

Minutes of the 165th meeting of the Council held on 4 July 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 Mark Smith
Professor Robin Williams
Ewart Wooldridge

Observers: Professor Madeleine Atkins, Chief Executive, HEFCE
Huw Morris, Group Director, Skills, Higher Education and
Lifelong Learning, Welsh Government
Chris Jones, Head of HE Finance & Performance
Improvement, Welsh Government

Officers: Dale Hall (Council Secretary)
Celia Hunt
Bethan Owen
Emma Rączka
Nick Williams

Apologies: Professor Steve Tomlinson
Mr Laurence Howells, Chief Executive, SFC
Beth Button, President, National Union of Students Wales

1. Introductory remarks and declarations of interest

- 1.1. The Chair welcomed all to the meeting.
- 1.2. No specific members' interests were declared in relation to any of today's agenda items above and beyond those currently published on HEFCW's website.
- 1.3. The Chair invited Professor Atkins to say a few words on general developments with respect to the regulatory environment in England, and on how HEFCE was dealing with the recent UK Visas and Immigration (UKVI) issue following the Minister for Immigration and Security's oral statement to Parliament on 24 June:

- Regulation – Statutory Instrument due to be made by 22 July which would give HEFCE more power to collect (though not to audit) information from alternative and private higher education providers.
- HEFCE's Financial Memorandum would be replaced by a Memorandum of Assurance and Accountability from 1 August. All HE institutions would be required to sign up to the new Memorandum. Alternate and private providers would be required to sign another form for approval for alternative designation. HEFCE believed these two new processes would enable it to deal with any quality issues that might arise when the controls on student numbers were fully lifted from 2015/16.
- The first 'Register of higher education providers' would be published online by HEFCE in August. It would collate all information (apart from HEFCE risk ratings) on all institutions and other providers regulated by HEFCE.
- UKVI issue – In addition to the announcement about Glyndŵr University, the 24 June statement had indicated that two English institutions (University of Bedfordshire and the University of West London) had been told they were no longer allowed to sponsor new overseas students, pending further investigations. It had also been announced on 24 June that the QAA would be conducting a review of the London branch campuses of universities based in other parts of the country. UKVI had established a working group to consider the impact of the issues with respect to students' interests. The first meeting of the working group was due to take place on 7 July (HEFCW's Chief Executive was a member of the group).

2. Minutes of the meeting held on 9 May 2014 (HEFCW/14/Min164)

2.1 The minutes were accepted as a true record of the meeting held on 9 May, subject to the following amendment:

- Minute 6.20: 'To **note** the comments from the sector in response to the funding steers.'

3. Matters Arising (HEFCW/14/47)

3.1 Council received a report on action since the previous Council meeting held 9 May 2014.

Noted:

3.2 *Increasing the number of women and other under-represented groups in public appointments (24 January 2014, minute 5.4)* – A meeting had been held recently with representatives from HEFCW's sponsor division and the Welsh Government's Public Appointments Unit. Some useful historical data had been provided by the Welsh Government on applications from previous Council member recruitment exercises. There

was a sense that there would be sufficient scope for HEFCW input in future member appointments exercises to discuss options for addressing under-representation on the Council.

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

3.3 Exempt minute

4. Chair's Report (HEFCW/14/CH1)

4.1 Council received and noted the Chair's Calendar of Meetings since the last meeting of Council on 9 May 2014. The Chair gave an update on the following matters:

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

4.2 Exempt minute

4.3 Meetings with Chairs and Vice-Chancellors, etc.

Meetings were being scheduled with other universities and stakeholders over the summer and into early autumn.

4.4 Council member vacancies

The Chair was discussing with the sponsor division an appointments exercise to fill the two Council member vacancies. He had suggested that it would be particularly helpful to secure a greater representation from women; individuals with a background in a knowledge-based business, or one which was a significant employer of graduates; individuals with experience of higher education management and leadership; and individuals with links with North Wales. The Chair invited Council members to put forward any further thoughts they had on the skills needs of the Council.

4.5 *Queen's Birthday Honours 2014* – The Chair had written letters of congratulations to Rob Humphreys; Professor Julie Lydon; Steve Egan (HEFCE); and other individuals at universities in Wales who had received honours.

5. Chief Executive's Report (HEFCW/14/CE4)

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

5.1 Exempt minute

5.2 Exempt minute

5.3 Exempt minute

5.4 Exempt minute

5.5 Exempt minute

5.6 Exempt minute

5.7 Exempt minute

5.8 Exempt minute

5.9 Exempt minute

Resolved:

5.10 To delegate authority to the Chair and Chief Executive to act as appropriate in the light of the Council's discussion to seek to secure broad based, resilient higher education provision for NE Wales.

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

5.11 Exempt minute

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

5.12 Exempt minute

5.13 Pay

Negotiations were continuing with the Welsh Government on the proposed pay offer to HEFCW staff. The Council urged the Welsh Government to progress the discussions more quickly.

5.14 Scheme of Delegation: proposed amendment

The Council approved revisions to its Scheme of Delegation.

5.15 Delegated authority to approve fee plans 2015/16

The Council delegated authority to the Chief Executive to make the decision on final 2015/16 fee plans and to communicate this to institutions.

5.16 Maximum Fee Grant

The Council approved the revised Maximum Fee Grant arrangements, which would now be formalised and published by 31 July 2014.

5.17 HR Committee remit

The Council approved revisions to the remit of the HR Committee.

5.18 Council received and noted number of items for information:

- Chief Executive's Calendar of Meetings since the last meeting of Council on 9 May 2014.
- National Teaching Fellows in Wales
- Spearhead Strategic Awards
- Appointments Committee approvals:
 - Professor Alan Speight as the South West Wales representative on the Student Experience, Teaching and Quality (SETQ) Committee for a further 3 year term, until May 2017.
 - Beth Button to the SETQ Committee for the period 1 July 2014 to 30 June 2016, or until her term as President of NUS Wales ends, whichever is the sooner.
 - Professor John Grattan as HEW's nominee to the SETQ Committee for the period 1 June 2014 until 31 May 2017, or until his term as Chair of the HEW PVC Learning and Teaching Advisory Group ends, whichever is the sooner.
- Report on exercises of delegated authority through the Scheme of Delegation.
- Note of the Members' Workshop, 8 May 2014.

6. HE (Wales) Bill (HEFCW/14/48)

- 6.1 The Higher Education (Wales) Bill had recently been laid before the National Assembly for Wales. The Bill would introduce a range of regulatory powers for HEFCW, all of which essentially hinged on the fee planning process. HEFCW would also gain the power to issue spending directions should an institution fail to deliver on its fee plan obligations or charge fees above the approved limit. However, it was unclear whether the latter provision would provide the necessary flexibility to enable HEFCW to press the sector to address broader Welsh Government policy priorities other than widening access.
- 6.2 HEFCW's submission on the Bill Technical Consultation had raised a number of concerns about proposals. These included a lack of control over either student numbers or tuition fee grant costs, which meant that HEFCW would continue to have no means of controlling what was a demand-led budget. Also, fee plans were regarded as a relatively ineffective and inefficient policy lever, not least given the time lag between fee plan approval and the availability of data on which to judge delivery.
- 6.3 HEFCW had been asked by the Welsh Government to prepare sector fee plan guidance and to draw up a new Financial Management Code over the next year, before the HE (Wales) Bill was finalised. This would involve a significant amount of staff time and would reduce focus on other activities. The initial estimate of the additional costs of delivering

the requirements of the Bill (amounting to approximately nine additional HEFCW staff) would need to be fine-tuned once the details of the secondary legislation became clearer.

- 6.4 It was understood that the higher education sector in Wales was not against the principle of regulation contained in the Bill, but had expressed concerns about the potential consequences in terms of a threat to institutional autonomy. The Welsh Government observer said that he would be arranging meetings with HEW over the summer to discuss the sector's concerns.

Resolved:

- 6.5 To note the developments relating to the HE (Wales) Bill and its potential consequences for HEFCW.

7. Proposals for funding consultation (HEFCW/14/49)

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

7.1 Exempt minute

7.2 Exempt minute

7.3 Exempt minute

7.4 Exempt minute

Resolved:

7.5 Exempt minute

7.6 Exempt minute

7.7 Exempt minute

7.8 Exempt minute

7.9 Exempt minute

7.10 Exempt minute

7.11 Exempt minute

7.12 Exempt minute

8. Annual Report and Accounts 2013-14 (HEFCW/14/50)

- 8.1 The paper presented the draft HEFCW annual report and accounts for the year ended 31 March 2014, which had been audited by the Wales Audit Office (WAO). Draft accounts had been presented to the Audit and

Risk Assurance Committee at its meeting on 25 June, following which some minor changes of wording and a change in the sequence of the sections within the Management Commentary had been made.

- 8.2 The format of the annual report and accounts had changed to meet the requirements of the latest HM Treasury Financial Reporting Manual, and to provide additional information that would normally be included in our separately published Annual Report. The latter would not be produced this year, nor would we be required to produce the shorter form Summary Financial Statements. However, a separate document with a focus on the higher education sector in Wales would be published later in 2014.
- 8.3 2013-14 was the first year in full to reflect the change in the flow of funding due to payment by HEFCW of student tuition fee support grants to the Students Loan Company (SLC). A total of £129.3m had been paid to the SLC for this purpose in 2013-14, of which an estimated £49.5m (38.3%) comprised payments made to non-Welsh higher education institutions.
- 8.4 Council recalled that last year's accounts had included an additional substantive report from the Auditor General highlighting concerns regarding the Welsh student residency controls undertaken by Welsh local authorities. It was welcomed that the 2013-14 annual report and accounts did not include a substantive report as enough additional work had been carried out to provide the WAO with sufficient assurance on this matter.
- 8.5 The Audit and Risk Assurance Committee had proposed the additional text beneath Measure 12 in the 'Progress against strategic measures' section. The Committee had also put forward a slight amendment to the wording of the 'Policy delivery' strategic risk, which would be amended to: 'Welsh local authorities incorrectly assess students as Welsh domiciled...' (p. 9 of the report refers).
- 8.6 The outstanding data highlighted on p.30 of the report was now available and could be added to the report. There had been 10 cases identified of fraud by the local authorities to the SLC: two of these had since been cleared; four related to ineligible claims of fee grant; and the remaining four were still being looked into. These were very small numbers and not of any material significance.

Resolved:

- 8.7 To approve the annual report and accounts 2013-14, subject to the further amendments being made as noted in minutes 8.5 and 8.6.
- 8.8 To delegate authority jointly to the Chair of Council and to the Chair of the Audit and Risk Assurance Committee to agree the changes prior to the formal approval of the accounts by the Chief Executive.

9. Strategic engagement with HEIs: proposed revised approach (HEFCW/14/51)

- 9.1 The paper set out the outcome of the consultation process with the sector regarding the proposed revision of the process for engagement with HEIs on strategic planning.
- 9.2 In a number of instances feedback from institutions had been taken on board in finalising the proposals. There had also been negative comments on the proposals from some institutions. Cardiff Metropolitan University had suggested that HEFCW was acting outside current legislation in proposing to use a standard Strategic Planning and Engagement Document template, as it regarded this as seeking to influence the setting of institutional strategy. Officers did not agree with this assessment, and pointed out that the proposed new template would be provided to HEFCW for information purposes to help it understand, not to set, institutions' strategic direction. The information requested would cover a three-year period and would replace the current requirements for institutions to submit separate Strategic Plans and sub-strategies. It was, therefore, a more streamlined approach. Council noted, however, that there was a degree of tension between the new strategic engagement arrangements and what institutions were required to submit through their fee plans, the latter being a statutory requirement.

Resolved:

- 9.3 To note the responses to the consultation on proposed revisions to the Strategic Engagement process and officers views on these.
- 9.4 To approve the revised Strategic Engagement process.
- 9.5 To delegate authority to the Chief Executive to finalise the arrangements

10. Council forward business plan 2015 (HEFCW/14/52)

- 10.1 The paper invited the Council to agree its timetable of meetings for the period January 2015 to March 2016. It was noted that the disclosure status of the paper would be 'Non-disclosable (for future publication)' until the proposed Institutional Visit dates had been agreed with the universities concerned.

Resolved:

- 10.2 To approve the proposed timetable of Council meetings for the period January 2015 to March 2016.
- 10.3 To re-circulate the finalised timetable to members, and to publish it on the HEFCW website, once the proposed Institutional Visit dates had been agreed with the universities concerned.

11. Any other business

None.

12. Date of next meeting

- 12.1 Council meeting: 25 September 2014 @ Aberystwyth University.
- 12.2 Institutional Visit: 26 September 2014 @ Aberystwyth University.

Papers for approval without discussion:

13. Corporate Risk Register (HEFCW/14/53)

Resolved:

- 13.1 To note the changes made to the Corporate Risk Register since March 2014.
- 13.2 To endorse the latest update to the Corporate Risk Register and the distribution of those risks.
- 13.3 To endorse the commentary on the current distribution of risks and on likely developments in the immediate future.

14. Annual Governance Assurance Statement to Welsh Government 2014 (HEFCW/14/54)

Resolved:

- 14.1 To review the Annual Governance Assurance Statement 2014 to the Welsh Government 2014.
- 14.2 To delegate authority to the Chief Executive to finalise the Statement and submit it to the Welsh Government.

15. Strategy for Enhancing Learning and Teaching through Technology (HEFCW/14/55)

Resolved:

- 15.1 To approve the publication of the refreshed Strategy for Enhancing Learning and Teaching through Technology.
- 15.2 To note the publication of the overview of case studies, the case studies themselves, and the summary of impact of the strategy to date.

Papers provided for information:

- 16. **Reconfiguration and Collaboration (HEFCW/14/56)**
- 17. **BIS Science and Innovation Strategy 2014 (HEFCW/14/57)**
- 18. **Audit and Risk Assurance Committee Annual Report 2013-14 (HEFCW/14/58)**

19. **Cash expenditure report for the period April 2013 to March 2014 and update on financial year 2014-15 (HEFCW/14/59)**
20. **Freedom of Information Annual Report 2013-14 (HEFCW/14/60)**
21. **Complaints against HEFCW and allegations concerning institutions funded by HEFCW: Annual Report 2013-14 (HEFCW/14/61)**
22. **UK Healthcare Education Advisory Committee annual report 2013 (HEFCW/14/62)**
23. **Minutes of the SETQ Committee meeting, 14 May 2014 (HEFCW/14/63)**
24. **Minutes of the HR Committee, 9 May 2014 (HEFCW/14/64)
[Circulated to Council members only]**

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