

## Minutes of the 177<sup>th</sup> meeting of the Council held on 14 July 2016 at the New House Hotel, Thornhill

### Present:

#### Members:

David Allen (Chair)  
Dr David Blaney (Chief Executive)  
Dame Sandra Burslem  
Bethan Guilfoyle  
David Mason  
Dr Arun Midha  
Professor Leni Oglesby  
Professor Robin Williams  
Dr Colin Wyatt

#### Observers:

Mario Ferelli, Director of Analytical Services, HEFCE  
Sheila Meehan, Clerk to the Council, SFC  
Huw Morris, Welsh Government  
Chris Jones, Welsh Government  
Fflur Elin, President, National Union of Students Wales

#### Officers:

Ewen Brierley  
Dale Hall (Council Secretary)  
Celia Hunt  
Bethan Owen  
Emma Rączka  
Nick Williams

#### Apologies:

Professor Mark Smith

### 1 Introductory remarks and declarations of interest

- 1.1 The Chair welcomed the observers 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. The Chair indicated that he would be facilitating the Leadership Foundation for Higher Education's (LFHE) governance conference in Wales, in his capacity as an LFHE Key Associate.
- 1.3 There had been a number of significant changes since the last Council meeting, in particular the decision to leave the EU following the Referendum in June ('Brexit'). Neither the short, nor longer term, effects of this decision on higher education in the UK were yet clear, but it would be necessary for the Council to think about all the issues it implied through the prism of the potential impact of Brexit. It would be especially important that the Council

aims to avoid surprises and to try as far as possible to create a stable environment for higher education in Wales.

**2 Minutes of the meeting held on 12 May 2016 (HEFCW/16/Min176)**

The minutes were accepted as a true record of the meeting held on 12 May 2016.

**3 Matters Arising (HEFCW/16/52)**

3.1 *New arrangements for former Strategic Dialogue meetings* – A first step in establishing this would be the forthcoming work on the development of a Higher Education Strategy for Wales, which would include a consultation event in October with a range of stakeholders including Universities Wales. It was agreed this matter arising could be marked as actioned.

3.2 *Prevent Duty* – The Council noted the tabled Chief Executive’s report item which attached a letter from the former Home Secretary confirming HEFCW’s formal role and responsibilities for monitoring compliance by Welsh higher education providers with the Prevent Duty. The Home Office had agreed to provide funding equivalent to the cost of a part-time (0.5) member of staff at HEFCW of up to £35k, in 2016-17 only, to support it in the delivery of the new function. Council agreed this matter arising could be marked as actioned.

**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/16/CH4)**

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

4.1 Exempt minute

4.2 The Chair and Chief Executive had held their first meeting with the new Cabinet Secretary for Education, Kirsty Williams AM, on 23 June, and this had provided a positive and helpful exchange of views. The Cabinet Secretary had emphasised that she would like to work on the basis of partnership and of no surprises. The Chair had subsequently written two letters to the Cabinet Secretary [*attached to the Chair’s Report, and both currently non-disclosable*]. He said that he would write on a regular basis in order to keep the Cabinet Secretary fully informed of key issues and developments.

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4.3 Exempt minute

4.4 The Chair and Chief Executive had had a positive and energising first meeting with the Future Generations Commissioner for Wales on 5 July.

**5 Chief Executive’s Report (HEFCW/16/CE4)**

5.1 Reflection on Institutional Visit to Swansea University, 13 July  
**The paragraph below is exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs; commercial interests)**

Exempt minute

5.2 Diamond Review: oral update  
**The paragraph below is exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs)**

Exempt minute

5.3 Hazelkorn Review: oral update  
**The paragraph below is exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs)**

Exempt minute

5.4 Welsh Government Review of Conservatoire and Performing Arts Provision in Wales (Murphy Review)

The Council noted HEFCW's submission to the Review and the summary of the meeting between the Chair, Chief Executive and Lord Murphy on 24 June.

5.5 HE policy developments in England: oral update  
**The paragraphs below are exempt from publication under the Freedom of Information Act 2000 (prejudice to the effective conduct of public affairs)**

Exempt minute

Exempt minute

Exempt minute

Exempt minute

5.6 Office move: oral update  
A number of permissions, including for alterations to the office space, needed to be secured before the move date could be finalised, but it was hoped this could take place on 8 August.

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Exempt minute.

5.7 Electronic Council paper system: oral update  
The price structures of the products offered by the three suppliers on the Jisc Framework had been clarified, with the cheapest at around £15k per annum. From this could be netted off total annual savings from reduced photocopying and postage reductions of around £4k [*post-meeting note: on further review, the savings figure appears to be more in the region of £1.5k*]. Further reflection was needed in the context of running cost pressures before a firm decision was made.

5.8 Revised Standing Orders and Committee Standing Orders Resolved:

The Council approved the revised versions of the two sets of Standing Orders, which added references to the sustainable development principle from the Well-being of Future Generations (Wales) Act 2015. It was also agreed to update the Council Standing Orders at paragraph 3.1 to say that the Council's meetings were normally held on Thursdays, and at paragraph 11.1 i) to include reference to the HE (Wales) Act 2015.

#### 5.9 Update on developing a Higher Education Strategy for Wales

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

5.9.1 Exempt minute

5.9.2 Exempt minute

5.9.3 Exempt minute

5.9.4 Exempt minute

5.9.5 Exempt minute

5.9.6 Exempt minute

5.9.7 Resolved:

- The executive to consider how best to present the Council's perspectives on the HE Strategy in the light of the initial discussions with stakeholders.
- Chairs of the Council's Committees to reflect further on what might be required for and from higher education over the next 10 years, and to forward their ideas to or discuss with the Chief Executive.
- To arrange a separate Council discussion on the HE Strategy alongside the Council's next meeting on 22 September.

#### 5.10 HEFCW-NUS Wales Memorandum of Understanding

Council noted that a memorandum of understanding had been signed between HEFCW and NUS Wales.

#### 5.11 National Teaching Fellowship Awards

Resolved:

The Council approved the continued participation of Wales in the National Teaching Fellowship Scheme.

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

- Chief Executive's Calendar of Meetings since the last meeting of Council on 12 May 2016.
- Note of Members' Workshop, 11 May 2016
- Appointments Committee actions
- Report on exercises of delegated authority through the Scheme of Delegation
- Counter-Terrorism and Security Act 2015 ('Prevent duty') - Delegation of monitoring authority function to HEFCW [tabled item]

## 6 **Brexit impact (HEFCW/16/53)**

- 6.1 The Council welcomed the paper, which provided an analysis of the potential impact on Welsh HE providers of the decision to leave the EU following the Referendum in June, with respect to students; staff; and EU-sourced funding and borrowing.
- 6.2 On EU funding, the current message from the Wales European Funding Office (WEFO) was that HE institutions should proceed as normal to develop their business cases for funding. A number of institutions had expressed concern given WEFO's historical slow response times. The HEFCE observer said that, in discussions with the European Investment Bank, it had been confirmed that the Bank was not part of the EU and that they were operating on a 'business as usual' basis.
- 6.3 Institutions had welcomed the external messages put out by the Cabinet Secretary for Education and the Welsh Government to say that Wales remained an open, tolerant country which continued to welcome staff and students from the EU. The NUS observer said that students had expressed concern over observations of an increase in xenophobia and racism in the run-up to, and immediately following, the Referendum. Clarity as soon as possible over future funding and recruitment issues was seen by HE providers as crucial.

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- 6.4 Exempt minute
- 6.5 It was noted that HEFCW would be taking part in a working group – the HE Reference Group on Brexit – along with the Welsh Government and Universities Wales to co-ordinate a plan for the post-Brexit future for Welsh higher education.
- 6.6 Resolved: The Council noted the analysis of the potential impact of Brexit on Welsh higher education.

## **7 HE (Wales) Act 2015 update (HEFCW/16/54)**

- 7.1 The Full Statement of Intervention was out for consultation and would be circulated to members once finalised. The Financial Management Code had also been published for consultation but, following completion of that process, would require the Minister and then the National Assembly's approval. The executive was continuing to work closely with the Welsh Government on the processes for Specific Designation, particularly taking account of resource implications.
- 7.2 Resolved: The Council delegated authority to the Chair, the Chair of ARAC and the Chief Executive to approve the post-consultation Statement of Intervention for publication.

## **8 Fee and access plans 2017/18 (HEFCW/16/55)**

- 8.1 The Council noted that fee and access plans were now HEFCW's chief regulatory tool under the HE (Wales) Act. Applications for Fee and Access Plans for 2017/18 had been received from all currently regulated institutions and there had been no applications received from unexpected providers. All applications had been analysed and feedback provided to each provider. Generally, the targets submitted through the latest plans were not as challenging as those included in the previous plans, which had been linked to HEFCW's Corporate Strategy targets, however all fee and access plans were judged unlikely not to be approved. (*Links to each provider's fee and access plan application were available on the Council agenda page on the Extranet, alongside this paper.*)

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

8.2 Exempt minute

8.3 Exempt minute

- 8.4 It was noted that recent guidance from the Competition and Markets Authority included a recommendation that institutions include appropriate reference to fee and access plans in their various publicity materials.

- 8.5 Resolved The Council noted the update on the 2017/18 fee and access planning process and the key issues arising from this.

## **9 Annual Report and Accounts 2015-16 (HEFCW/16/56)**

- 9.1 The draft HEFCW annual report and accounts for the year ended 31 March 2016 had been audited by the Wales Audit Office (WAO) and were reviewed by ARAC at its meeting on 22 June. The Performance Report and the Accountability Report were new sections of the annual report, introduced this year to meet the format requirements of the latest HM Treasury Financial Reporting Manual. The audit opinion was unqualified, and the accounts were due to be signed by Auditor General for Wales on 19 July.
- 9.2 Expenditure on funding of higher education had reduced significantly between FYs 2014-15 and 2015-16, reflecting the transfer in responsibility from HEFCW to Welsh Government for tuition fee grant funding that took effect from beginning of 2015-16.
- 9.3 There was a prior periods' adjustment of £4.75m relating to former merger funding packages awarded in 2006-07 and in 2012-13. In both instances the payment of repayable grants in relation to the mergers had been mistakenly accounted for as 'higher education recurrent expenditure' rather than as 'repayable grants', to be shown as 'current assets' and 'non-current assets' of the organisation. The Chair of the Audit and Risk Assurance Committee (ARAC) said the Committee had been satisfied that HEFCW had in place appropriate systems and controls for dealing with repayable grants, and that the matter had simply related to incorrect reporting of the funding in the financial statements. At the Committee's request, the WAO had accordingly

agreed to amend the wording in its report on the recommendation connected to this audit point.

- 9.4 Resolved: The Council approved the annual report and accounts as presented, and delegated authority jointly to the Chair of Council and the Chair of ARAC to agree any further changes to the accounts prior to their formal approval by the Chief Executive.

## **10 Institutional Risk Reviews (IRR) (HEFCW/16/57)**

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

10.1 Exempt minute

10.2 Exempt minute

10.3 Exempt minute

10.4 Exempt minute

Resolved The Council:

10.5 Approved the proposed outcomes of the IRRs of each institution.

10.6 Delegated authority to the Chief Executive to finalise the IRR letters for Low risk institutions, and to the Chair, Chair of ARAC and the Chief Executive for Moderate and High risk institutions.

## **11 Funding for Quality Proposals (HEFCW/16/58)**

11.1 The paper provided an update on the costs to HEFCW of participating in aspects of the quality assessment framework, both UK-wide and jointly with England and Northern Ireland.

11.2 Resolved: The Council approved the cost to Wales for 2016/17 of participation in elements of the UK-work on quality assessment.

## **12 QR funding arrangements (HEFCW/16/59)**

12.1 The Council considered preliminary options for a review of HEFCW's research funding method. In the context of current uncertainties over future HEFCW funding – not least with respect to the outcome of the Diamond Review and the potential impact of Brexit – the Council agreed that the review of the research funding method should be deferred to a later date.

Resolved The Council:

12.2 Noted the summary of aspects of the UK Government's Higher Education White Paper relating to research.

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

12.3 Exempt minute

12.4 Exempt minute

12.5 Exempt minute

12.6 Exempt minute

12.7 Exempt minute

**13 Council forward business plan January 2017 to January 2018 (HEFCW/16/60)**

13.1 Resolved: The Council approved the proposed timetable of Council meetings and other events for the period January 2017 to January 2018.

**14 Any other business**  
None.

**15 Date of next meeting**

15.1 Council meeting – 22 September 2016 (venue to be confirmed).

**Papers for approval without discussion:**

**16 Corporate Risk Register update (HEFCW/16/61)**

Resolved The Council noted:

16.1 The latest update to the Corporate Risk Register, and the distribution of those risks (Annex A).

16.2 The changes to the Corporate Risk Register since March 2016 (Annex B).

16.3 The conclusions reached by ARAC and the Council relating to the update of the current Risk Policy and Procedures (Annex C).

**17 Annual Governance Assurance Statement to Welsh Government 2016 (HEFCW/16/62)**

Resolved The Council:

17.1 Received the Annual Governance Assurance Statement to the Welsh Government 2016 at Annex A.

17.2 Delegated authority to the Chief Executive to finalise the Statement and submit it to the Welsh Government.

**18. Quality Assessment Framework for Wales (HEFCW/16/63)**

Resolved:

18.1 The Council approved the proposed direction of travel on arrangements to underpin the quality assessment framework in Wales.

**Papers provided for information:**

**19 Changes to Council and Committee Members' Travel & Subsistence Policy and Procedures (HEFCW/16/64)**

19.1 Council noted that the new Travel & Subsistence policy and procedures applied from today, 14 July 2016. The key change was the need to provide different levels of detail on mileage claims because some of those would be taxable, while others would not. Other changes in the new process were that all claims by Council and committee members had to be submitted within three months of the business journey taking place, and claims for incidental expenses now had to be backed by receipts.

**20 Audit and Risk Assurance Committee Annual Report 2015-16 (HEFCW/16/65)**

**21 Freedom of Information Annual Report 2015-16 (HEFCW/16/66)**

**22 Complaints against HEFCW and Allegations Concerning Institutions funded by HEFCW: Annual Report 2015-16 (HEFCW/16/67)**

**23 Part-time Undergraduate Fee Waiver Scheme 2014/15 (HEFCW/16/68)**

**24 HEFCW Environmental Annual Report 2015-16 (HEFCW/16/69)**

**25 Internationalisation: recent surveys (HEFCW/16/70)**

**26 Remuneration Committee minutes, 11 May 2016 (HEFCW/16/71)**

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