

Minutes of the 173rd meeting of the Council held on 6 November 2015 at HEFCW offices, Llanishen, Cardiff

Present:

Members: David Allen (Chair)
Dr David Blaney (Chief Executive)
Dame Sandra Burslem
Bethan Guilfoyle
David Mason
Dr Arun Midha
Professor Leni Oglesby
Professor Mark Smith
Professor Stephen Tomlinson
Professor Robin Williams
Ewart Wooldridge
Dr Colin Wyatt

Observers [from agenda item 2]:

Chris Millward, HEFCE
Huw Morris, Welsh Government
Neil Surman, Welsh Government
Beth Button, National Union of Students Wales

Officers: Dale Hall (Council Secretary)
Celia Hunt
Bethan Owen
Emma Rączka
Chris Cowburn [item 1 only]

Others: Peter Davies, Commissioner for Sustainable Futures [item 1 only]

Apologies: Laurence Howells, SFC

1. Presentation by Peter Davies, Commissioner for Sustainable Futures

1.1 The Council received a presentation from Peter Davies (PD) on the Well-being of Future Generations (Wales) Act 2015. The following key points were highlighted:

- The Act focused on improving the social, economic, environmental and cultural well-being of Wales. It established seven well-being goals for sustainable development for Wales. Wales was the first nation to bring in legislation linking from the national level to the 17 United Nations Global Goals for Sustainable Development.

- Sustainable development was not just about the environment. The seven goals were interlinked, not a hierarchy.
- HEFCW was one of a number of public bodies covered by the requirements of the Act; the HE and FE sectors were not covered (PD agreed to check why the Welsh Ambulance Services NHS Trust were not included in the list of public bodies). These public bodies had a duty under the Act to publish well-being objectives; take all reasonable steps to meet those objectives; and report annually on progress. These duties should be carried out as an integral part of an organisation's existing corporate and strategic planning processes, rather than by 'tweaking' existing processes or as separate add-on arrangements. In each local authority a Public Service Board will be established responsible for improving the social, economic, environmental and cultural well-being of Wales in that area.
- The duties under the Act commence from April 2016, from which point public bodies will have 12 months to become fully compliant. HEFCW could expect to see included in its remit letter next year references to its responsibilities under the Future Generations Act.
- The Future Generations Commissioner for Wales will oversee the Act and support public bodies in meeting their duties. The Wales Audit Office will assess how well public bodies are complying with their duties under the Act.
- A year before each National Assembly for Wales election, the Future Generations Commissioner for Wales will produce a progress report for Wales on progress against the Future Generations goals. Currently there was a consultation on 40 proposed national indicators for measuring Wales' progress.

Discussion

- 1.2 The Council welcomed that Wales was taking a lead on sustainability issues, and noted that the concept of stewardship was well-understood by the higher education sector. An important issue for HEFCW in terms of its responsibilities under the new Act was around expectations of the contributions that the HE sector should be making to the sustainability agenda. Universities were independent, legally autonomous bodies, and while HEFCW could try and motivate and influence the sector it had no powers of enforcement.
- 1.3 It was asked whether the description in the presentation of 'alignment with the goals' accurately reflected the Act, which referred to maximising contributions against the goals. PD said the key was to focus on what was wanted to be achieved, and for there to be a sense of an aligned, common purpose. He acknowledged that the legislation had limitations with respect to the question of institutional autonomy. However, a number of universities in Wales were already showing leadership on the sustainable development agenda (e.g. Bangor University and the University of Wales Trinity Saint David), and their work could be more widely shared with the rest of the

sector. Student expectations on sustainability would likely be an important driver in relation to curriculum development, the student experience, and the campus environment. PD added that perhaps HEFCW would need to explore opportunities to 'nudge' rather than drive the sector. For example, the Arts Council of Wales had said it would expect its beneficiaries to demonstrate their contribution to the Future Generations goals and to sign up to the voluntary Sustainable Development Charter.

- 1.4 PD noted that the Education for Sustainable Development and Global Citizenship (ESDGC) agenda ran somewhat in parallel with the ambitions of the Future Generations Act, and that in universities ESDGC tended not to be part of central strategic planning in the way that sustainability should be.
- 1.5 The Council observed that the seven principles/goals were very much about changing perceptions and people's behaviour, but that this was very difficult to achieve, not least without any funding levers. There was support for the idea of focussing on prevention rather than treatment. PD noted that there were examples in Wales of organizations taking a wider and more imaginative look at the impact of their work – for example, National Resources Wales were exploring the connections between some of its activities, such as providing better access to open spaces, and the positive benefits on health. It was therefore possible to contribute to areas beyond one's own immediate remit. He added that it was envisaged that the work of the Public Service Boards would help encourage organizations to work in a more cohesive way and avoid silo thinking. PD said that Owen Evans had responsibility for implementing the Future Generations Act across all of Welsh Government, and that this was a positive sign of a joined up approach in government.
- 1.6 The Council noted that it was planning to recast its corporate strategy from April 2017, and that this fitted well with the timing of required compliance by HEFCW with the requirements of the Future Generations Act.
- 1.7 The Council thanked Peter Davies for an interesting and helpful presentation and discussion. The Council was fully supportive of a healthy and sustainable Wales and looked forward to continuing to work closely with PD and with the new Commissioner, whose appointment had recently been announced, to play its part in this agenda. [Peter Davies left the meeting at this point.]
- 1.8 The Council commented that the key issue remained that the legislation required HEFCW to develop objectives that supported the delivery of the seven sustainability goals, but did not provide any additional levers over the sector in relation to their contribution to the agenda.

2. Introductory remarks and declarations of interest

- 2.1 The Chair welcomed the observers to the meeting.
- 2.2 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.

3. Minutes of the meeting held on 24 September 2015 (HEFCW/15/Min172)

3.1 The minutes were accepted as a true record of the meeting held on 24 September 2015.

4. Matters Arising (HEFCW/15/86)

4.1 Council received a report on developments since the last Council meeting.

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.

5. Chair's Report (HEFCW/15/CE6)

5.1 Council received and noted the Chair's Calendar of Meetings since the last Council meeting.

5.2 The Chair thanked members for their contributions and support over the past few weeks, which had been additional to the normal demands of Council business.

5.3 The Council had spent a productive half day with Universities Wales on 20 October, which had included a breakfast launch of its report, *The Economic Impact of Higher Education in Wales*; a useful discussion on the Hazelkorn Review; and a presentation by Professor Richard Wyn Jones on the forthcoming National Assembly for Wales elections and the EU referendum. The Chair noted that the outcome of the latter would be of interest to higher education, not least with respect to the consequences of a leave vote on future access by the sector to various EU funding streams. It was agreed that this should be added to the list of future risk issues considered as part of the regular reviews of the HEFCW corporate risk register, and also discussed with institutions in terms of their future planning processes. The NUS observer added that she would be giving evidence to an expert group looking at the role of HE in Europe and would be using that opportunity to argue the case for the importance of EU to the higher education sector.

6. Chief Executive's Report (HEFCW/15/CE6)

6.1 Re-cap Council Workshop 5 November 2015

There had been discussions at the Workshop on developing a communications strategy; the Higher Education (Wales) Act 2015, which members had found very valuable; and practical approaches to moving to electronic distribution of Council papers. The core item at the Workshop had been a session with Professor Ellen Hazelkorn about her review, which all members agreed had provided a welcome opportunity for dialogue and an exchange of views on a wide range of matters. It was noted that Professor Hazelkorn was due to submit her final report to the Minister by the end of February 2016.

- 6.2 HEFCW Annual Public Meeting and Council Institutional Visit, 21 January 2016
The Open University in Wales had agreed to host the Council's next Annual Public Meeting (APM), which would provide an opportunity to update attendees on the changing role and responsibilities of HEFCW under the new HE Act. After the APM the Council had a scheduled Institutional Visit with the OU in Wales. Council agreed the list of proposed issues to be covered by the institution in its presentation. It was noted that OU University and College Union had voted for industrial action relating to the recently announced closures of some OU offices; this would be monitored with respect to its potential impact on these events.
- 6.3 Diamond Review Interim Report
The Welsh Government observer (NS) said the interim evidence report would first go to the Diamond Panel before being submitted to the Minister, and would be published in December.
- 6.4 Proposed revised Strategic Development Committee Remit
The Committee had recently reviewed its remit and had proposed a broader membership of up to eight members.
Resolved:
To approve the proposed change to the Strategic Development Committee's remit, terms of reference and membership.

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

- 6.5 Funding proposals/budget
Exempt minute
- 6.6 'Fulfilling our potential': teaching excellence, social mobility and student choice'
- 6.6.1 Council noted the publication today of the above Green Paper for England. A copy of the government's press release was tabled at the meeting. HEFCW's own press statement had said that it would be assessing the possible implications for Wales of the Green Paper proposals in England as they developed.
- 6.6.2 The key proposals in the Green Paper included the establishment of a new Office for Students, taking in some of the functions of HEFCE, the role of OFFA and some of those of the QAA. Responsibility for research funding was proposed to fall to a new body sitting over the Research Councils. There were also proposals around the establishment of a Teaching Excellence Framework (TEF). The Green Paper included an emphasis on the issues of widening access and improving social mobility. Overall, there was a clear sense in the proposals of a desire to see higher education in England opened up to a wider market.

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

- 6.6.3 Exempt minute

6.6.4 Exempt minute

6.6.5 Exempt minute

6.6.6 Exempt minute

6.7 Revised Audit and Risk Assurance Committee remit

Resolved:

To approve the amendments to the Audit and Risk Assurance Committee remit.

6.8 Initial Teacher Training: intake targets 2016/17

Resolved:

To delegate authority to the Chief Executive to approve the allocation of primary and secondary intake targets to institutions for 2016/17.

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

- Chief Executive's Calendar of Meetings since the last meeting of Council on 24 September 2015.
- Minister's statement on Initial Teacher Training.
- Appointments Committee actions

7. HE (Wales) Act 2015 update (HEFCW/15/87)

7.1 The paper provided an update on the progress of HEFCW's implementation of the Higher Education (Wales) Act 2015 (the 2015 Act), and initial draft guidance on fee and access plans.

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

7.2 Exempt minute

7.3 Exempt minute

7.4 Exempt minute

7.5 The Council expressed its thanks to HEFCW staff for developing such complex guidance on fee and access plans on a short time scale. Members were invited to submit any further comments they might have on the draft guidance by 13 November.

Resolved:

7.6 To note HEFCW's draft guidance to fee and access plan applicants, and that members submit any further comments by 13 November.

7.7 To delegate authority to the Chair and Chief Executive to finalise the guidance for consultation.

7.8 To note the further information on the progress of implementation plans in the Act work streams.

8. Financial Memorandum with HEIs (HEFCW/15/88)

8.1 The paper set out responses to the recent circular, 'Consultation on revisions to the Financial Memorandum' (W15/16HE), and proposed some amendments as a result of the consultation feedback. The paper had been reviewed by the ARAC at its meeting on 21 October 2015.

The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (information provided in confidence; for future publication).

8.2 Exempt minute

8.3 Exempt minute

8.4 Exempt minute

Resolved:

8.5 Exempt minute

8.6 Exempt minute

8.7 To delegate authority to the Chair of Council, Chair of ARAC and Chief Executive to finalise and publish the document.

9. Institutional Risk Review - interim reviews (HEFCW/15/89)

9.1 The Council was invited to approve the recommendations of the interim Institutional Risk Reviews (IRRs) conducted in October 2015. The paper had been reviewed by the ARAC at its meeting on 21 October 2015.

9.2 Council noted the clarification of definitions within the IRR process. The term 'sustainability' was now being used to describe the overall IRR assessment, and the definition of a 'High' risk rating had been clarified to: 'Institutions which face threats to their short to medium-term sustainability (*short to medium term defined as up to three years*)'. Also, one of the six key risk areas previously called 'Sustainability' had been re-named 'Finances' to better reflect the nature of the risks being assessed.

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

9.3 Exempt minute

9.4 Exempt minute

9.5 Exempt minute

9.6 Exempt minute

9.7 Exempt minute

9.8 Exempt minute

Resolved:

9.9 To agree the revised definition in the IRR process of High Risk to: 'Institutions which face threats to their short to medium-term sustainability (*short to medium term defined as up to three years*)', and to rename the risk area previously called 'Sustainability' to 'Finances'.

9.10 To approve the interim IRR assessments for each institution.

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

9.11 Exempt minute

9.12 Exempt minute

10. Funding bodies' consultation on the next Research Excellence Framework (HEFCW/15/90)

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

10.1 Exempt minute

10.2 Exempt minute

10.3 Exempt minute

10.4 Exempt minute

10.5 Exempt minute

Resolved:

10.6 To approve the draft consultation document, for publication in due course as appropriate in the context of a range of other developments.

10.7 To delegate authority to the Chief Executive to approve, on behalf of HEFCW, the final wording of the consultation document.

10.8 To delegate authority to the Chair and Chief Executive to agree, on behalf of HEFCW, the timing for publication following the UK spending review, as appropriate.

10.9 To note that, should the consultation proceed, the outcomes and proposed arrangements for the next REF would be presented to a future Council meeting.

11. Analysis of latest sector and institutional performance against HEFCW Corporate Strategy target measures (HEFCW/15/91)

- 11.1 The paper presented an analysis of the sector's latest actual and forecast performance against HEFCW's Corporate Strategy targets. The report covered the latest available data (2013/14) and institutions' forecasts.

The paragraphs below is exempt from publication under the Freedom of Information Act 2000 (information provided in confidence).

11.2 Exempt minute

Resolved:

- 11.3 To note the latest position and forecast sector position against the Corporate Strategy 2013-17 targets.
- 11.4 To note the levers or funding available to secure improved performance in the Corporate Strategy 2013-17.

12. Annual governance review (HEFCW/15/92)

- 12.1 Council conducted its annual review of governance arrangements. It noted the outcomes of its last self-assessment review exercise, reviewed at the Workshop in May. It also agreed proposed changes to the Scheme of Delegation and to the Standing Orders for the Conduct of Council Business, including additionally on the latter to remove the reference in paragraph 3.1 to the day of the week on which Council meetings were held.
- 12.2 The paper reported that no documents had required application of the Council's official seal since the last annual governance review in November 2014.

Resolved:

- 12.3 To note the outcome of the self-assessment exercise in May 2015
- 12.4 To note the annual review of the Council's key corporate governance documents and to agree the proposed amendments to the Scheme of Delegation and to the Standing Orders for the Conduct of Council Business, including with respect to the latter the additional amendment set out in minute 12.1.
- 12.5 To note the annual report on the application of the Council's official seal.

13. Any other business
None.

14. Date of next meeting

- 14.1 Annual Public Meeting and Institutional Visit: 21 January 2016 Open University in Wales

14.2 Council meeting, 22 January 2016 at the HEFCW offices, Llanishen, Cardiff.

Papers for approval without discussion:

15. Corporate Risk Register update (HEFCW/15/93)

Resolved:

- 15.1 To note the changes made to the Corporate Risk Register since June 2015.
- 15.2 To note the latest update to the Corporate Risk Register and the distribution of those risks.
- 15.3 To note the commentary on the current distribution of risks and on likely development in the immediate future.

Papers provided for information:

- 16. Institutional Financial Health Assessment (HEFCW/15/94)**
- 17. Fraud and bribery risk register annual review (HEFCW/15/95)**
- 18. Operational Plan 2015-16 Q1 and Q2 update (HEFCW/15/96)**
- 19. Minutes of the Research, Innovation and Engagement Committee (RIEC) meeting of 15 October 2015 and RIEC Annual Report 2014/15 (HEFCW/15/97)**
- 20. EU Research and Innovation (R&I) grant capture by universities in Wales (HEFCW/15/98)**

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