

CARDIFF METROPOLITAN UNIVERSITY

MEETING OF THE BOARD OF GOVERNORS: TUESDAY, 13 DECEMBER 2011

MINUTES

Present: Miss B. Wilding (Chair), Lord Boswell of Aynho (Vice-Chair), Professor.A.J.Chapman (Vice-Chancellor & Principal), Dr.P.Easy, Mrs.Z.Harcombe, Mrs.A.Hayes, Ms.N.James, Mr.S.Mathur, Rev. Canon R. Morrison, Mr.A.Piper, Dr.R.Smith, Mr.J.F.Thomas, Dr.M.Waring, Mr.P.R.Williams

Attendance: Mrs.P.M.Ackroyd (Pro Vice-Chancellor, Operations), Professor.R.Brown (Pro Vice-Chancellor, Research), Mrs.J.Hare (Deputy Vice-Chancellor), Mr.R.Moremon (Director of Marketing & Communications), Mr.D.C.Price (Director of Strategy Development), Mr.R.D.G.Walters (Clerk to the Governors), Mr.M.J.Warren (Director of Finance)

Members were advised that, as an outcome of the most recent review of effectiveness, indicative timings had been inserted on the agenda with a target completion of business within a period of two hours (min. 1308.3 below refers).

1297. Apologies for Absence

Apologies for absence were received from Dr.G.N.J.Port, Baroness Randerson and Mr.E.C.Thomas.

1298. Declarations of Interest

Professor Robert Brown, part-time Pro Vice-Chancellor (Research), made a direct pecuniary declaration regarding his similar part-time position at the University of Wales.

1299. Minutes of the Board of Governors: 11 October 2011

The minutes of the last meeting were approved as a correct record and signed. There were no matters arising from the minutes.

1300. Standing Items

.1 Report of the Chair of the Board of Governors

The Chair's written report provided details of meetings and events attended since the last meeting of the Board of Governors. Members received a summary of the issues raised by the Minister for Education and Skills at his meeting with members of Chairs of Higher Education Wales (CHEW) on 24 November 2011. At that meeting it had been announced that CHEW was to undertake a scoping exercise of the possible configuration of the HE sector in Wales by 2020.

With regard to the arrangements outlined at the last meeting whereby members were to take particular interest in specific areas of the University's operation, it was agreed that at this juncture in future members would be invited to present short reports on relevant activity.

Resolved that the report be received

.2 Report of the Vice-Chancellor

The Vice-Chancellor's written report presented progress made since the governing body's last meeting. Activities continued to be reported against the agreed Strategic Aims. Appendix 1 to the report provided the unconfirmed minutes of the Academic Board meeting of 11 November 2011. Appendix 2 examined and disputed the recent assertion by UCU that the University was experiencing a 'spiral of decline'.

Particular attention was drawn to:

- reduction in student complaints from 17 in 2009/12 to 13 in 2010/11;
- positive performance in the Postgraduate Research Experience Survey;
- retention of Investors in People status.

Resolved that the report be received

.3 Students' Union President

i) Written Report

The Students' Union President's periodic report included:

an application for the approval of changes to the Students' Union Constitution to reflect the change of university title from UWIC to Cardiff Metropolitan University and the consequent change of name of the Students' Union to Cardiff Met. Students' Union;

the Students' Union's representation structure and the StARs list;

students' views on the reconfiguration agenda and the Student's Union President's letter of 23 November 2011 to the First Minister;

progress in Leadership Employability Development sessions and in the take-up and organisation of Intra Mural sport;

increases in the number of sports clubs and social/cultural societies;

recent charity fundraising events.

It was reported that a response to the letter to the First Minister dated 23 November 2011 had been received from the Minister for Education and Skills to the effect that as discussions had been held with the NUS the Welsh Government was unable to enter into discussions with or meet officers of the Cardiff Met. Students' Union. This stance disregarded the fact that this University's Students' Union was not affiliated to NUS Wales.

Resolved that:

- .1 the contents of the report be noted, and

- .2 proposed revisions to the Students' Union's Constitution to reflect changes of name for the University and the Students' Union be approved.

i) Annual Audited Accounts 2010/2011

A written report, which had been endorsed by the Finance & Estates Committee on 15 November 2011, presented the consolidated Annual Audited Accounts of the Students' Union and its subsidiary trading company Futura Marketing & Promotions Ltd. It was noted that the outcome reflected effective financial monitoring policies which supported by a strong commercial performance had resulted in a creditable surplus of £53,671. This surplus had enabled the Union to maintain the improvements in recent years to the Balance Sheet deficit position.

Resolved that the Accounts be approved.

.4 Summary Reports by Committee Chairs:

Oral reports on the work of the Strategic Planning, Human Resources and Finance & Estates Committees since the last Board meeting were presented by or on behalf of the Committee Chairs; the unconfirmed minutes had been distributed prior to this meeting (minute 1310 below refers). Minute 1303.3 below records the report by the Chair of the Audit Committee.

In addition, the meeting received an oral report by the Chair of the TNE Sub-Committee on its meeting of 13 December 2011 held immediately before this meeting. The work of the Sub-Committee was to be similarly reported to the 17 January 2012 meeting of the Strategic Planning Committee.

In accordance with the Sub-Committee's recommendation it was agreed that, with due regard to the protection of the Tier 4 Licence, work would continue with the London School of Commerce to develop the model and Memorandum of Understanding for a London Campus; progress was to be considered by the Sub-Committee and reported to the Strategic Planning Committee and the Board of Governors during the Spring Term 2012. With regard to approaches from former UW partners the meeting endorsed the proposed processes subject to revisions to ensure that full Cardiff Metropolitan University procedures and due diligence exercises were to be followed *ab initio* in all cases and proper regard had to be maintained to the University's quality mechanisms.

Other matters of business included consideration of: i) progress in meeting the TNE Provision Business Plan for 2010/2013; ii) the updated risk matrices for one-third of provision and of new developments; iii) the annual review of collaborative provision partnerships and iv) the scope and outcomes of a review of the University's agency arrangements and an investigation into the top-up MBA programme.

Resolved that:

- .1 the oral reports be received;
- .2 the next meeting receive a report on the development of a London Campus.

1301. Strategic Intent

.1 Future Structure of Universities in Wales

A written report presented background documents and correspondence relevant to sector reconfiguration, including the Welsh Government's statement of 29 November 2011 on sector reconfiguration, and gave details of preparation for Counsel's Opinion on the next consultation exercise and the scope for a successful application for judicial review. The report examined the provisions of s128 of the Education Reform Act 1988 and set out a number of issues for consideration to enable the Board to agree the approach that the University should take in relation to the Welsh Government's Statement of 29 November and the forthcoming consultation on the proposed three-way merger. In addition the report set out a list of suggested matters for consideration should the Board determine that the University should not oppose the Minister's intention.

It was reported that the Minister has not responded to the substantive questions raised in the Chair's letter of 30 November although he had made reference in the Senedd on 7 December to the commencement of statutory consultation in the New Year but had not taken advantage of opportunities presented to him to give an assurance that no compulsory redundancies would result from the proposed merger in South East Wales.

The meeting noted that all parties in the Assembly had agreed a motion calling on the Welsh Government to prioritise voluntary collaboration in preference to forced mergers between Higher Education Institutions. In the light of the aforementioned motion it was agreed that a further letter would be written to the Minister confirming the University's continuing commitment to collaboration with the University of Glamorgan and the University of Wales, Newport supported by the Leadership Foundation's recently launched service of support for the development of collaborations, alliances and mergers. The tenor of this correspondence was to be published to staff and students.

In support of the University's response to the pending consultation exercise it was suggested that lobbying and other activity should address the danger to all HEIs of imposed political decisions and should emphasise the University's collaborative work and its beneficial impact on the economy and the achievement of Welsh Government policies.

Resolved that developments in the Welsh Government's reconfiguration agenda be noted and a letter sent to the Minister confirming the University's commitment to collaboration and the intention to use the services of the Leadership Foundation.

.2 South East Wales Higher Education Regional Strategy 2011/12 to 2013/14

Under this item the meeting received the letter of 31 October 2011 sent by Cardiff University's Vice-Chancellor to HEFCW submitting the Regional Strategy for Higher Education for the period 2011/12 to 2013/14.

The meeting approved the Strategy and noted that the signatories to the Strategy (Cardiff University, the University of Glamorgan, the Open University, the University of Wales, Newport, Bridgen College and UWIC) had stated *inter alia* their confidence that no further areas of unnecessary duplication remained following the comprehensive redistribution of provision undertaken during 2010/11.

Resolved that the Regional Strategy for 2011/12 to 2013/14 be approved.

1302. **Risk Register: Periodic Review**

In accordance with the governing body's overall responsibility for risk management, the meeting considered the most recent iteration of the Corporate Strategic Risk Register as presented to

the last meeting of the Audit Committee. The meeting noted a change in the level of one risk rating and the addition of four new risks.

Resolved that the most recent iteration of the Corporate Strategic Risk Register be noted.

1303. **Audit Committee Business**

.1 **Audit Committee Annual Report 2010/11**

The Audit Committee's Annual Report presented a summary of the Committee's work during the business year 2010/11 and its positive opinions on the University's risk management, internal control system and governance arrangements, and on its arrangements for economy, efficiency and effectiveness.

Resolved that the annual report be received and approved for submission to the Funding Council.

.2 **Annual Re-Appointment of External Auditors**

The meeting approved the Audit Committee's recommendation, made following receipt of a positive report on the performance of PricewaterhouseCoopers (PWC) against approved performance indicators for 2010/11, that PWC be re-appointed as the University's External Auditors from 12 December 2011 for the second of two additional discretionary years under the current contract. It was reported that a full procurement exercise for external audit provision was to be undertaken during 2012.

Resolved that PricewaterhouseCoopers be reappointed as the External Auditors from 12 December 2011 for the second of the two additional discretionary years under the current contract for external audit provision.

.3 **Committee Chair's Summary Report**

The oral report covered the following significant items not addressed elsewhere on this meeting's agenda:

Audit of 2010/11 Further Education Funding Data: the Committee had been advised of the External Auditors' signed opinion that the information contained in the 2010/11 End of Year Further Education return had been prepared in all material respects in accordance with Welsh Assembly Government guidelines – the accuracy of the return had been confirmed;

Internal Audit Reports – the Committee had received satisfactory reports on progress under this year's Internal Audit Plan and in the implementation of recommendations, and two positive reports of reviews into Security (substantial, green assurance) and Compliance with UK/Guild HE Code of Practice for the Management of Student Housing (reasonable, amber green assurance);

Annual Risk Management Report – this report had set out for the assurance of members the mechanisms developed to enable the Audit Committee to meet its responsibilities for reviewing the risk management framework. Appendices to the report presented the Risk Management Policy, which had been last revised in March 2011 (by the insertion of a paragraph regarding risk appetite), details of the risk management process, the annual review of effectiveness of the internal control system and the criteria for evaluating risks. The report detailed the work

of the Risk Management Committee and the on-going review of the Disaster Recovery Plan.

It was confirmed that no issues requiring the Board's attention arose from: i) the periodic Losses Report; ii) the annual review relating declarations of interests made by governors and certain senior staff to the University's financial activities; and iii) the oral report on referrals under the Whistleblowing Policy.

Resolved that the report be received.

1304. Finance Reports

.1 Outturn 2010/11: Final Review

A written report, which had been endorsed by the Finance & Estates Committee, presented the final management accounts for 2010/11 which demonstrated a surplus of £6,530K. Appendices presented summaries of the Management Accounts for the year-end and the Capital Programme, cash flow performance and a draft balance sheet at year-end.

Resolved that the report be approved.

.2 Annual Report and Financial Statements for the Year End 31 July 2011

A further written report, which had similarly been endorsed by the Finance & Estates Committee and by the Audit Committees and was supported by the findings in the External Auditors' Annual Report (min. 1304.3), presented the draft Consolidated Statutory Accounts for the University and its two subsidiaries for 2010/11.

The report demonstrated that the Financial Statements did not conflict with the University's charitable status and had been compiled on a "going concern" basis. It was noted that, subject to minor amendments, the Finance & Estates and Audit Committees had approved the contents and tenor of the Report of the Board of Governors (including the Public Benefit Statement), the Responsibilities of the Board of Governors and the Corporate Governance Statement.

It was confirmed that the results fully satisfied the University's financial strategy and targets and demonstrated an improving financial position.

Resolved that the Annual Report and Financial Statements be approved for signature and submission to the Funding Council.

.3 PricewaterhouseCoopers: Audit Findings Report Year Ended 31 July 2011

In support of the foregoing report the meeting received the External Auditors' Report for 2010/11. It was confirmed that the External Auditors' Report supported the contents of the Annual Reports and Financial Statements and that the External Auditors intend to issue unqualified audit opinions subject to receipt of the letter of representation and satisfactory discussions on matters raised in the report.

Resolved that the report be approved.

.4 Outturn 2011/12: First Review

A written report advised members of progress towards delivery of the budget set for 2011/12, provided an overview of the major elements of the budget and identified risks to its delivery. It was noted that at the date of the first review there were no significant items requiring an adjustment to the forecast outturn and that most anticipated variances were expected to be positive.

Appendices to the report presented the Income and Expenditure Account for 2011/12 together with Cash Management, Balance Sheet and Capital Expenditure expectations.

Resolved that the report be approved

1305. Future Finance Planning

A written report examined the fundamental changes to be introduced from 2012/13, when full-time undergraduate Home and EU students began to pay £9,000 fees and HEFCW Teaching Grant was to be progressively withdrawn, and identified the consequences for the University's financial planning.

It was noted that HEFCW Circular "Changes to the Teaching Funding Mechanism for HE in Wales" signalled the replacement from 2012/13 of the current funded credit-based system by a Public Investment Fund (PIF). It was explained that the PIF was to provide premia for specific strategies with continuing support for Access and Retention, Disability and Welsh Medium and new support for STEM and priority subjects. In broad terms all teaching grant for full-time undergraduate and post-graduate Certificate of Education students was to cease from 2012/13 onwards but fee income was to treble by 2014/15 provided student numbers were maintained in line with current projections. It was confirmed that the potential shortfall in 2012/13, should the increase in fees fail to match loss of grant, could be met by a further reduction in costs or the acceptance of an operating deficit for one year.

The report noted that HEFCW would have a £52m shortfall from 2013/14 between the current total teaching grant and the funds required to provide the fee subsidy support for Welsh domiciled students and that consequently HEFCW would have to take action to fund additional resource or reduce costs. It was suggested that the only realistic option was for HEFCW to engineer a reduction in fee levels. It was expected, therefore, that fee plans for 2013/14 would place increased demands upon each University, encourage fee reductions and engineer movement of student numbers towards universities charging lower fees.

The meeting was informed that the move away from grant to fees only would have a negative impact on the way in which income would be received in that the replacement of "in advance" funding from HEFCW by delayed funding from the Student Loan Company would require the University to fund the studies of students in advance of receiving the income. This would require the availability of c. £5m additional working capital to cash flow operations during the first three months of each year. Approximately £3m working capital would be similarly required during the months of December, January and February each year, doubling the requirement for working capital and directly reducing the funds available for short and long term investment.

It was confirmed, however, that the University entered this period of change with a strong Balance Sheet and healthy cash reserves. Current cash funds would be fully committed by existing requirements for working capital and the additional requirements for Howard Garden re-provision. A turnover of £80m and a reduced fixed cost for permanent staffing gave the University the ability and flexibility to adjust costs and afford significant one-off expenditure.

Resolved that the report be noted.

1306. Corporate Strategic Planning & Sustainability

.1 Corporate Scorecard

By way of the Corporate Scorecard a written report provided details of progress against the targets contained in the Corporate Strategic Plan 2007-11. It was noted that the Strategic Planning Committee had acknowledged the achievement of significant progress against targets.

Resolved that the Corporate Scorecard and progress against targets be noted.

.2 New Corporate Strategic Plan & Sustainability

A further written report initiated the development of a new Corporate Strategic Plan for the period 2012-13 to 2016-17 and addressed advice from HEFCE's Financial Sustainability Strategy Group (FSSG) that governing bodies should ensure that they had the means to undertake a formal annual assessment of the sustainability of their universities. The report had been considered by the Strategic Planning Committee which had acknowledged that the process of assessing sustainability depended upon the planning and monitoring of institutional performance against a realistic institutional strategy.

The following documents were supplied as background information:

- University vision and mission;
- SWOT analysis of the University;
- SWOT analysis of Schools;
- UK White Paper: summary and possible implications of policies;
- FSSG report: *Assessing the Sustainability of HE Institutions*;
- the Futures Group's identification of the characteristics of a top 5 'new' university in the UK;
- proposed high-level strategy 'map' for use in the development of the new strategy;
- rationale for the selection of performance measures targets.

It was reported that the Strategic Planning Committee had agreed that the work of the Futures Group during 2010 would be used as a starting point for the design of the new Plan which would be structured around the key themes of i) Teaching, Learning & Assessment, ii) Research & Enterprise (Innovation and Knowledge Transfer), iii) Creativity, iv) Sustainability, v) Finance and vi) Staff. It was recommended that a summary strategic plan to capture and express the key elements of the University's strategy, founded on a summarised version of the corporate vision "to become a top 5 'new' university in the UK", be developed as soon as practicable. Proposals were agreed for the speedy development of the new Plan with circulation of the draft high-level strategy map within the University including the Students' Union for comment with a view to agreement on an outline strategy and supporting communications plan early in 2012. The summary plan was to be supported by a longer, discursive document targeted particularly at external audiences and by a number of 'sentinel' performance indicators for use in measuring progress. A final, comprehensive Strategic Plan was to be submitted to the governing body as soon as practicable during 2012.

Subject to consideration of a number of suggestions regarding collaboration, innovation, staff development and narrative, the meeting endorsed the appropriateness of the strategic themes, performance measures and targets contained in the high-level strategy map.

Resolved that:

- .1 the report be received and the new Corporate Strategic Plan developed as proposed;
- .2 the next meeting receive details of progress in meeting the Financial Sustainability Strategy Group's recommendations.

1307. Review of Policies and Procedures

A report presented nine institutional policies and governance documents for periodic review. It was noted that revisions were generally technical in nature and reflected change of university name and advances in specific policy and legislative areas. Revisions to the Code of Conduct for Members and the Statement of Primary Responsibilities emanated from the last review of governing body effectiveness.

It was confirmed that the draft documentation had been reviewed by the appropriate Committee and that impact assessments have been conducted on the following documents:

- .1 No Smoking Policy
- .2 Environmental & Sustainability Policy
- .3 Energy Management Policy
- .4 Ethical Supply Chain Policy
- .5 Code of Conduct for Members
- .6 Statement of Primary Responsibilities
- .7 Whistleblowing Procedure
- .8 Counter Fraud and Corruption
- .9 CCTV Code of Practice

There were no significant changes in any of the documents requiring governors' attention.

Resolved that the revised governance documents be approved and further reviewed within a period of three years.

1308. Governance Report

The Clerk's Governance Report presented a range of items for the governing body's consideration.

.1 Change of name

Copies of the revised Instrument and Articles of Government, as approved by the Privy Council, were tabled for the Board's approval. As a consequence of the change of name authority was sought to provide an indemnity to the University's bankers to allow them to continue to honour and process cheques drawn by or payable to 'UWIC'.

.2 Board and Committee Membership for 2011/12

.1 Appointment of Independent Members

In accordance with paragraph 5 (5) (b) of the Instrument of Government the independent members present approved the recommendations of the Nominations & Governance Committee for the appointment of three independent governors:

Mr Elfyn Thomas, current cop-opted member, for the remainder of his second term to 31 July 2013;

Mr John Foster Thomas, current co-opted member, for the remainder of his first term to 31 July 2013;

Ms. Monnaza Hassan, current external cop-opted member of the Audit Committee, for the period to 31 July 2014.

.2 Committee Membership and Terms of Reference

The meeting approved recommendations of the Nominations & Governance Committee regarding: i) the appointment of Mr. John Foster Thomas as Vice-Chair of the Finance & Estates Committee and Chair of the Estates Sub-Committee and ii) the approval of revised Terms of Reference for the Nominations & Governance Committee as set out in the appendix to the report.

.3 Review of Effectiveness: Progress

The report set out progress in fulfilling the outcomes of the most recent review.

Specific reference was made to:

the introduction at this meeting of indicative timings on agendas and brief oral reports by Committee Chairs;

commencement of work on the provision of a secure facility giving governors University email addresses and secure, read-only access to relevant documentation - all governors were to be asked to consent to the disclosure of specified personal data to IT personnel.

.4 Governor Training and Briefing Sessions 2011/12

The meeting was advised that arrangements were being made by HEW and the Leadership Foundation for a basic training session for all new governors in Wales during the Spring Term 2012. As was customary, attendance at this event would be extended to all governors by way of refresher training.

Arrangements were to be made for briefing sessions during the remainder of the business year on: i) roles, responsibilities and effectiveness in crisis; ii) equality and diversity; and iii), as required, the implications of the Welsh Government's response to the McCormick review.

.5 Stakeholder Forum

It was noted that the next meeting of the Stakeholder Forum was to be held on Tuesday, 27 March 2012 and that recommendations were to be brought to the governing body's next meeting for the appointment of an independent chair and governor member of the Membership Selection Panel.

.6 HEFCW Institutional Visit

Members were advised that the next HEFCW Institutional Visit was to take place on Friday, 6 July 2012, commencing at 9.00 a.m. and finishing with luncheon. It was anticipated that the next Institutional Review would be undertaken early in the Summer Term 2012.

.7 Governors' Away-Day 2012

It was noted that the 2012 Away-Day was to be held on Thursday, 27 and Friday, 28 September.

.8 HEFCW Circulars

The report provided a list of HE circulars posted on the HEFCW website since the last meeting.

Resolved that:

- .1 the report be noted;
- .2 the revised Instrument of Government and Articles of Government be approved;
- .3 an indemnity be provided to the University's bankers as identified at .1 above;
- .4 the following be appointed as independent governors from 1 January 2012:
 - Mr. Elfyn Thomas, for the remainder of his second term to 31 July 2013;
 - Mr. John Foster Thomas, for the remainder of his first term to 31 July 2013;
 - Ms. Monnaza Hassan, for the period to 31 July 2014;
- .5 Mr. John Foster Thomas be appointed as Vice-Chair of the Finance & Estates Committee and Chair of the Estates Sub-Committee;
- .6 The revised Terms of Reference for the Nominations & Governance be approved.

1309. Any Other Business

.1 Restricted Items

Resolved that the following items retain restricted status:

Future Structure of Universities in Wales
S E Wales He Regional Strategy
Risk Register
Outturn 2010/11: Final Review
External Audit Findings Report 2010/11
Future Finance Planning

1310. FOR INFORMATION

The following documents were provided for information:

Rolling Calendar for the period Spring Term 2012 to Summer Term 2013
Annual Equality & Diversity Report
Complaints Reports 2010/11
A Simple Guide to University Accounting

Minutes of the Human Resources Committee: 1 November 2011

Minutes of the Finance & Estates Committee: 15 November 2011

Minutes of the Strategic Planning Committee: 22 November 2011

Minutes of the Audit Committee: 29 November 2011.

The meeting was followed by a private meeting of independent and non-staff/student co-opted governors at which details were given of the business of the Remuneration Committee meeting of 1 November 2011 which had considered senior post-holder objectives and set their salaries for 2011/12.