

## Minutes of the 187<sup>th</sup> meeting of the Council held on 21 March 2018 at the HEFCW office, Bedwas

### Present:

Members: David Allen (Chair)  
Dr David Blaney (Chief Executive)  
James Davies  
Bethan Guilfoyle  
Sarah John  
Professor Helen Marshall  
David Mason  
Professor Robin Williams  
Dr Colin Wyatt

Observers: Alison Bryant, Welsh Government  
Huw Morris, Welsh Government  
Ellen Jones, President, National Union of Students Wales

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

Apologies: Dr Arun Midha  
Professor Sir Keith Burnett  
Professor Mark Smith  
Professor Madeleine Atkins, Chief Executive, HEFCE  
Dr John Kemp, Interim Chief Executive, SFC

### 1. Introductory remarks and declarations of interest

- 1.1 The Chair welcomed new member Professor Helen Marshall to her first Council meeting. Today was the last meeting for Council members Dr Colin Wyatt and Bethan Guilfoyle, and would also have been Dr Arun Midha's last meeting. The Chair expressed his thanks and gratitude on behalf of all members for the contributions and service to the Council of all three members.
- 1.2 The Chair noted that Gwyneth Sweatman had been elected as the new NUS Wales President and would take up post from 1 July.
- 1.3 No specific members' interests were declared in relation to any of today's agenda items above and beyond those currently published on HEFCWs' website.

## 2. Minutes of the meeting held on 25 January 2018 (HEFCW/18/Min181)

2.1 The minutes were accepted as a true record of the meeting held on 25 January 2018.

## 3. Matters Arising (HEFCW/18/15)

3.1 *Additional research funding for Wales* – The Welsh Government observer (HM) said he was aware of some late additions to the budget and would share these with the Chief Executive.

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

3.2 Exempt minute

## 4. Chair's Report (HEFCW/18/CH4)

4.1 The Chair and Chief Executive had attended earlier today one of their quarterly meetings with the Cabinet Secretary. Topics discussed included: the Reid Review and research funding in Wales; the Chair and Chief Executive's forthcoming meeting with the new Chief Scientific Advisor for Wales; the Murphy Review Report; HEFCW's assessment of the current risks being dealt with by Welsh institutions; and fair working practices and the Living Wage, including with respect to students unions. On the latter, the NUS observer commented that most unions had agreed to become Living Wage employers by 2019.

4.2 Council noted the ongoing industrial dispute between UCU and universities on issues relating to the Universities Superannuation Scheme (USS), which affected some universities in Wales.

4.3 HEFCE would close down at the end of March and the new Office for Students formally would begin operating from 1 April.

4.4 In England, a *Review of post-18 education funding* had been launched in February, to be conducted by an independent panel led by Philip Augar, author and former equities broker in the City of London. The Review proposals needed to be fiscally neutral. An interim Review report was due to be presented to the UK government before the latter concluded the overall review in early 2019. It would be important to monitor the Review proposals in terms of their potential effect on Wales.

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Exempt minute

4.5 The Chair and Chief Executive had attended a seminar on 15 March, 'Delivering Together', about the review commissioned by Welsh Government of its relationships with its arms'-length bodies. There had been useful conversations at the event with other Welsh Government Sponsored bodies about ways of working better together, including exploring options for shared services.

4.6 Noted that three new members were due to join the Council from April 2018, and a fourth from August 2018.

## 5. Update from Chairs of Council Committees (HEFCW/18/CC2)

5.1 *Human Resources Committee* – The Committee had not met since the last Council meeting, but the Chair of the Committee (CW) noted that the pay award for staff for 2017-18 and 2018-19 now had been agreed. He thanked HEFCW staff and Welsh Government colleagues for completing the difficult and complex negotiations that had led to the agreement.

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

5.2 Exempt minute

5.3 Exempt minute

## 6. Chief Executive's Report (HEFCW/18/CE3)

6.1 UK student recruitment trends and risk of closures ('Running a tight ship' report January 2018, commissioned by *The Guardian* newspaper and supported by HSBC and UUK)

The Council noted the main themes of the report, which presented a fairly pessimistic view by the sector in England on future recruitment and the effects of increased competition, with respect to home, EU and international students. The current demographic decline in 18 year olds was part of a range of current challenges identified, which also included pay cost increases, pensions and the capping of tuition fee levels.

On demographics, it was noted that latest population estimates predicted that the 18 year old population group would recover from around 2023, but that the rates of recovery would vary by region. A recent HEPI report ('Demand for Higher Education to 2030') forecast that the number of 18 year olds would grow by 23% between 2020 and 2030.

It was agreed to return to some of the issues raised in the report at the Council's Workshop in May.

HM asked in this context whether there was any scope for using the Council's expertise for the new Advance HE organisation with respect to its future leadership courses. DB said he was due to meet the Chief Executive of Advance HE, Alison Johns, in April.

6.2 Council Workshop 16 May 2018

The Council agreed the proposed discussion topics for the next Workshop, which included lunch and a subsequent session from NUS Wales.

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

6.3 Exempt minute

6.4 Exempt minute

6.5 Exempt minute

6.6 Outcome of the consultations on the regulatory framework in England  
Following its previous steers, the Council received HEFCW's submission to the consultation exercise and noted the main issues highlighted within it.

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

6.7 Exempt minute

6.8 Degree Apprenticeships  
Noted that the Welsh Government's proposed September 2018 start date for the introduction of degree apprenticeships in Wales was very tight. It was further noted that the Welsh Government had published today its Employability Plan, which included references to degree apprenticeships.

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

6.9 Exempt minute

6.10 Unistats website

Resolved: The Council:

- Approved the extension of the contract for the current Unistats website for a further year.
- Noted the current position of Wales in relation to the publication of LEO data on Unistats.
- Approved HEFCW's participation in the work to develop a business case for a new Unistats, and HEFCW's contribution to this of approximately £5k.

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

- Chief Executive's Calendar of Meetings since the last meeting of Council on 25 January 2018.
- Notes of Institutional Visits to Grŵp Llandrillo Menai (25 January 2018) and Bangor University (26 January 2018)
- Report on exercises of delegated authority through the scheme of delegation.

## **7. Advice to Welsh Government on Murphy Review recommendations (HEFCW/18/16)**

7.1 The paper sought the Council's views on the recommendations in the report of the independent *Review of conservatoire and performing-arts provision in Wales* by Lord Murphy of Torfaen (provided at Annex A to the paper), and on the draft advice to Welsh Government. The Chair and Chief Executive had tested the main elements of the draft advice with the Cabinet Secretary in their quarterly monitoring meeting with her earlier today.

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

7.2 Exempt minute

7.3 Exempt minute

7.4 Exempt minute

7.5 Exempt minute

Resolved: The Council

7.6 Considered the recommendations of the report of the independent review of conservatoire and performing-arts provision in Wales.

7.7 Supported officers' analysis of the recommendations and draft advice to the Welsh Government, recommending that the advice be strengthened to reflect the Council's significant concerns about institutional sustainability of an independent solution for the College.

7.8 Delegated authority to the Chair and Chief Executive to agree a covering letter to accompany the advice to Welsh Government.

**8. Remit Letter 2018-19: oral update (HEFCW/18/17)**

8.1 HEFCW was awaiting from Welsh Government its finalised remit letter for financial year 2018-19. This was expected to be provided by the end of March. Once it arrived it would be circulated to Council members by email and published on HEFCW's website. The remit letter and proposed HEFCW Operational Plan 2018-19 would be presented to the Council's next meeting in May.

**9. HEFCW recurrent budget for financial year 2018-19 (HEFCW/18/18)**

9.1 The paper invited the Council to approve the financial year recurrent cash expenditure for the period April 2018 to March 2019, and informed the Council that the estimated closing cash balance at the end of financial year 2017-18 was within the 2% year-end carry forward threshold set by Welsh Government. The final revised 2017-18 remit letter, including revised grant in aid figures, had been received since the paper had been written and the 2018-19 budget had been prepared, but the figures for 2018-19 would not be confirmed until the remit letter for that year had been received. For this reason, the proposed financial year budget 2018-19 had been based on indicative figures and therefore might require amendment once the budget figures had been confirmed.

Resolved: The Council

9.2 Approved the financial year budget as noted in section 8.5 of the paper.

9.3 Delegated authority to the Chief Executive to amend the budget as required, once the implications of the additional funding of the revised 2017-18 remit letter and the 2018-19 remit letter were clear.

**10. HEFCW funding (HEFCW/18/19)**

- 10.1 The paper provided details of the additional funding for financial year (FY) 2017-18 that had been provided by Welsh Government through a revised remit letter for that year, and sought the Council's endorsement for the proposed use of the additional funding. The paper proposed a method for reclaiming academic year (AY) 2016/17 funding as a result of under-recruitment and for applying that method in AYs 2017/18 and 2018/19 as necessary. The paper also provided details of the assumptions made with respect to the budgets for FYs 2018-19 and 2019-20.

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

10.2 Exempt minute

10.3 Exempt minute

10.4 Exempt minute

10.5 Exempt minute

10.6 Exempt minute

10.7 Exempt minute

10.8 Exempt minute

Resolved: The Council

- 10.9 Agreed the proposals for allocating the Civic Mission funding and delegated authority to the Chief Executive to approve a HEFCW circular inviting proposals to further develop activities related to the civic mission of universities in Wales.
- 10.10 Approved the proposals for the allocation of funding for the Institute of Coding and delegated authority to the Chief Executive to approve the conditions attached to its release.
- 10.11 Approved the proposals for the allocation of the additional FY 2017-18 performing arts funding and delegated authority to the Chief Executive to approve the terms to be attached to its release.
- 10.12 Approved the proposals for the allocation of the additional funding for increasing collaboration between HE and FE in the area of innovation and engagement, and delegated authority to the Chief Executive to approve a HEFCW circular inviting proposals to further develop activities related to improving and increasing collaboration between HE and FE.
- 10.13 Approved the allocation of £6m to the capital projects listed in Annex C.
- 10.14 Agreed that, to the £5.9m ring-fenced capital funding, £100k was added from the cash reserves to fund the projects in Annex C.

- 10.15 Delegated authority to the Chief Executive to approve the conditions attached to the release of the funding for capital investment by the end of March 2018, as set out in Annex C.
- 10.16 Noted the funding assumed to be available in FY 2019-20 for allocation in AY 2018/19, and the extent to which the 2018-19 remit letter refers to the confirmation provided in the Cabinet Secretary's statement of 18 October 2017 of funding available for fee mitigation and PGT masters interim support.
- 10.17 Noted the implications of funding committed beyond FY 2018-19 of £5.935m for PGT masters not being forthcoming from the Welsh Government, and that Council would need to consider further how to fulfil their funding commitment should this happen.
- 10.18 Agreed the revised method of funding adjustment calculation and that it can be used in future year but the additional £150k mitigation should not become the norm.

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

10.19 Exempt minute

- 10.20 Agreed that any resultant adjustment to funds be subsumed with the projected cash balances.
- 10.21 Agreed that institutions be informed of the use of the additional funds following this meeting, subject to confirmation of the final remit letter 2018-19 from the Welsh Government.
- 10.22 Agreed the proposed monitoring of the additional funds.

## **11. Strategic Change Fund Outcomes (HEFCW/18/20)**

- 11.1 The paper updated Council on the outcomes of the Strategic Change Fund allocated in 2016/17. It was noted that, in addition to the £20m allocated by HEFCW, some institutions had opted to top-up their allocations using their own funding.

Resolved: The Council

- 11.2 Noted the sector outcomes against each criterion of the Strategic Change Fund.
- 11.3 Endorsed the proposal to communicate the achievements via a 'Key Outcomes' circular, and delegated authority to the Chief Executive to approve the final circular.

## **12. Higher Education Research Capital Funding (HEFCW/18/21)**

- 12.1 The paper set out the proposed allocation to Welsh universities of the Higher Education Research Capital funding provided by the Department for Business, Energy, and Industrial Strategy, and the associated match funding to be provided by the Welsh Government, in 2018-19. Council was content to retain the same

method of allocation as in previous years, and to adopt the specific approach set out in Model 2 in the paper.

- 12.2 Resolved: The Council delegated authority to the Chief Executive to make the final decision to allocate the proposed research capital funding allocations for 2018-19 on the basis outlined in Annex A, Model 2, dependent upon the agreement by the Welsh Government to provide the required match monies.

### **13. Measuring the performance of HE (HEFCW/18/22)**

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

#### 13.1 Exempt minute

Resolved: The Council

- 13.2 Noted the proposed measures.

- 13.3 Delegated authority to the Chief Executive to finalise the follow-up consultation on the measures, taking account of Council's comments at minute 13.1.

### **14. New Council committee structure (HEFCW/18/23)**

- 14.1 The Council considered a number of proposed changes to its committee structure, including some new and revised committee terms of reference (Annexes A to E to the paper).

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

#### 14.2 Exempt minute

#### 14.3 Exempt minute

#### 14.4 Exempt minute

Resolved: The Council agreed:

- 14.5 The revised committee structure as summarised at Annex A to the paper.

- 14.6 The terms of reference for the Regulation Committee at Annex B to the paper.

- 14.7 The revised terms of reference for the Quality Assessment Committee at Annex C to the paper.

- 14.8 The terms of reference for the Nominations Committee at Annex D, subject to the further update agreed by Council at minute 14.3, and delegated authority to the Chair to complete the appointment of new chairs to Council's committees where vacancies had arisen due to recent or forthcoming changes to Council membership.

- 14.9 The revised Committee Standing Orders at Annex E, subject to the further changes agreed by Council set out at minute 14.4.

## **15. Specific designation (HEFCW/18/24)**

- 15.1 The paper provided information on Welsh Government's specific designation policy and HEFCW's draft guidance for higher education providers wishing to apply for specific designation of their relevant higher education courses. A copy of the Notice of Appointment letter from the Cabinet Secretary was tabled at the meeting, which formally appointed HEFCW to exercise the specific designation functions on behalf of the Welsh Government from 1 April 2018. The Chair would sign and return the Appointment letter on behalf of the Council. Council noted that HEFCW's responsibilities would be to administer the specific designation process and to put forward recommendations to the Welsh Government about whether or not to designate specific courses, but that it would be for Welsh Government to agree the specific designations.

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

15.2 Exempt minute

15.3 Exempt minute

15.4 Exempt minute

Resolved: The Council

- 15.5 Noted and gave feedback (minute 15.2) on the initial draft specific designation guidance.
- 15.6 Delegated authority to the Chair to sign off the Appointment letter to Welsh Government, and to the Chief Executive to finalise the draft guidance for consultation.

## **16. HEFCW's Reaching Wider Programme Review outcomes (HEFCW/18/25)**

- 16.1 The paper provided the Council with the final report on the review of the HEFCW-funded Reaching Wider (RW) Programme and sought approval of the recommendations on the further development of the Programme.

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

16.2 Exempt minute

Resolved: The Council

- 16.3 Noted the Reaching Wider Review Group's conclusions.
- 16.4 Approved the Reaching Wider Review Group's recommendations as set out in paragraph 9.1 (i-ix) of the paper.

## **17. Welsh Language Standards Implementation Plan (HEFCW/18/26)**

- 17.1 The paper presented the new implementation plan for the Welsh Language Standards that applied to HEFCW. There would be some operational challenges

in taking this forward, but generally the organisation was prepared and would be fully compliant when the Standards came into effect from 1 April.

- 17.2 Resolved: The Council delegated authority to the Chief Executive to approve the final version of the implementation plan for publication by 1 April.

**18. Any other business**

None.

**19. Date of next meeting**

- 19.1 Council Workshop 16 May 2018. Council meeting 17 May 2018.

**Papers for approval without discussion:**

**20. Quality Assessment Framework (HEFCW/18/27)**

- 20.1 Resolved: The Council approved the Quality Assessment Framework for publication.

**21. HEFCW Corporate Risk Register and Issues Log (HEFCW/18/28)**

Resolved: The Council noted the following with respect to the Corporate Risk Register, which had been reviewed by the Audit and Risk Assurance Committee at its meeting on 7 March:

- 21.1 The latest update to the Corporate Risk Register (Annex Ai) and the distribution of those risks.
- 21.2 Changes made to the Corporate Risk Register since November 2017 (Annex B).
- 21.3 The latest HEFCW Issues Log (Annex Aii).
- 21.4 The commentary on the current distribution of risks and on likely development in the immediate future.

**22. HEFCW fee and access planning report to Welsh Government (HEFCW/18/29)**

Resolved: The Council

- 22.1 Noted the draft report to the Welsh Government on fee and access planning.
- 22.2 Delegated authority to the Chief Executive to finalise the report for submission to the Welsh Government.

**23. Equality and Diversity: Annual Report and Equalities Update (HEFCW/18/30)**

Resolved: The Council

- 23.1 Noted the draft HEFCW Equality Annual Report 2016-17.
- 23.2 Delegated authority to the Chief Executive to finalise the Equality Annual Report for publication by the end of March 2018.

23.3 Noted the update on equality and diversity matters.

**24. Well-being of Future Generations Annual Report 2017-18 (HEFCW/18/31)**

Resolved: The Council

24.1 Noted the draft HEFCW Future Generations Report 2017-18.

24.2 Delegated authority to the Chief Executive to finalise the Future Generations Annual Report for publication.

**Papers provided for information:**

**25. Analysis of institutions’ financial health based on audited financial statements (HEFCW/18/32)**

**26. April to Dec 2017 accruals based management accounts report 2017-18 (HEFCW/18/33)**

**27. Cash expenditure report for the period April to December 2017 (HEFCW/18/34)**

**28. Quality Assessment Committee minutes, 8 February 2018 (HEFCW/18/35)**

**29. Unconfirmed Minutes of the Audit and Risk Assurance Committee meeting held on 7 March 2018 (HEFCW/18/36)**

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