

Forty ninth meeting of the Higher Education Academy Board of Directors



Date: 18 November 2015

Time: 10:00-13:00

Venue: Woburn House, London

1. Present

Directors

Professor Rama Thirunamachandran (Chair)
Professor Rebecca Bunting
Mr Anthony Carey
Professor Tony Chapman
Mr Geoff Donnelly
Professor Janice Kay
Professor John Last
Professor Mike Mannion
Ms Sara Parkin
Mr Johnny Rich
Mr John Robinson
Mr Iain Rolland

In attendance

Professor Stephanie Marshall, Chief Executive
Mr Steve Denton, Director (Education and Professional Practice)
Ms Olivia Fleming, Director (Services)
Dr Mark Jones, Chief Operating Officer
Mr Simon Jones, Director (Marketing)
Ms Hannah Purkis, Company Secretary
Mr Colin Simonds, Director (Finance and Resources)
Ms Tanya O'Kelly, Corporate Coordinator
Mr Alex Bols, GuildHE
Ms Sarbani Banerjee, HEFCE
Ms Bethan Dudas, NUS
Ian Kimber, QAA
Dr Cliona O'Neill, HEFCW
Michael Wetherup, DELNI (By phone)

Apologies

Mr William Hammonds, UUK
Mr Brian Baverstock, SFC
Ms Alison Johns, LFHE

2. Declarations of interest

2.1 No declarations of interest were made at the meeting.

3. Minutes of the meeting held on 1 July 2015

3.1 **RESOLVED (HEAB 03/16)** – That the minutes of the meeting held on 1 July 2015 be approved as a true record and signed by the Chair.

4. Matters arising from the last meeting

4.1 The Board noted the progress on the matters arising since the meeting held in July 2015.

5. Chief Executive's Report

5.1 The Chief Executive presented the report to the Board noting the Higher Education Green Paper in which the Teaching Excellence Framework (TEF) had been published.

5.2 The changes to the Senior Leadership Team (SLT) were highlighted which would facilitate the transition to the new business model including membership.

5.3 There continued to be significant engagement with the sector. Of particular note was the research webinar series which was proving successful and was being trialled internationally with Australia.

5.4 **RESOLVED (HEAB 04/16)** – That the report be noted.

6. Strategic

a) Business Update

6.1 The Chief Operating Officer provided an update on the current position of the organisation.

6.2 It was noted that the grant letter had been finalised and agreed with the Funders. Clarification was provided that the initial budgeted amount of grant did not represent the full amount from all four funders and only represented the HEFCE contribution. Quarterly meetings would be undertaken with Funders to review performance against the grant letter. It was queried whether it would be beneficial to spend the additional grant funding rather than to reduce the planned deficit. The HEA, however, would utilise the additional grant funding to ensure the business plan was delivered, to meet the requirements of the grant letter and add extra benefits including discipline support.

- 6.3 Revised, up to date consultancy figures had been circulated to Board members which demonstrated that positive progress was being made against the consultancy targets.
- 6.4 It was queried whether there was confidence in the IT infrastructure and it was confirmed that the infrastructure was secure and there was complete offsite back up. Overheads had been higher in the previous year as a result of increased IT costs, although it was noted that there would be a reduction in ongoing IT costs over the next three years. An internal audit was also being undertaken on IT infrastructure.
- 6.5 The HEA had developed a revised set of Key Performance Indicators (KPIs) although a number of mechanisms for capturing the data were still to be defined. It was noted that the deficit also needed to be monitored.
- 6.6 The Board were pleased to note that only £91k of institutional subscriptions were outstanding from a total of £2.64m.
- 6.7 It was suggested that it would be useful to capture Vice Chancellor and Pro Vice Chancellor satisfaction as well as satisfaction amongst institutional contacts.
- 6.8 **RESOLVED (05/16)** – That the update be noted.

b) Strategic Risk

- 6.9 The Company Secretary introduced the annual review of risk which outlined the current position in relation to the key strategic risks. A detailed review of the Risk register had been undertaken to take into consideration the changes required to implement the business plan.
- 6.10 It was noted that a number of risks had not changed after the controls were applied as some areas were outside the HEA's control such as the TEF.
- 6.11 In relation to the risk related to insufficient skills and capacity, it was noted that there were no controls associated with staff development. The Inspire Programme to increase staff engagement would be included.
- 6.12 It was queried whether the reliance on international activity was a feature of the risks noted or whether an additional risk needed to be included. It was noted that international was now considered across the business rather than as a separate function.
- 6.13 The format of the Risk Register was commended for being more useable and understandable following a number of revisions in previous years.
- 6.14 **RESOLVED (06/16)** – That the key strategic risks be noted.

7. Annual Reporting

a) Performance against Organisational Objectives for 2014-15

- 7.1 The Chief Operating Officer explained that there had been a delayed delivery of activities at the start of the year mainly due to restructuring pressures and staffing vacancies. This resulted in a projected underspend at the end of the year although this had been addressed during the year and the requirements of the grant letter had been met. It was noted that there was standard financial reporting at the Finance Committee and consultancy would be reported on a regular basis.
- 7.2 It was queried what the implications would be for PTES if a Postgraduate National Student Survey (NSS) was launched. The Chief Operating Officer advised that the HEA response to the consultation would advise in favour of retaining PTES, as was the conclusion of earlier research conducted by HEFCE, but that some questions may need to be published to address the issue of value for money and transparency of postgraduate degrees. It was noted that a preference to retain PTES had been raised in the consultation in Wales.
- 7.3 Concern was expressed regarding the reduction in the percentage of users of all HEA services very satisfied from 55% to 44%. It was noted that the survey was undertaken in September 2014 at which time there were no Partnership Managers in place and the HEA had gone through a significant restructure. The composition of those surveyed would be considered.
- 7.4 **RESOLVED – (HEAB 07/16)** – That the performance during 2014-15 be noted.

b) HEA Annual Report 2014-15

- 7.5 The Chief Executive presented the Annual Report to the Board which set out the HEA's achievements in the last year.
- 7.6 The colour of the font would be reviewed and other minor amendments would be made to the report.
- 7.7 **RESOLVED (HEAB 08/16)** – The annual report was approved by the Board.

Michael Weatherup left the meeting.

c) Pay Award 2014-15

- 7.8 The Director (Finance and Resources) outlined the pay award to the Board. An annual pay award of 2% was recommended for the year 2014-15. In addition, a total of 25 staff had been awarded exceptional performance and it was recommended that a non-consolidated increase of 2% was awarded. The total cost was £125,000.

- 7.9 It was noted that the HEA did not have automatic incremental pay scales and the 2% pay increase reflected this.
- 7.10 A report on the remuneration of the senior team had been circulated to the Board.
- 7.11 The Board thanked staff for the hard work and efforts over the last year.
- 7.12 **RESVOLED (HEAB 09/16)**
- (a) That a 2% pay rise for all staff be approved back dated to 1 August 2015 based on the recommendation of the SLT and Finance Committee.
 - (b) That an additional 2% pay award be approved for 25 staff awarded an exceptional performance rating backdated to 1 August 2015 based on the recommendation of SLT and Finance Committee.

8. Financial year-end 2014-15

a) Audit Committee Annual Report for the year ended 31 July 2015

- 8.1 The Chair of the Audit Committee explained that an issue had arisen with the Office of the Scottish Regulator (OSCR) who had stated that the HEA had to submit its accounts in line with the Charities SORP as opposed to the Higher Education SORP in which the HEA currently prepared its accounts. It was noted however, that the HEA had to submit its accounts to HEFCE at the end of November 2015. In addition, the HEA could not have two sets of statutory accounts. Since the Board papers were prepared however, the HEA had received an email from OSCR stating that as a result of legislation introduced in March 2015, the HEA were able to submit its accounts in the Higher Education SORP.
- 8.2 It was noted that the Audit Committee had met with the internal and external auditors privately and there were no comments to note.
- 8.3 It was queried whether there was confidence in internal audit given the issues with the IT infrastructure. This had been considered at Audit Committee and the internal audit would be reviewed in the next year.

RESOLVED (HEAB 10/16) – That the Board considered and noted the opinion of the Audit Committee.

b) Report and Financial Statements for the year ended 31 July 2015

- 8.4 The Director (Resources and Finance) presented the Financial Statements to the Board explaining that the statements had been redrafted in a new format. The end of year position was noted and the significant investment in achieving the position.

RESOLVED (HEAB 11/16)

- (a) That the statement of corporate governance and control and the audited financial statements for the year ended 31 July 2015 be approved.

(b) That the Chair and Chief Executive be authorised to sign the financial statements on behalf of the Board.

c) Letter of Representation for the year ended 31 July 2015

8.5 It was noted that a revised letter had been issued as a result of the resolution of the potential contingent liability.

RESOLVED (HEAB 12/16) - That the Chair be authorised to sign the Letter of Representation on behalf of the Board.

d) HEA Reserves

8.6 **RESOLVED (HEAB 15/16)** – That the financial position should the HEA be obliged to close its operations on 31 August 2015 be noted.

e) Review of Financial regulations

8.7 **RESOLVED (HEAB 14/16)** – That the Financial Regulations for the financial year 2013-14 be approved.

f) External Auditors - RESOLVED (HEAB 15/16) – That the continuation of Grant Thornton as the HEA External Auditor until 31 July 2016 be recommended to the AGM.

9. Governance

a) Appointment of Directors and Succession Planning

9.1 The recommendations approved by the Governance and Nominations Committee were outlined to the Board. The committee noted that the diversity of the Board needed to be considered particularly in relation to the gender balance.

9.2 It was noted that the Chair of the Remuneration Committee would now be separate from the role of Chair of the Board. This would allow the relationship with the Chief Executive to remain separate from the remuneration considerations.

9.3 **RESOLVED (HEAB 16/16)** The Board:

- a) approved the appointment of Anthony Carey for a third term, until November 2018, as recommended by the Governance and Nominations Committee.
- b) approved the extension of Mr Geoff Donnelly until the end of February 2016 as recommended by the Governance and Nominations Committee.
- c) approved the appointment of Iain Rolland as a full Board Director.
- d) approved the appointment of Professor Geoff Layer as a co-optee for a two year term of office.
- e) noted that a recruitment exercise would be undertaken for one Board member.
- f) approved the recommendations in relation to committee membership.

10. Information

a) Statutory returns for the year ended 2014-15

10.1 **RESOLVED (HEAB 17/16)** - That the statutory and accountability returns made by the Company Secretary on behalf of the Board during 2014-15 and the ongoing maintenance of the relevant statutory records be noted.

b) Board Committees – Updates and key messages

10.2 The Board heard from the Chairs of each of the committees respectively and received an update on the key issues and recommendations from each of those meetings.

RESOLVED (HEAB 18/16) - That updates from the Chairs of the Committees were noted.

11. Any other business

11.1 Thanks were extended to Professor Mike Mannion for his contribution to the Board and Geoff Donnelly for chairing the Audit Committee.

12. **Date of next meeting** – 3-4 February 2016, 6.30pm to 4pm, Rydges, Kensington, London

The meeting concluded at approximately 12.20pm,