audit and Risk Assurance Committee; and the Chief Executive to finalise the IRR letters to institutions.

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- 7.8 Exempt minute

## **8. Fee Plan outcomes 2012/13 (HEFCW/14/36)**

- 8.1 The paper outlined progress made on monitoring fee plan outcomes for 2012/13.

***The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (for future publication).***

8.2 Exempt minute

8.3 Exempt minute

Resolved:

8.4 To delegate authority to the Chief Executive to finalise responses to the sector.

## **9. Draft Operational Plan 2014-15 (HEFCW/14/37)**

9.1 The paper presented a first draft of the Operational Plan 2014-15, which had been based on the remit letter 2014-15 and HEFCW's Corporate Strategy 2013-16, and reflected Council's discussion at its meeting in March.

9.2 Council agreed that in light of the potential changes to the role of HEFCW that might arise from the enactment of the HE (Wales) Bill, and also potential in-year funding cuts from the Welsh Government, a number of remit letter activities would likely have to be de-prioritised.

Resolved:

9.3 To consider the draft Operational Plan 2014-15.

9.4 To delegate authority to the Chair and Chief Executive to finalise the Operational Plan 2014-15 for submission to the Welsh Government.

## **10. Reconfiguration and Collaboration (HEFCW/14/38)**

10.1 The paper updated the Council on developments relating to the reconfiguration of the sector, including institutional mergers, and provided an update on Reconfiguration and Collaboration funding and Strategic Development funding. The paper also invited the Council to note the draft final report to the Welsh Government on Universities Heads of the Valleys Institute (UHOVI) Phase One.

***The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (commercial interests; prejudice to effective conduct of public affairs).***

10.2 Exempt minute

10.3 Exempt minute

Resolved:

10.4 To note the position in respect of SDF and RCF funding.

10.5 To note the draft final report to Welsh Government on Universities Heads Of the Valleys Institute (UHOVI) Phase One.

***The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (commercial interests; prejudice to effective conduct of public affairs).***

10.6 Exempt minute

10.7 Exempt minute

10.8 To note the progress of the merger of the University of Glamorgan and University of Wales Newport.

10.9 To note the progress of the merger of the University of Wales Trinity Saint David and Swansea Metropolitan University.

10.10 To note the position of on-going developments and sector reconfiguration.

**11. Any other business**  
None.

**12. Date of next Council meeting**

12.1 9:30am on Friday 4 July 2014, at the HEFCW offices, Llanishen, Cardiff.

**Papers for approval without discussion:**

**13. Research Capital funding (HEFCW/14/39)**

Resolved:

***The paragraph below is exempt from publication under the Freedom of Information Act 2000 (for future publication).***

13.1 Exempt minute

13.2 To continue the reporting proposals set out in paragraph 9.1 of the paper.

**14. HEFCW's Reaching Wider programme (HEFCW/14/40)**

Resolved:

14.1 To note the Reaching Wider Programme's contribution between 2011/12 to 2013/14 to meeting the Council's widening access priorities.

***The paragraph below is are exempt from publication under the Freedom of Information Act 2000 (for future publication).***

14.2 Exempt minute

**Papers provided for information:**

15. **Sources of Research Income of Higher Education Institutions in Wales - 2012/13 (HEFCW/14/41)**
16. **Operational Plan 2013-14: End of Year Report (HEFCW/14/42)**
17. **Minutes of the Audit and Risk Assurance Committee meeting, 5 March 2014 (HEFCW/14/43)**
18. **Minutes of the Strategic Development Committee meeting, 10 March 2014 (HEFCW/14/44)**
19. **Minutes of the Research, Innovation and Engagement Committee meeting 3 April 2014, including final report of HE-BCI Survey sub-group (HEFCW/14/45)**
20. **Minutes of the HR Committee meeting, 22 January 2014 (HEFCW/14/46)**

Signature.....Date.....