



Quality Assurance Agency for Higher Education

One hundred and sixteenth meeting of the Board of Directors

Confirmed minutes of the meeting on 11 December 2019, 9.30-12.15

Open business

Present

Board Members: Professor Simon Gaskell (Chair) Mr Matt Adie
Dr Vanessa Davies Ms Sara Drake
Ms Linda Duncan (Vice-Chair) Professor Maria Hinfelaar
Mr Oliver Johnson Ms Angela Joyce (from minute 10)
Ms Denise McAlister Professor Sue Rigby
Professor John Sawkins Ms Claire Sosienski Smith
Professor Oliver Turnbull Mr Craig Watkins
Professor Philip Wilson

Company Members: Alex Bols (representing GuildHE)
Charlotte Snelling (representing UUK and UScotland)
Keiron Rees (representing UWales) (from minute 8)

Board Observers: Jean Arnold (representing OfS)
Scott Court (representing OfS)
Ben Elger (representing OIA)
Nicola Hunt (representing HEFCW)
Alex Proudfoot (representing IHE)

In attendance

Officers: Mr Douglas Blackstock (Chief Executive)
Ms Judith Barrass (Interim Head of Governance)
Ms Caroline Blackburn (Finance Director)
Ms Lisa Evans (Governance Officer)
Ms Vicki Stott (Executive Director of Operations and Deputy Chief Executive)

Apologies

Members: Professor Craig Mahoney
Professor Andrew Wathey

Company Members: Kirsty Conlon (UScotland)

Board Observers: Arti Saraswat (AoC)

Welcome and apologies

1. The Chair welcomed members, company members and observers to the meeting and all those present introduced themselves to the meeting.
2. Apologies were noted.

Quorum and interests

3. The meeting was declared quorate. No interests were declared beyond those previously notified and included in the Register of Interests.

Discussion items

Chief Executive's report (item 3, BD-2019-53)

4. The Board received the Chief Executive's report on recent policy developments and noted that this was the first Chief Executive's report to be presented since QAA's new operating model came into operation in September 2019. To reflect this, the report was now structured to reflect the areas of operation. The Chief Executive's report was taken as read and noted by the Board; Mr Blackstock highlighted a number of issues.
5. The Board was updated on the appointments in the senior team made to date and the recent progress on recruiting into vacant positions. Mr Blackstock reported that there was a new energy in the organisation.
6. The UK general election was taking place the following day. The Board noted that the three major UK parties all had regulation of higher education featured in their manifestos.
7. Mr Blackstock reported that the new membership model of QAA raised some challenges around what information should be made public and what should be provided as part of the membership offer. The Chair noted that discussions were taking place within QAA about how to communicate the benefits of membership to providers. The Board noted that the Malaysia TNE review had been funded out of QAA reserves and it was yet to be agreed whether this would be treated as public information. Mr Bols noted the considerations around the publication of these reports and the Chief Executive advised that there was likely to be a public country report with the status of individual case studies still to be decided, and that QAA knew the value of the reports being publicly visible in Malaysia.
8. Mr Blackstock reported that a full programme of referrals for reviews in England was now underway. There were some challenges; feedback had been received from the Office for Students on the initial reports and the Board noted that the method and its requirements had changed. Mr Blackstock assured the Board that he was working with OfS colleagues and that providers would have a chance to comment on any revised reports.
9. The Board was pleased to note a number of positive developments taking place across the nations including an invitation for QAA to join the Welsh Governments Change Board and the Apprenticeship Approval Group in Scotland. QAA was also working with the Scottish and UK governments in relation to the Bologna Summit taking place in Rome during June 2020.
10. Ms Drake raised the issue of work in the UAE and the Chief Executive advised that QAA had a contractual arrangement with the UAE Government and a close

relationship with the UK Embassy in Dubai. It was reported that UK higher education in Dubai accounted for a significant proportion of their education system and the Board noted that once the first IQR reports were published, the market was likely to open up further. It was reported that this work provided significant income potential.

11. The Board noted that intelligence from the British Council in China indicated that the new arrangements for quality in the UK had yet to filter through to government bodies and it had been suggested that QAA should invest time in managing relationships with its Chinese partners. It was reported that the majority of TNE provision in Dubai was provided by UK higher education institutions and that the Knowledge and Human Development Authority was considering making regulatory changes in light of changes to regulation in TNE providing countries. QAA would continue to engage with KHDA on these issues. Prof Sawkins noted the importance of this work and the continued commitment of QAA to ensure that international and professional services outside of the UK was sustained and encouraged.

Audit and Risk Committee's Annual Report to the Board, including approval of the Annual report and consolidated financial statement for the year ended 31 July 2019 (items 4a to 4e, BD-2018-54 to 58)

12. The Board received the Audit and Risk Committee's (ARC) annual report to the Board. Mr Watkins (Chair of ARC) provided an overview: he thanked the Board members and officers for their work as part of the Committee and reported that the Committee had fulfilled its role in holding the Executive to account. Thorough conversations had taken place around Risk Management, mitigations had been put in place and QAA was in a good place to accept heightened risks. Mr Watkins further reported that internal audit reports were received regularly and accepted by the Committee and that good feedback had been received from the external auditors. The Chair reported that this was testament to Ms Blackburn and her finance team and the underlying controls in place within the organisation.
13. Ms Blackburn reported that the main item of discussion at the ARC in November 2019 had been the Annual Report and the Consolidated Financial Statements for the year ended 31 July 2019, which needed to be approved by the Board prior to the AGM. It was noted that the consolidated financial statements included the results for QAA Enterprises Limited (QAAE), and Ms Blackburn advised that the financial statements for QAAE had been approved at its Directors' meeting on 2 December 2019. Ms Blackburn further confirmed that QAA's report and accounts had been prepared in line with the requirements of the Charities Statement of Recommended Practice (SORP) 2015 and Financial Reporting Standard (FRS) 102. It was also noted that the report and accounts had been circulated to the Board in draft form for comment, prior to consideration and approval by ARC, and subsequently reviewed by the Honorary Treasurer and the ARC.
14. Ms Blackburn reported that the external auditors would be returning an unqualified opinion on the accounts and that no systems or control issues had been identified in the Audit Findings Report. The overall control environment remained strong and it was further reported that the ARC continued to be content with both the work, and the expertise of the external auditors and would recommend retaining their services to the AGM. On behalf of the Board, the Chair extended thanks to the ARC for their work.

Having considered the reports submitted, the Board:

- a. **noted** the Annual Report from the Audit and Risk Committee to the Board (BD-2019-54)

- b. **approved**, subject to minor amendments, the Annual Report and consolidated financial statements for the year ended 31 July 2018 for presentation to the AGM (BD-2019-55)
- c. **authorised** the Chair to sign the Annual Report and financial statements and the letter of representation on its behalf (BD-2019-55)
- d. **noted** the financial statements of QAA Enterprises Limited (BD-2019-56)
- e. **noted** the external auditor's Audit Findings Report (BD-2019-57)
- f. **noted** the internal audits conducted during the year (BD-2019-58)
- g. **noted** the evaluation of the auditors and **recommended** to the AGM the reappointment of the external auditors.

Appointments and retirements to Board and Board Committees (item 5, BD-2019-59)

15. The Board noted the appointments and retirements to the Board and its Committees.

The Board noted a correction to the following appointment, which had been discussed at the previous meeting:

- a. Mr Matt Adie was appointed for a further one-year term from 21 June 2019 pursuant to article 46(iv) as an independent director who is either (a) under or post graduate (b) elected student officer of a student union or (c) elected student officer of a student representative organisation.

Mr Oliver Johnson left the room.

16. The Board considered and approved the following appointment:

- b. Mr Oliver Johnson be reappointed for a further three-year term from 18 December 2019 pursuant to Article 46(ii) in the membership category of persons appointed jointly by DfE (NI), HEFCW and SFC.

Mr Oliver Johnson rejoined the meeting.

The Board noted the recommendation of the Nomination and Remuneration Committee (NRC) and **ratified** the following appointments:

- a. to the Access Recognition and Licensing Committee (ARLC):
 - Ms Angela Joyce for an initial one-year term from 11 December 2019 as Director member
 - b. to the Nominations and Remuneration Committee (NRC):
 - Professor Sue Rigby for an initial one-year term from 11 December 2019 as Director member.
17. The Board noted that the NRC had agreed not to move forward with appointing to the vacant role on the Designated Quality Body Committee at this time. They had agreed that they would instead wait for the outcome of the governance review.

The Board noted that during 2020 the following Board members would be either reaching the end of their initial or second, and final, term of appointment:

- a. Linda Duncan (end of first term, 14 March 2020)
 - b. Matt Adie (end of second term, 20 June 2020)
 - c. Philip Wilson (end of first term, 21 June 2020)
 - d. Denise McAlister (end of second term, 2 October 2020)
 - e. Claire Soskienski Smith (end of first term, 10 October 2020)
 - f. Craig Watkins (end of first term, 13 December 2020)
 - g. Vanessa Davies (end of first term, 13 December 2020)
18. The Board noted that Ms Lavinia Blackett had now left QAA and had resigned as Company Secretary. It was agreed that Ms Caroline Blackburn be appointed to the role of QAA Company Secretary pending the appointment of the Head of Corporate Affairs.

Quarter 1 Monitoring and Performance Report on Annual Plan and Finances (item 6, BD-2019-60)

19. The Board received a report which summarised the Q1 performance against both the Annual Plan and the Budget and a financial forecast for the year ended 31 July 2019. The report outlined the following:
- RAG rating of the Annual Plan priorities
 - summary of the financial position of the quarter ended 1 October 2019
 - summary of the forecast financial position for the year ended 31 July 2019
 - summary of other financial matters requiring approval.
20. It was reported that the 2019-20 Annual Plan and Budget were developed 12-18 months in advance of delivery and were, therefore, at risk of not reflecting the latest position of the organisation. Ms Stott reported on feedback received from the OfS; however, the Board noted that the bi-annual OfS judgement was not scheduled until February 2020. Discussions were taking place around designing KPI elements, the monitoring method and obligations for DQB. Membership work had not yet commenced, and the Board noted the fluidity of the customer base for professional services. Ms Stott reported that she was currently looking at how the TCC target could be measured.
21. Mr Johnson advised that the Board would not wish to be discussing these KPIs further at the next meeting and requested that the Executive ensure that, when the KPIs are presented at the next Board meeting, members are already familiar with the measures. Ms Duncan was pleased to see that the new framework was in place, however she added that she would not want to see continuous amendments to the KPIs and advised that the Board must have agreed indicators against which to measure.
22. The Board **agreed** that a Finance and Performance Report would be prepared and shared with the Chair, Ms Duncan and Mr Johnson in advance of the next meeting in March 2020. Ms Blackburn reported that, as a result of the significant changes in the operating environment in England, and with an increased level of uncertainty and

volatility, monitoring and reporting of the Annual Plan and finances to the Board should take place on a quarterly basis. This, combined with the monthly reports reviewed by the Executive, would allow QAA's Executive and Board to assess current progress towards strategic aims and delivery of the budget on a timely basis. The Board noted that this approach would promote reflection on the factors that had influenced this progress, identifying any action needed to bring results back on track, and provided the opportunity to look ahead and assess the upcoming challenges.

23. The Board noted that the forecast overall deficit had increased by £190k, which related to a reduction in the anticipated income from the International and Professional Services area. Mr Blackstock reported that QAA would draw on reserves and look to increase income going forward; he assured the Board that membership funds would not be used in order to address the shortfall. Ms Duncan reported that by the end of March 2020 (end of the first charging year for DQB), QAA should have defined figures for the DQB year and any shortfall of funds anticipated would be charged to providers as a balancing charge under HERA. It was noted this had been assumed in the reported figures. The Chair reminded the Board that DQB activity balancing financially was a legal requirement and QAA was obliged to adhere to this provision. Ms Blackburn reported that a group had been convened to meet in January 2020 to consider how this would be communicated to providers.
24. Having considered the report, the Board:
 - a. **noted** the progress against the 2019-20 Annual Plan priorities
 - b. **noted** the Q1 finance and full year forecast position
 - c. **approved** the changes to the Bank mandate
 - d. **delegated** to the Chief Executive, if necessary, the signing of the following contracts, which were likely to require approval before the date of the next Board meeting in March 2020:
 - Tunisian EU-funded project to develop a new agency in Tunisia to oversee higher education academic and research quality; QAA is part of a consortium that has been shortlisted; contract value - £300k over three years; and
 - General Osteopathy Council contract to deliver regulatory functions (QAA currently holds this contract); contract value - £250k over three years.
25. The Board noted the changes taking place across the organisation and it was **agreed** that at each meeting in 2020, a member of the Senior Leadership Team would be asked to attend the Board meeting and provide the Board with a better understanding of their role and the work being undertaken by the organisation.

Strategy Development - Board update (item 7, BD-2019-61)

26. The Board was updated on the progress made since the recent Board Away Day on developing the QAA strategy to 2025. Mr. Blackstock reported that a timeline had been identified for consultations and workshops to progress the drafting of the strategy. He advised that he was optimistic that this would be achieved in time for the QAA Annual Conference scheduled for April 2020. It was noted that at present the strategy was set at a high level and the intention was to translate the strategy's objectives into an implementation plan.
27. The Board noted that at SAC, some students had expressed scepticism that engagement could be meaningful in such a short timeline. Mr Blackstock reported that

an extended period of consultation would not be needed and that the range of conversations and meetings planned presented the opportunity to engage stakeholders in strategic development, produce 'buy-in' particularly from staff groups and members, and allow QAA to press home the value of the membership model in the run-up to a renewal campaign.

Board Committees Summary Report (item 8, BD-2019-62)

28. The Board received and noted the summary reports of recent meetings of the Board Committees.
29. The Chair noted that the Membership Research Project required further thought to ensure it was correct and that the group was addressing the issues of concern to the membership, if membership funds were to be spent on this.