

Higher Education Authority

Report of the 376th Meeting held on 19th January 2016 in Brooklawn House, Dublin 4.

Present: ¹ Mr. Bahram Bekhradnia
Mr. Kevin Donoghue
Ms Siobhán Harkin
Mr. John Hennessy, Chairman
Dr. Stephen Kinsella, Deputy Chair
Dr. Jim Mountjoy
Mr. Gordon Ryan
Professor Anthony Staines
Dr. Brian Thornes
Mr. Declan Walsh (items 1-7, 9)

Apology: Dr. Mary Canning

In attendance: Mr. Tom Boland (items 2-15)
Mr. Andrew Brownlee (items 2-8, 10-15)
Mr. Padraic Mellett (items 2-15)
Ms Jennifer Gyax (item 7)
Ms Louise Sherry (item 7)
Ms Sheena Duffy (item 7, 11)
Mr. Tim Conlon (items 7, 12)
Ms Sarah Fitzgerald (items 7, 12)
Ms Orla Christle (item 10)
Mr. Damien Kilgannon (item 11)
Dr. Eucharía Meehan (items 13)
Ms Nicki O'Connor (item 13)
Professor Ellen Hazelkorn (item 14)

1. Members only session

The following issues were considered;

- Process for the filling of the post of CEO. Members considered the proposal submitted by the Public Appointments Services and agreed to the terms set out in the letter from PAS.
- Members were updated on the arrangements for filling of vacancies on the Board.

¹ Members present for all items unless otherwise indicated.

2. Report of meeting held 24th November and follow-up actions

Decision: The minutes were approved.

3. Matters Arising & Follow-up actions

3.1 Item 11, Expert Group on Funding – The CEO briefed members on developments. He did not anticipate the final report issuing before the general election.

3.2 Item 4.5, DkIT deficit – Mr. Brownlee updated members on developments. The Institute has engaged with the person appointed by the HEA, Mr. M. O’Connell and the Executive was satisfied that a robust financial plan based on prudent assumptions is now in place. The Executive will continue to press the DES for approval to offer a redundancy package as this would help reduce costs in the Engineering school in particular. Members were advised that part of the proposed financial plan was the sale of an ice rink. It was confirmed that the Institute’s student levy was not included in the Institute’s plan.

3.3 Members raised a number of issues including the failure of Mazars to detect the funding shortfall in DkIT, IoT recruitment processes, the capacity of the senior executive in DkIT and the role of Governing Bodies. The CEO advised members that the HEA executive is considering the general issue of institutional capacity and an opportunity may emerge to address this in the context of the establishment of a new representative body for the technological sector. In relation to recruitment processes it was agreed to provide an update in the next CEO’s report on the application of the Codes of Practice issued by the Commission for Public Service Appointments for appointments in the IoT sector. In relation to DkIT, the HEA would write to the Institute’s Governing Body seeking their views on why the Institute was not alert to the looming financial crisis, the inquiries that the Governing Body had made and the action they had taken, or proposed to take.

3.3 item 6.1, Horizon 2020 – The CEO undertook to provide an update on HEI performance under Horizon 2020.

4. Report of the Chief Executive

4.1 HEA-DES SLA - The CEO advised members that the 2016 SLA with the DES has not yet been finalized - this was not down to any disagreement with the Department.

4.2 TU Legislation - The CEO advised members that the legislation is currently being considered in the Houses of the Oireachtas. There is a possibility that the legislation may be enacted before the general election.

4.3 Protected Disclosures - The CEO indicated that Mazars have been given until the end of the month to finalise their report on protected disclosure allegations made in UL.

4.4 Board Appointments – Mr. Mellett advised that the deadline for applications to stateboards.ie has now passed. It is understood that there were 137 applications. These would be assessed by PAS who would forward to the Minister a list of applicants who meet the criteria.

4.5 Gender Equality Review– The CEO advised that it was intended to bring this matter to the Board in May.

5. Report on 2015 Work Programme

5.1 The CEO presented the 2015 work programme outturn noting that the Executive was largely successful in delivering on the work programme. He highlighted the following key achievements;

- Continued implementation of the strategic dialogue process – this is proving to be a very resource intensive activity for the HEA and consideration will need to be given as to how the HEA can best manage HEI and system performance as the process becomes embedded.
- Structural reform – significant progress in the area of teacher education and also some progress in the development of Tus. The progress with regional clusters has been more patchy. The HEA will need to review its consultation document on the development of regional clusters after the last of the cluster meetings has taken place.
- Increased emphasis on governance and accountability – the HEA has in particular developed a more positive and dynamic engagement with the C&AG. A key challenge will be for the HEA and DES to recognise the role and responsibilities of institutional governing bodies and not assume responsibilities for matters that rest with the HEIs.
- Financial stability – key developments have been the enhancement of the policy framework for engagement with financially vulnerable IoTs.
- Innovation 2020 – the HEA and IRC made successful inputs into the new strategy.
- Publication of new strategies – Enterprise Engagement, Data Development and Knowledge Management and a new National Plan for Equity of Access to Higher Education.

5.2 Members raised the following issues;

- A need to develop best practice guidelines for institutional board members. They should in particular be advised of their statutory responsibilities. The CEO indicated that Mr. Brownlee would progress this.
- Consideration will be given to reactivating meetings between the HEA chair and CEO and each of the HEI governing body chairs.
- A request was made that a traffic light system be reintroduced for reporting on progress in implementing the work-plan.
- Desire on the part of the DES that the HEA assume a greater regulatory role. If the HEA is to assume such a role how independent will it be allowed to be?
- Current status on the new strategy for International Education – the CEO agreed to provide an update in his next report.

Decision: Members approved the report on the 2015 work programme.

6. Task Force on the recruitment of a new CEO

6.1 This item was considered under the members only session. The Board confirmed the appointment of Dr. Stephen Kinsella as Deputy Chair.

7. Report of the Finance and Governance Committee

7.1 Mr. Brownlee presented the reports of the Finance Committee meetings held 1st and 17th December and the proposed 2016 recurrent grant allocation. The meeting on 1st December addressed the 2015 recurrent grant allocation outcome, outcome of the call for support for restructuring of the higher education landscape, update on funding implications arising from cycle 2 of the strategic dialogue process and an update on the financially vulnerable institutions. Members discussed the deficit in DkIT and the position in IT Tralee. Members were advised that the revised plan for IT Tralee has been approved by the Institute's Governing Body. It was confirmed that the plan was based on the Institute as a stand alone entity. The issue of sustainability will be a matter that both Cork and Tralee institutes will have to address in any stage 4 TU application.

7.2 The key issues considered at the meeting held 17th December were the approach to the 2016 recurrent grant allocation and a decision on the performance funding allocation arising from cycle 2 of the strategic dialogue process. As final details of the 2016 allocation had not yet been provided by the DES, the Committee agreed it would approve the proposed allocation electronically once the Executive had received the necessary detail from the Department.

7.3 Members were advised that the same process was used in allocating the grant as in previous years. The proposed allocation was circulated to the Finance

Committee on 15th January with Committee members confirming their agreement to the proposed allocation by 18th January. Mr. Brownlee advised members that it is proposed to review the RGAM during the second half of 2016.

7.4 The following issues were raised by members;

- Funding of pension costs. The Executive advised that that a separate provision has been made for the pension fund shortfall. It is however a matter that is subject to regular discussions with the DES. It was noted that the Executive had submitted a report to the Audit Committee on this matter in 2014.
- The extent to which the 2016 grant takes account of growth in student numbers. Members were informed that the overall growth in numbers was for the first time in a number of years quite static so funding per student will not decline as with previous years.
- The extent to which the free fee allocation reflects the actual cost of running particular courses. Mr. Brownlee advised that that the current fee levels do not reflect the cost of course provision. He noted that IUA has undertaken a full economic cost exercise. The importance of retaining some flexibility in fees for different course types was noted.

7.5 Members briefly considered the performance funding decisions arising the cycle 2 of the strategic dialogue process. It was noted that the penalties appear to be hitting some of the more financially vulnerable HEIs and there was a risk that cuts will have an adverse impact on students. An even greater risk is the reputational damage financial cuts may have on an institution. The chair suggested the best approach would be for the Executive to engage with the institutions concerned to assist them recover the proposed penalty.

Decision: Members approved the minutes of the Committee meetings held 1st and 17th December and the proposed 2016 recurrent grant allocation as recommended by the committee.

8. HEA Administration Account – 2015 draft outturn and 2016 Budget

8.1 Mr. Mellett introduced this item. He noted the 2015 outturn was better than anticipated primarily due to savings in pay and a once-off boost in other income. The 2016 grant shows a significant increase over 2015 to allow for once-off superannuation costs. Overall a significant reduction in the accumulated surplus was planned in 2016. The executive will seek to ensure that the DES maintain the 2017 grant allocation close to the level provided in 2016. Members raised the following issues;

- Provision for additional investment in IT? Mr. Mellett indicated that significant investment was made in 2014 on systems to support the student record

system and other databases planned in statistics. In 2015 the HEA carried out a number of IT system upgrades including upgrade of the VMware and Citrix servers and the upgrade of staff PCs.

- The Executive's strategy were funding to be cut by c. 15% in 2017? Mr. Mellett indicated that the Executive would have to cut back on discretionary expenditure in areas such as research and consultancy and travel and subsistence.

Decision: Members approved the 2015 draft outturn and 2016 budget.

9. HEA Board self-evaluation exercise

9.1 The chair introduced this item and outlined the process to date. He welcomed Mr. David Duffy, Ms Catriona Ryan and Mr. Gouthram Krishnaamoorthy from Prospectus who facilitated the self-evaluation exercise. Mr. Duffy presented his report noting that this was the second such exercise he has undertaken on behalf of the HEA. He commended the Board for the frequency it carries out self-evaluation exercises. He noted that the recommendations at the end of his report were those of Prospectus and were informed both by the feedback from members and his own experience. The two key messages emerging from the exercise are;

- Greater clarity is required on the role and responsibility of the Board, and
- There is a need to review the size and composition of the Board. Over half of Board members suggested the Board should be reduced to 12-15 members, Prospectus would recommend 9-12 members.

9.2 The other findings which emerged from the on-line survey and one to one interviews were as follows;

- The need to formalise procedures as to how urgent matters that arise between meetings can be handled.
- Need to review and enhance Board induction – this is an issue which often features in similar reviews.
- The need to focus on issues of strategic importance.
- The need to assess the HEA's appetite for risk.
- Succession planning.
- Evaluation – the need for a process to evaluate the CEO. Mr. Duffy noted that there was a move now towards the evaluation of Board members individually.
- Board documentation – Prospectus found the Board papers to be very accessible, however the evaluation feedback indicated the need for improvement.
- Conflict of interest, this came up in particular in relation to the TU process – one way of addressing this would be to adopt the HEFCE model which provides for an academic advisory board.

9.3 Members raised the following issues;

- The aspects of risk that the HEA should be concerned with. Mr. Duffy indicated the HEA needs to consider what its appetite for risk is. As a body is it risk averse? What are the strategic, reputational and organisation risks it is concerned about?
- Concerns were expressed about a board without a strong presence of academics focussing on the knowledge such members bring to decision making and the difficulties posed by a two tiered board.
- It was noted that some of the recommendations are outside the control of the Board including clarification as to legislative mandate and size/composition of the Board.
- The problem with a smaller Board was that it would make it more difficult to service the current committee structure. Mr. Duffy suggested this was an opportunity for the Board to review its committee structure - there was also the option of co-opting non-members.
- It was suggested that a review of the status of the 2009 Prospectus evaluation and other subsequent reports be undertaken.
- Good practice as regards board member induction. Mr. Duffy suggested it should address the following;
 - Structure of the organisation
 - Strategy
 - Current issues – new members should be provided with the minutes for the past 12 months.
 - Members should be given the opportunity to understand issues on the ground – whether through talking to IUA or IoTI or visiting individual campuses. The HEA practice of holding meetings in different campuses should be continued.
- Use of members private time – Mr. Duffy said this was a worthwhile practice but it should be used appropriately such as the performance of the CEO/executive. The Board might want to consider putting parameters around what should be discussed at members only sessions.

10. Review of the Fund for Students with Disabilities (FSD)

10.1 Ms Christle introduced this item and outlined the background to the FSD. The fund has been reviewed before now. Since the fund has been in operation the number of supported students has grown significantly and a number of institutions have developed a number of innovative support models. The Executive was proposing a comprehensive review with the final report being presented to the Board by the end of 2016. Members welcomed the review and raised the following;

- What did the Executive mean by 'effective'? Ms Christle suggested the focus should be on the outcome for the student, did the fund support a student through higher education and on to good employment? From an institutional perspective has the fund being successfully integrated with other supports?
- Is the intention to look at the adequacy of the fund? If this was the intention it may need to be made more explicit in the terms of reference. The CEO indicated the quantum of funding should be addressed if only to ensure that there is sufficient funding to meet current and planned demand. Ms Christle indicated that her sense was the fund was currently adequate with a number of HEIs carrying forward surpluses. She noted however the importance of catering for future demand having regard to developments at second level.
- Will the review address funding for part-time and postgraduate students? Ms Christle noted that additional funding was announced by the Minister at the launch of the new National Access Plan.
- There was an opportunity to review the terms of reference and condense some of the point.
- How will the review be funded? Members were advised that the National Access Office has its own administration grant.

Decision: Members approved the terms of reference subject to the points outlined above.

11. Institute of Technology Tralee – land purchase

11.1 Ms Duffy advised members that the Institute submitted a detailed four year plan since the last Board meeting. The Executive is satisfied the plan is realistic and achievable. The chair noted that the Institute plans an increase in reserves from 2019. Members raised the following queries;

- Is the Executive satisfied that the Institute is allocating reasonable funding for academic departments and services? Ms Duffy indicated that the plan is based on prudent assumptions.
- Is the Executive satisfied that the stated position for 2017/18 will be adequate for the Institute's needs, in particular how realistic are the student number projections and projected rental income? Ms Duffy noted that the plan is based on a modest increase in grant, the student number projections are modest having regard to recent returns. Mr. Kilgannon noted that the Kerry Technology Park has a long track record of generating rental income.
- It was important that the above issues were considered in detail by the Institute's governing body. The CEO noted that the HEA Board has adopted a protocol and that the protocol was adhered to in relation to this proposed purchase.

Decision: Members approved the proposed purchase having regard to the Institute's revised plan.

12. System Performance Report – Preliminary outline of conclusions and policy implications

12.1 The CEO introduced this item, indicating that it was hoped to have the draft report ready for approval at the March meeting. In the meantime members were invited to outline any particular issues they would like included in the report. Overall the report will report progress in the following areas; restructuring, access and participation, research, meeting skills needs and engagement with enterprise. Less progress has been made in the area of regional clusters as institutions have sought to maintain their own autonomy. There remains a concern as to the impact insufficient funding is having on the quality of graduates and the ability of HEIs to compete internationally. Another issue which has emerged has been the divergence of performance with all of the universities and just three of the IoTs in the top performing tier.

12.2 Members welcomed the paper and raised the following;

- SOLAS should be engaged in the regional clusters.
- What were the factors that contributed to the relative underperformance of many of the IoTs? Was it due to poor targets or lack of capacity arising from internal or external constraints? The CEO suggested that some IoTs had capacity issues when it came to setting strategy and priorities. He also noted that the HEA has only been working with the Institutes since 2007 and that the HEA's manner of engagement differs from that employed by the DES.
- In identifying issues that have arisen during the strategic dialogue process, it was important that the HEA gave a sense that these are being addressed.
- It was important that the HEA ensured that its assertions e.g. on teaching and learning, are underpinned by evidence.
- The CEO agreed to consult other stakeholders such as IBEC and ISME before finalising the report.

13. Presentation on Innovation 2020

13.1 Ms O'Connor updated on developments in relation to the new national research strategy noting both the HEA and IRC are in a much stronger position than had been the case at the start of the review process. A key objective now will be to ensure the HEA and Council are in a position to deliver on their targets under the strategy. Unlike the previous strategy which had a specific funding allocation, no central funding has been provided for Innovation 2020. The HEA will need to support the DES in securing additional funding. The CEO indicated that the HEA proposed taking a proactive approach in developing an implementation plan. This will be the subject of consultations with the DES. Dr. Meehan outlined issues to be resolved including the implications of a further research funding prioritisation

exercise for the HEA and Council and developments around the research landscape including the future of independent research centres. The Irish Research Council has emerged well from the strategy with Minister English confirming that the Council will be responsible for the New Frontiers research programme. However a specific funding commitment has yet to be secured. Members raised the following issues;

- It was confirmed that the HEA will be on the inter-departmental committee overseeing implementation of Innovation 2020.
- The HEA's implementation plan. The plan should be ready for the March meeting.
- The areas will New Frontiers will focus on. Dr. Meehan indicated that it will focus on all career stages but especially as research mid-career stage. All disciplines will be supported on the basis of excellence.
- Is there any evidence that the dip in Ireland's performance in research citations has been reversed? Dr. Meehan indicated it was too soon to say.

Decision: Item noted.

14. HEA Forward Look Forum

14.1 Professor Hazelkorn introduced this item outlining work to date and the two proposed topics for 2016, unbundling higher education and the role of private providers. Members welcomed the topics noting the importance attached to life-long learning in the National Strategy for Higher Education. Both topics had appropriate links. In relation to the private providers forum it was confirmed that an Irish speaker will be invited.

Decision: Item noted.

15. Any other business

15.1 Dr. Kinsella speaking on behalf of all members thanked the chair, Mr. John Hennessy, for his dedicated work over the past five years. The CEO added his thanks on behalf of the Executive noting that Mr. Hennessy's period as HEA chair coincided with a period of substantial reform in the higher education system.

Next Meeting

22nd March 2016

Padraic Mellett

4th February 2016