

**Minutes of the 179<sup>th</sup> meeting of the Council held on 10 November 2016 at the HEFCW office, Bedwas**

**Present:**

**Members:** David Allen (Chair)  
Dr David Blaney (Chief Executive)  
Dame Sandra Burslem  
David Mason  
Dr Arun Midha  
Professor Leni Oglesby  
Professor Mark Smith  
Professor Robin Williams  
Dr Colin Wyatt

**Observers:** Fflur Elin, President, National Union of Students Wales [from item 5.1]  
Mario Ferelli, Director of Analytical Services, HEFCE  
Chris Jones, Welsh Government  
Neil Surman, Welsh Government [to item 5.6]

**Officers:** Dale Hall (Council Secretary)  
Celia Hunt  
Bethan Owen  
Alex Rogers  
Nick Williams

**Apologies:** Bethan Guilfoyle  
Huw Morris, Welsh Government  
Dr John Kemp, Interim Chief Executive, SFC

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

1. The Chair welcomed the observers to the meeting and said that Bethan Guilfoyle had to send late apologies owing to family illness. Members sent their good wishes.
- 1.2 No specific members' interests were declared in relation to any of today's agenda items beyond those currently published on HEFCWs' website. Had Bethan Guilfoyle been present it had been her intention to declare an interest in item 3.2 below.

**2. Minutes of the meeting held on 22 September 2016 (HEFCW/16/Min178)**

- 2.1 The minutes were accepted as a true record of the meeting held on 22 September 2016.

### 3. Matters Arising (HEFCW/16/89)

3.1 *Electronic Council papers* – The executive would now proceed with the purchase of an electronic papers management system.

3.2 *Coleg Cymraeg Cenedlaethol – Taking Wales Forward*, the Welsh Government's programme for government, included a proposal that the Coleg's remit be expanded to cover Welsh medium provision in FE institutions. The Welsh Government observer (NS) explained that the rationale for this was for the Coleg to play a role in assisting with the pathways between schools, FE and HE with respect to the Welsh Government's strategy for there to be a million Welsh speakers by 2050. The Coleg Task and Finish Group had been recently announced and included Bethan Guilfoyle amongst its membership. It was also noted that, in the light of these developments, the Council's responsibilities for providing core funding to the Coleg would cease from the end of March 2017.

***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/CH6)

4.1 Council received and noted the Chair's calendar of recent meetings.

***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. Chief Executive's Report (HEFCW/16/CE6)

5.1 Reflection on Council Workshop, 9 November

The Council had discussed at its Workshop the Diamond Review Report, budget issues and the latest on the development of a Higher Education Strategy for Wales. Members agreed that the Workshop had provided a welcome space for fuller discussions on these topics.

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Exempt minute

Exempt minute

5.2 Budget Update

On 17 October HEFCW had received a revised remit letter for 2016-17 which confirmed there would be a £21.1m in-year cut to its budget. At the same time, HEFCW would receive an additional £20m for:

- a review of estates rationalisation;

- investment in higher level apprenticeships;
- improving links between universities and industry; and
- the creation of a strategic development fund to promote sector capacity and its ability to meet strategic challenges and change.

On 18 October, the Welsh Government had published its draft budget for financial year (FY) 2017-18. The £21.1m cut to FY 2016-17 along with the indicative funding for FY 2017-18, meant that the in-year cut to HEFCW's academic year (AY) allocations for 2016/17 was estimated at £28.5m. The Council had agreed at its last meeting that the required adjustments to AY 2016/17 allocations would be implemented on a pro-rata basis.

Although prima facie the net effect on FY 2016-17 funding was a loss of £1.1m, the situation was more complex since the in-year cuts (-£21.1m) and the additional funding (£20m) related to different things. The revised remit letter had made clear that the additional funding was also intended to assist "current and future financial pressures" in the transition period before the implementation of Diamond.

***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

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

5.3 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).***

5.4 Exempt minute

5.5 Diamond and Hazelkorn Reviews

It was noted that the Welsh Government's formal response to the Hazelkorn Review now would be in new year.

5.6 'Brexit': oral update

The Welsh Government's *HE Brexit Working Group*, of which HEFCW's Chief Executive was a member, had met once. The Group was considering issues around the risks and potential impacts of, and the potential opportunities arising from, Brexit for Welsh higher education.

5.7 Higher education policy developments in England: oral update

The Higher Education and Research Bill was continuing to progress through the various Parliamentary stages. The UK Government intended to present the proposed legislation to the House of Lords by Christmas.

5.8 Proposed discussion items for Institutional Visit to UW Trinity Saint David, 25 January 2017

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Exempt minute

5.9 Appointment of new Permanent Secretary for Wales

The Welsh Government had announced on 10 November the appointment of Shan Morgan, currently UK Deputy Permanent Representative at the EU and former British ambassador to Argentina and Paraguay, as its new Permanent Secretary. Ms Morgan was due to take up the post early in 2017.

5.10 Initial Teacher Training (ITT): intake targets 2017/18

Resolved: The Council delegated authority to the Chief Executive to approve the allocation of primary and secondary intake targets to institutions for 2017/18.

5.11 Revised Audit and Risk Assurance Committee (ARAC) remit

Resolved: The Council approved the proposed amendments to the ARAC remit.

5.12 Council received and noted number of items for information:

- Chief Executive's Calendar of Meetings since the last meeting of Council on 22 September 2016.
- HEFCW response to *Consultation on a Welsh Government draft strategy: a million Welsh speakers by 2050*.
- Appointments Committee actions.

- Report on exercises of delegated authority through the Scheme of Delegation.
- Note of Council Workshop 21 September 2016.

## **6. Development of the Draft Higher Education Strategy (HEFCW/16/90)**

- 6.1 The paper provided a progress update on the development of a Higher Education Strategy for Wales, which had been discussed by Council at its Workshop on 9 November. Copies were tabled at the meeting of a draft summary of responses received to the written consultation, which closed on 4 November, and a revised draft of the Strategy.

***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).***

6.2 Exempt minute

6.3 Exempt minute

6.4 Exempt minute

6.5 Exempt minute

6.6 Exempt minute

6.7 Exempt minute

6.8 Resolved: The Council Considered the report of the consultation process and the latest draft of the Higher Education Strategy for Wales.

6.9 Agreed to provide any further comments on the draft Strategy by Wednesday 16 November.

6.10 Delegated authority to the Chair and Chief Executive to approve the Strategy for submission to the Cabinet Secretary.

## **7. Analysis of latest sector and institutional performance against HEFCW Corporate Strategy target measures (HEFCW/16/91)**

7.1 Generally, the performance against the targets included in HEFCW's current Corporate Strategy 2013-17 was similar to last year, with performance against some targets having improved and in other areas declined.

7.2 Council noted that it had already agreed a revised approach to its next Corporate Strategy, due to be finalised in 2017, whereby the targets contained in the new Strategy would only relate to HEFCW performance, and would be supplemented by sector-related progress measures that would not be treated as targets.

Resolved: The Council noted

7.3 The latest position and forecast sector position against the Corporate Strategy 2013-17 targets.

7.4 The levers or funding available to secure improved performance in the Corporate Strategy targets 2013-17.

**8. HEFCW fee and access planning report to Welsh Government (HEFCW/16/92)**

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

8.1 Exempt minute

8.2 Exempt minute

8.3 Exempt minute

Resolved: The Council

8.4 Noted HEFCW's powers in relation to monitoring fee and access plans between 2014/15 and 2016/17.

8.5 Noted the requirements on HEFCW to report on the exercising of all functions in relation to the 2015 Act, including as this relates to future 2017/18 fee and access plan monitoring.

8.6 Agreed that the table on page 19 of the draft fee and access plan report be amended for consistency with other tables in the report.

8.7 Delegated authority to the Chief Executive to finalise the report for submission to the Welsh Government.

8.8 Noted fee and access plan developments.

**9. Consultation on the next Research Excellence Framework (REF) (HEFCW/16/93)**

9.1 The paper invited the Council to approve a consultation paper on arrangements for the next Research Excellence Framework (REF). The draft consultation had been discussed at the October meeting of the Research, Innovation and Engagement Committee, which was broadly supportive of the proposals.

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

9.2 Exempt minute

9.3 Exempt minute

9.4 Exempt minute

Resolved: The Council

- 9.5 Approved the general thrust of the consultation paper as currently drafted, including the addition of a further question as recommended by the HEFCE Board on the use of HESA cost centres (minute 9.3 refers).
- 9.6 Delegated authority to the Chief Executive to approve, on behalf of HEFCW, the final wording of the consultation document.
- 9.7 Noted that the consultation outcomes and proposed arrangements for the next REF would be submitted to the Council in mid-2017.
- 9.8 Approved in principle HEFCW's estimated financial contributions for the next REF, as set out at paragraph 8.4 of the paper.

#### **10. Global Challenges Research Fund (HEFCW/16/94)**

- 10.1 The Council welcomed the additional £1.2m funding for Welsh HE from the Global Challenges Research Fund. It was noted that the funding had to be pro-rated on the basis of institutions' Research Council income; the proposed allocation method based on institutions which generated an allocation of at least £50k was agreed.

Resolved: The Council

- 10.2 Approved the proposed terms of the Global Challenges Research Fund funding to be provided via HEFCW (paragraphs 7.8 to 7.11 of the paper refer).
- 10.3 Approved the institutional allocations for 2016/17, as shown in Table 2 of Annex A to the paper.

#### **11. Corporate Risk Register review and draft Risk Management Policy and Guidance (HEFCW/16/95)**

- 11.1 The paper invited the Council to endorse the latest update of HEFCW's corporate risk register, and to approve a revised HEFCW Risk Management Policy and Guidance document. The paper had been discussed by ARAC at its last meeting in October. It was noted in this context that the current Corporate Strategy, which included a range of targets on which the HE sector was depended to deliver, had somewhat skewed how the organisation had been reviewing risks, but that this would be helped with the adoption of the new approach in the next Corporate Strategy (minute 7.2 refers).
- 11.2 The Chair of ARAC noted that the Committee had debated how best to describe HEFCW's risk appetite and also the issue of risk scoring. The Committee concluded it would be preferable to do away with numerical scores calculated as the product of likelihood and impact as this gave a false impression of accuracy, and also generated some anomalies in producing the same scores for different risks. The Committee's view was that the key issue was around assessing the impact of the risk. It further agreed that the proposed colour matrix and the risk threshold appropriately identified how risks graduated from low level to critical, and which risks should be escalated to the Corporate Risk Register.

- 11.3 The Council welcomed what it regarded as an exemplary, accessible and user-friendly set of guidance for HEFCW staff. It was felt the new guidance should improve how risks were described and risk assessments calibrated, and hopefully would demonstrate the value of risk management as a tool for continuous improvement. The Council extended its thanks to Emma Morris (Knowledge and Corporate Information Manager) for drafting the new Policy and Guidance.
- 11.4 On the matter of embedding risk management, it was noted that an issue discussed by the HEFCW executive in recent years had been around the extent to which the focus was on the mechanics of risk management as opposed to whether the ranking of risks on the Corporate Risk Register appropriately reflected the concentration of management attention. It was felt that, broadly speaking, the risk register did appropriately prioritise the risks. However, there had been recognisable problems with the way risks were expressed and calibrated (too many very high risks after mitigation), both of which issues it was hoped would be addressed through the new process.

Resolved: The Council

- 11.5 Noted the latest update to the Corporate Risk Register at Annex A, and the distribution of those risks.
- 11.6 Noted the changes to the Corporate Risk Register since July 2016 set out at Annex B.
- 11.7 Approved the draft Risk Management Policy and Guidance at Annex C.
- 11.8 Agreed that it was important that risk management was a process embedded throughout HEFCW and not regarded only as a discrete exercise.

## **12. Update on the Well-being of Future Generations Act 2015 (HEFCW/16/96)**

- 12.1 The Council noted that the next key step in addressing the requirements of the Well-being of Future Generations Act 2015 would be for HEFCW to publish its well-being objectives by the end of March 2017. The Welsh Government had published its own Well-being objectives on 8 November.
- 12.2 There were some timing challenges with the Council's original plan to include the well-being objectives within the next HEFCW Corporate Strategy. The latter would need to be consistent with the HE Strategy for Wales, which might not be approved by Welsh Government in time to allow HEFCW to follow this approach. It was proposed that Welsh Government and the Future Generations Commissioner be approached to request that HEFCW be allowed to delay its response. If not, HEFCW would prepare and publish its well-being objectives to the March 2017 deadline, and then subsequently look to incorporate those into the next Corporate Strategy.
- 12.3 The Council noted the proposed model of engagement with the higher education sector and agreed to Option 2 in the paper.

Resolved: The Council

- 12.4 Noted the legislative and policy developments.
- 12.5 Note the actions taken and proposed to comply with the requirements of the Well-being of Future Generations Act 2015.
- 12.6 Approved Option 2 as the proposed model of engagement with the higher education sector on identifying and supporting its contribution to the requirements of this legislation.

**13. Annual review of key Council governance documents (HEFCW/16/97)**

Resolved: The Council

- 13.1 Reviewed its key corporate governance documents and agreed proposed amendments to its Scheme of Delegation (Annex A to the paper).
- 13.2 Noted the annual report on the application of the Council's official seal.

**14. Any other business**

None.

**15. Date of next meeting**

- 15.1 25 January 2017: Annual Public Meeting and institutional visit to UW Trinity Saint David
- 15.2 26 January 2017: Council meeting

**Papers for approval without discussion:**

**16. Quality Assessment Committee (QAC) annual assurance to Council, including QAC annual report and Quality Assurance Agency (QAA) annual report (HEFCW/16/98)**

- 16.1 The Chair of the QAC noted that the Committee had approved the QAA's annual report subject to it providing an increased focus on Wales and including more details of what had been done during the year.

Resolved: The Council

- 16.2 Approved the QAA annual report for 2015/16.
- 16.3 Noted the QAC annual report for 2015/16.
- 16.4 Noted the annual assurance from the QAC.

**17. HEFCW response to the Welsh Government consultation on Initial Teacher Education accreditation (HEFCW/16/99)**

Resolved: The Council

- 17.1 Delegated authority to the Chief Executive to approve the final response from HEFCW to the Welsh Government consultation on initial teacher education.

**Papers provided for information:**

- 18. Institutional Financial Health Assessment (based on forecasts) (HEFCW/16/100)**
- 19. New State Aid Transparency rules (HEFCW/16/101)**
- 20. April to June accruals based management accounts report 2016-17 (HEFCW/16/102)**
- 21. April to September 2016 accruals based management accounts report 2016-17 (HEFCW/16/103)**
- 22. April to September 2016 cash expenditure report (HEFCW/16/104)**
- 23. Operational Plan 2016-17 Q1 and Q2 report (HEFCW/16/105)**
- 24. GO Wales Achieve through Work Experience update (HEFCW/16/106)**
- 25. Jisc annual report 2015/16 (HEFCW/16/107)**
- 26. Meeting of the Council's Research, Innovation and Engagement Committee held on 20 October 2016 (HEFCW/16/108)**

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