Board of Governors Open Session

Board:
Kathleen Birney, Board Chair & Chancellor
Philip Steenkamp, President & Vice-Chancellor
Sage Berryman
David Black
Cindy Brar
Dave Byng
Nelson Chan
Bruce Donaldson
Lydia Hwitsum
Geoff Pearce
Asad Shaikh
Lori Simcox

Administration:
Cheryl Eason
Steve Grundy
Bonnie Nelson (for Katharine Harrold)
Pedro Márquez
Margot Bracewell
Virginia Whitehead (recording)

Guests:
Robin Cox
Brigitte Harris

December 12, 2019 08:30 AM - 10:30 AM

Thursday, December 12, 2019

Agenda Topic	Presenter	Time	Page
Agenda			1
1. Call to order and welcome	Birney	08:30 AM-08:31 AM	
2. Approval of the agenda	Birney	08:31 AM-08:32 AM	
MOTION: That the agenda be approved as distributed.			
3. Approval of the minutes	Birney	08:32 AM-08:35 AM	4
MOTION: That the minutes of the open session of the 10 October 2019 Board of Governors meeting be approved as distributed.			
4. Report from the President	Steenkamp	08:35 AM-08:45 AM	
5. Report from the Program and Research Council	Steenkamp	08:45 AM-09:00 AM	11

11.   Consent - approval items   Birney

No approval items

12.   Consent - information items   Birney   10:25 AM-10:28 AM

13.   Adjournment   Birney

DRAFT

Board of Governors
MINUTES OF THE OPEN SESSION

10 October 2019
Drawing Room, Hatley Castle

PRESENT	
Board:	**Administration:**
Kathleen Birney, Board Chair & Chancellor	Cheryl Eason
Philip Steenkamp, President & Vice-Chancellor	Steve Grundy
David Black	Pedro Márquez
Cindy Brar	Katharine Harrold
Dave Byng	Margot Bracewell (recording)
Nelson Chan	
Bruce Donaldson	**Guests**:
Geoff Pearce	Catherine Riggins
Lori Simcox	William Holmes
REGRETS	
Sage Berryman	
Lydia Hwitsum	
Asad Shaikh	

1. Call to order and welcome – 8:45 a.m.

   Board Chair Kathleen Birney welcomed Board members and members of the university community who were present to observe the meeting. She acknowledged with gratitude the Lkwungen and Xwsepsum families and the traditional lands on which the university sits.

   The Chair welcomed (in absentia) Sage Berryman and Asad Shaikh following their 1-year appointments to the Board on August 1st and October 1st 2019 respectively. Sage is a Lieutenant Governor in Council appointee and co-chief executive officer of the Ralmax Group of Companies; Asad is the new student-elect member enrolled in the Masters of Global Management program. The chair also acknowledged former student-elect member Nadine Penalagan for her contribution and service on the Board for the past year.

2. Approval of the agenda

   MOTION (Donaldson/Chan)
   That the agenda of the open session of the 10 October 2019 meeting be approved as distributed.
   CARRIED

3. Approval of the minutes

   MOTION (Simcox/Donaldson)
   That the minutes of the open session of the 19 June 2019 meeting be approved as distributed.
   CARRIED

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4. Report from the President

The President recognized Margot Bracewell and the IT Services team for their work in implementing the Diligent Boards system, and thanked board members for supporting the adoption a paperless environment.

The President provided the Board with updates on a number of key initiatives:
- RRU Visioning exercise: a summary report has been distributed to the internal community. External consultation will start shortly.
- West Shore campus expansion: the business case is nearing completion and will be submitted to the Ministry in the next few weeks. Input has been provided from the University of Victoria, Camosun College, School District 62 and others. The Board will receive a more fulsome update on this initiative later in the day.
- RRU land acquisition (formerly DND land disposition): good progress has been made with the signing of framework agreements with Esquimalt Nation (June 2019) and Songhees Nation (May 2018). Current discussions on hold pending the federal election but will likely resume in early 2020.
- Campus Conversation (Sept 13) Climate Action: over 200 in-person and 100 online participants took part in discussions on RRU's efforts in research, teaching, and operations related to addressing climate change. From the information and ideas generate, an action plan will be developed.

Additionally, the President recent travels have included:
- Stops in Edmonton and Calgary with the Alumni Relations, Student Recruitment, and Advancement teams to meet with RRU alumni and perspective students. A similar trip is planned for Ottawa and Toronto later this month.
- A successful trip to China with Vice-President Pedro Márquez where they received a warm welcome from all. Highlights of the trip included meetings with Sherman Jen, Frances Pang, Beifang College, City University of Macau, and attending the 40 anniversary of Tianjin University of Technology.
- Recent travels in Europe included:
  o Visiting MCI (Management Centre Innsbruck) in Munich for a detailed discussion and review of the double degree structure with RRU
  o Attending the EAIE conference (European Association for International Education) in Helsinki, Finland. While there the President also met with:
    ▪ Salzburg University of Applied Science (SUAS) to discuss possible collaboration with City University of Macau, SUAS, and RRU
    ▪ University of Applied Science and Arts Northwestern Switzerland and signed a Student Exchange agreement
    ▪ Munster University of Applied Sciences (Germany)
    ▪ University of Ostrava (Czech Republic) for a MOU signing
    ▪ Munich University of Applied Science (MUAS) to discuss possible dual degree partnership with RRU
    ▪ University Mobility in Asia and the Pacific to sign a Pledge of Agreement

Other points of interest included:
- A recent appointment to the International Education Committee of Universities Canada. The committee is working to enhance international marketing, diversify recruitment of foreign students, and enhance outward mobility opportunities for Canadian students to learn overseas.
- Meeting with Minister Mark to discuss a range of issues and topics. She has a good understanding of the RRU model and is in support of career professionals and improving access to post-secondary education in the West Shore. She is especially interested in our work with Indigenous communities and the Nicola Valley Institute of Technology (NVIT).

The President also provided an overview of each federal political party's platform on post-secondary education. Topics related to post-secondary education ranged across parties, but many addressed issues such as research, freedom of speech, student loans and financial aid, affordability, and skills training.

The Chair thanked the President for his report.

5.   Spotlight on the university – Alumni Spotlight

The Chair invited the President to introduce and welcome Katherine Harrold, Vice-President Communications and Advancement, and Catherine Riggins, Associate VP Marketing and Alumni Relations to the meeting.

Catherine Riggins provided an overview of the Alumni Relations strategy, engagement platform, and details on building and strengthening the alumni community, noting that this work comprises 30% of her portfolio (alongside Marketing). In recent times, RRU has been looking for fresh approaches to engage with alumni with somewhat limited resources; however, the team has made great strides and is being noticed by other institutions for their efforts. Catherine also acknowledged RRU board member Dave Byng for his insights into planning today's presentation to the Board.

RRU alumni are the core of our brand and brand positioning, and have become our greatest ambassadors – a channel that we need to leverage and nurture. Results from a 2015 survey identified that alumni are interested in giving (mentorship, sharing experiences and learning, financially) and receiving (connecting with others alumni and RRU, ongoing learning). Our efforts to engage with purpose, significance and impact need to address connection, support, learning, and inspiration, and resulted in the alumni promise "to take the power of our place, every place".

Some key initiatives of the alumni strategy include:
- Royal Roads Connect: an online engagement platform addressing alumni needs for connection, support, inspiration and learning with over 6,900 actively engaged users.
- "Lost" alumni campaigns: two targeted digital campaigns that grew awareness of Royal Roads Connect, centered around finding and activating hard-to-reach alumni, and prompted alumni to maintain, grow and deepen meaningful connections on Royal Roads Connect.

- Annual alumni appeal (in coordination with RRU Advancement): RRU alumni were recently asked to give back, with a targeted digital campaign developed with the goal of driving donations to students in need. Targets will be measured based on % of participating alumni, not the $ value of donations.

Going forward the Alumni Relations team will work to refresh Royal Roads Connect (2.0), continue to enhance convocation, plan face-to-face events across Canada and online learning-inspired webinars, and provide greater support for alumni class reunions.

The Board thanked Catherine Riggins for her engaging presentation.

6. Report from the Program and Research Council

    6.1 Report from the Chair

    Council chair Philip Steenkamp reported that council last met on September 12th to review a new program (next on the agenda), and to discuss the outcomes of annual and external program reviews, and academic and student support services. A meeting with the PRC and school advisory council chairs is scheduled for mid-November.

    6.2 New Program: Master of Arts in Executive and Organizational Coaching

    Vice-President Academic Steve Grundy introduced a new program proposal for the MA in Executive and Organizational Coaching, noting that it is a natural progression of RRU offerings in the field of coaching and builds on the success of our current graduate certificates. Faculty of Management Dean, William Holmes explained that this program is uniquely positioned in the market, will allow RRU alumni to ladder existing credits into the MA program, and provide coaching related electives to other RRU programs.

    It was noted that the program still requires Ministerial approval, prior to its launch.

    > MOTION (Brar/Black)
    > *That the Board of Governors approve the Master of Arts in Executive and Organizational*
    > *Coaching as a new program.*   CARRIED

7. Report from the Finance and Audit Committee (FAC)

    7.1 Report from the Chair

    Committee chair Dave Byng noted that the committee last met on October 1st to discuss the items before the Board today.

    7.2 Accumulated Operating Surplus Policy

Dave Byng and VP & CFO Cheryl Eason noted that as part of the committee's one-year review of this policy and in consideration of emerging themes since its implementation a number of changes have been identified to ensure the policy meets its stated objectives.

Proposed revisions pertain to the use of surplus funds for major capital projects and initiatives (with an approved business case), with smaller projects being identified via the annual operating plan. The 5-year business plans will continue to prioritize the use and level of available accumulated surplus on a rolling basis. This will ensure greater accountability and flexibility in management's oversight.

MOTION (Chan/Brar)
That the Board of Governors approves the proposed Accumulated Surplus Policy as presented in the board package.

CARRIED

7.3   Sustainability Plan – Update – for information

Cheryl Eason reported that a further review and analysis of the 2018 Carbon Neutral Action Report the Sustainability Plan established that RRU's target for greenhouse gas emissions have clearly been achieved (39% of 2007 levels). Work continues on meeting other target area goals related to paper/printing, composting, etc. Philip Steenkamp noted that the recent campus conversation on climate change generated many new ideas and demonstrated great community support in, and expertise of this important topic. Strong leadership and careful consideration of investment will be necessary to move ideas into tangible actions.

The Chair thanked Dave Byng for the report from the Finance and Audit Committee

8.   Report from the Governance and Nominating Committee

8.1   Report from the Chair

Committee Chair Bruce Donaldson reported that the committee last met on September 18th where members finalized details for the October 9th board retreat, discussed succession planning, and reviewed policy revisions that are now being presented to the Board.

8.2   Committee Terms of Reference

At its September meeting, the Program and Research Council identified changes to the PRC terms of reference that would align their responsibilities pertaining to academic programs with the recently approved Program Approval Framework (BOG approved 19 June 2019). The proposed revisions to the TOR were reviewed by GNC and recommended for approval by the Board. Details are outlined in the briefing materials.

MOTION (Donaldson/Pearce)

That the Board of Governors approves the revisions to the Program and Research
Council Terms of Reference as recommended and outlined in the briefing materials.

CARRIED

8.3   RRU Standards of Conduct and Service Policy

At its most recent meeting, the GNC reviewed proposed changes to the 2014 Code of Conduct Policy that resulted in a new Standards of Conduct and Service Policy. Cheryl Eason reported that extensive revisions were proposed following a comprehensive review of current policy, legislation, and regulations by the Human Resources team. The policy sets out concrete guidelines, principles, and standards of conduct for all university employees and contractors. The removal of small vendors will be removed from the policy language as compliance may be difficult to monitor/enforce.

MOTION (Donaldson/Byng)
That the Board of Governors approve:
1. The "Standards of Conduct and Service Policy" with the suggested amendment; and
2. Rescinding of the 2005 Employee Standard of Conduct Policy.

CARRIED

8.4 Board Policy: Delegation of Authority Policy

The committee chair invited Cheryl Eason to present the proposed new delegation of authority policy that will replace four existing policies. The draft policy was reviewed by the Finance and Audit Committee in June 2019 and the Governance and Nominating Committee in September 2019.

It was noted that past policies limited delegation to $100k, which in practical experience proved inadequate. Following an extensive review of authority policies at other institutions, a more progressive approach with no dollar cap was proposed. The new policy enables the Board to delegate to the President the authority to make commitments on behalf of the university that are consistent with its institutional direction and approved by the Board in the annual operating plans, the multi-year business plans, business cases and other strategic planning/direction documents. The policy also ensures that the Finance and Audit Committee and Board retain authority over the institutional direction of the university and approve key strategic decisions through their responsibilities as outlined in the committee's terms of reference.

MOTION (Donaldson/Pearce)
That the Board of Governors:
     1. Approve the amended Delegation of Authority Policy; and
     2. Rescind the four (4) redundant policies:
         - D1020 – Delegation of Authority to Hire Staff
         - D1030 – Delegation of Authority for Purchasing and Signing Authorities
         - D1040 – Delegation of Authority for Capital Expenditures

- D1050 – Delegation of Authority for Fees for Service and Facility Use

CARRIED

CONSENT AGENDA

9.   Information items

   9.1   Draft Minutes of the 12 September 2019 meeting of the Program and Research Council

   9.2   Program reviews: annual and 5-year external

   9.3   Academic and student support services report

10.   Adjournment – 10:17 a.m.

Royal Roads
UNIVERSITY

BOARD OF GOVERNORS

BRIEFING NOTE

MEETING:	14 November 2019
AGENDA ITEM:	New Program – Master of Arts in Climate Action Leadership
SPONSOR:	Philip Steenkamp, Chair, Program and Research Council
PURPOSE:	**For approval**

Consistent with its terms of reference, the Program and Research Council recently reviewed a proposal for a Master of Arts in Climate Action Leadership program and recommends approval to the Board of Governors.

Approval Process

Full program proposal reviewed:
- RRU Executive   14 October 2019
- Curriculum Committee   29 October 2019
- Program & Research Council   14 November 2019
- Academic Council   4 December 2019
- Board of Governors   for review/approval 12 December 2019

Summary
This 36-credit graduate degree is designed for learners who wish to shift from concern to informed action to address the pressing issues of climate change. The program addresses adaptation and resilience practices and fulfils the current and emergent need for professionals working in a range of sectors to be able to integrate and apply a consideration of current and future climate realities into planning, decisions and practice. The program is focused on capacity building in sectors, communities and regions to protect built and natural resources and infrastructure, and to extend contexts and practices for the design of low-carbon resilience knowledge, policies, support systems, professional skills, and corporate and community action plans.

Anticipated launch date
It is proposed that the program be introduced in September 2020, subject to ministry approval.

Enrolment
An initial enrolment of 12-15 students is projected for the first intake, growing to 30 students a year at steady state.

Financial Analysis
Program delivery costs in the MACAL model are slightly higher than many programs due to the number of courses that require individual supervision. Enrolment levels are estimated based on recent program

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launches and timelines to achieve steady state. Faculty and staff levels are consistent with current program delivery models.

While the full pricing strategy is not yet in place, current practice is to align new programs to established programs to achieve consistent tuition rates. The recommended tuition for MACAL is $25,785 effective September 2020, and the embedded graduate diploma would use the same rate per credit, for a total $12,893.

EXPECTED VERSION	
Tuition - Domestic	**$25,785**
Tuition - International	**$32,495**
Annual Enrollment *(Steady State)*	30 New Students
	60 FTEs total
Annual Program Tuition *(Less Attrition)*	**$734,873**
IRR - 7 years	-3%
NPV - 7 years	$8,441
Payback *(years from September 2020)*	5.88
Contribution Margin at Steady State	$361,657
Contribution Margin %	49%
Net Profit at Steady State	$175,657

Fit to Strategic Direction:

The proposed program is aligned with the university's strategic goals to:
- Lead change and advance demand-driven growth in high-quality, effective education and research that contribute to economic productivity, social advancement and environmental sustainability.
- Be the university of choice for relevant applied and professional education providing continuous opportunities to learn and transform lives and careers.

The program design is grounded in the principles of the university's Learning, Teaching and Research Model and aligns with our designation as an Ashoka U Changemaker Campus and commitment to advancing social innovation and changemaking. Furthermore, the program will advance the institution's research themes: learning and innovation; thriving organizations; and sustainable societies and communities.

The full program proposal is available on request.

MOTION: That the Board of Governors approve the Master of Arts in Climate Action Leadership as a new program.

Royal Roads
UNIVERSITY

BOARD OF GOVERNORS
BRIEFING NOTE

MEETING: December 12, 2019

AGENDA ITEM: Rescinding the Establishment and Review of Research Centres and Institutes Policy C1030

SPONSOR: Philip Steenkamp, Chair, Program and Research Council

PURPOSE: **For decision**

Consistent with its terms of reference, the Program and Research Council recently reviewed a request to rescind Board Policy C1030: Establishment and Review of Research Centres and Institutes. Following a discussion on the topic, the Program and Research Council recommend to the Board of Governors that the policy be rescinded Academic Council also reviewed the request and support the PRC's recommendation.

BACKGROUND

This policy was developed and approved in 2007 and was used for two Centres: the Centre for Non-Timber Forest Resources (CNTR) and the Centre for Health Leadership and Research (CHLR). The intent of the policy was to provide a mechanism for "specific groups with common research interests [to] be given institutional status through the establishment of a Centre/Institute. Such status provides a degree of permanence, fosters collaborative research, and reinforces RRU's interdisciplinary approach. These Research Centres become a focus for external collaboration with industry, communities, government, and educational institutions and provide an institutional framework for responding to the needs and desires of society."

Since that time, CNTR has been disestablished. Leadership of CHLR changed and while the centre still exists in name, any research through the centre is part of the current faculty member's workload. Under the current policy, centres were expected to be fully cost recovery, including for the salary and benefit costs of the Director, and this proved to be unsustainable. Research Labs and groups have been brought together since that time as part of faculty member's workloads (e.g., ResiliencebyDesign Research Lab under Dr. Robin Cox). In this case, with the exception of Cox's salary/benefit costs (which are covered as she is core faculty), the Lab has secured several research grants and post doctoral funding to conduct its work.

In discussion between the Vice-President Academic and Provost, Vice-President Research, International, Marketing and Business Development, and Director of Research Services, it was noted that a policy is needed at the university level rather than the Board of Governors level that outlines a variety of options for groups of researchers to work together, and that has a clear set of procedures including information on financial expectations, structures, relationship to workload, reporting, and review. A review has been recently completed (spring 2019) of all research policies and procedures and this policy was expected to have a major rewrite. As such it is recommended that the policy be rescinded.

MOTION: *That the Board of Governors rescind Board Policy C1030: Establishment and Review of Research Centres/Institutes*

Establishment & Review of Research Centres/Institutes Policy
Published on Policies & Procedures (http://policies.royalroads.ca)

Royal Roads University Policy

Policy Number:
c1030
First implemented:
April 13, 2007
Approved By:
Board of Governors
Office of Oversight:
Vice-President Academic

1. Preamble and Purpose

Research is identified in the Royal Roads University Act (1996) as one of the University's three stated purposes, i.e., "to maintain teaching excellence and research activities that support the University's programs in response to labour market needs of British Columbia." The Board of Governors approved a research policy in 1998 that positions research as fundamental to the mandate of the University. The policy was revised in 2002, emphasizing the integral role research plays in Royal Roads University's strategic direction, reaffirming the importance of research and its contribution to teaching and learning, and noting the contribution of research to economic and social development. "As with all universities, research is critical in underpinning the scholarship, quality and relevance of academic programs .... At Royal Roads, it is complementary to and integrated with our teaching programs, further enhancing our reputation and underlining our credibility in academic and other circles. As such, our applied research model is highly interdisciplinary and focuses on real world problems with immediate outcomes"
(2006-2010 Strategic Plan). As a result, the majority of faculty and student research is action oriented and problem solving, focusing on immediate social and environmental issues in BC, Canada, and internationally.

Through extensive university-wide consultation processes, research clusters have been identified to assist in providing areas of focus for RRU research. As outlined in the 2006-2010 Strategic Plan, these clusters are currently focused around: 1) learning and innovation and 2) sustainable communities and societies. Re
search is structured in several ways, ranging from individual research projects, to informal groups of researchers with similar interests, to more formal research collaborations.

In order to provide further coherence and organization, as well as to profile and showcase the research conducted at Royal Roads University, specific groups with common research interests may be given institutional status through the establishment of a Centre/Institute. Such status provides a degree of permanence, fosters collaborative research, and reinforces RRU's interdisciplinary approach. These Research Centres become a focus for external collaboration with industry, communities, government, and educational institutions and provide an institutional framework for responding to the needs and desires of society. All Research Centres at RRU have

the goal of fostering vibrant, collaborative and continuing programs of interdisciplinary research that serve the mission of the University.

2. Definitions

2.1 Centre and Institute are interchangeable terms for the purposes of this policy. For convenience, 'Centre' is typically used to stand for both.

3. Policy

3.1 Royal Roads University encourages the creation and operation of Research Centres that facilitate the University's unique mandate, as reflected in the RRU ACT as well as its Academic and Research Plans, in ways not readily achievable by existing administrative units or by more informal research groups.

3.2 An interdisciplinary scope is expected.

3.3 Any Research Centres established after this policy comes into effect shall be established in accordance with the principles and procedures set out by this policy.

3.4 All Research Centres, whether they are established under or pre-date this policy, shall be regularly reviewed by the appropriate approval and review bodies and are subject to this policy's principles and procedures.

3.5 Ideally, Research Centres will be university-based, but a Centre may be housed in a faculty or school, depending on the nature and scope of the research, or may be aligned with a particular program or established unit. The location of a Research Centre will be determined by the Vice President Academic in consultation with appropriate academic managers. For financial tracking purposes, all Research Centre cost centres will role up to the Office of Research.

3.6 The Director of a Research Centre will hold a faculty appointment and will report to: the Director of the school if the Research Centre is school-based; the Dean if the Research Centre is faculty-based; or the Associate Vice President Research if the Research Centre is university-based (with the normal research approval processes of the Vice President Academic and Associate Vice President Research).

3.7 Any resource-allocation implications for a Research Centre shall be incorporated in the budgetary and other planning processes of the appropriate school or faculty, or the Office of Research if the Research Centre is university-based.

3.8 Research Centres will comply with all University policies and regulations applicable to their activities (e.g., the collective agreement, research ethics, etc.) through consultation with the appropriate Director, Dean, the Associate Vice President Research, and/or Vice President Academic.

3.9 Research Centres will not develop or manage academic programs; degree programs and related certificate programs will only be offered by the appropriate school or faculty.

3.10 Research Centres can offer continuing education/outreach programs, provided they are consistent with the policies and procedures governing continuing education in the University.

3.11 Each Research Centre will be established initially for a period of five years. A review will be conducted, under the authority of the Vice President Academic, one year prior to the end date. A recommendation will be made to the Vice President Academic either to:

Establishment & Review of Research Centres/Institutes Policy
Published on Policies & Procedures (http://policies.royalroads.ca)

3.11.1.1 Continue the Research Centre for a further five years; or
3.11.1.2 Disestablish the Research Centre and phase it out during its final year.

Source URL (modified on 2016-07-28 15:22): http://policies.royalroads.ca/policies/establishment-review-research-centresinstitutes-policy

FINANCE & AUDIT COMMITTEE

BRIEFING NOTE

Royal Roads
UNIVERSITY

MEETING: NOVEMBER 21, 2019

AGENDA ITEM: KPMG 2020 AUDIT PLANNING REPORT

SPONSOR: CHERYL EASON, VICE PRESIDENT & CHIEF FINANCIAL OFFICER

PURPOSE: FOR INFORMATION

BRIEF DESCRIPTION OF AGENDA ITEM

As part of the annual audit process, KPMG will present their proposed audit plan for the RRU consolidated and RRU Foundation financial statements, for the year ended March 31, 2020.

BACKGROUND

In June 2017, RRU issued a request for proposal (RFP) for Audit services for the university and Foundation. At the October 6, 2017 Board of Governors meeting, engagement of KPMG LLP as the external auditors for a five-year period commencing October 10, 2017 was approved.

KEY CONSIDERATIONS

This year, the KPMG audit team will again be led by Ms. Liette Bates-Eamer, Audit Partner and Ms. Sarah Burden, engagement manager.

The audit fee of $37,450 for the consolidated accounts and $4,000 for the Foundation reflects the rates quoted in the RFP and is consistent with the fees charged last year.

The KPMG Audit Planning Report (copy attached) sets out the audit approach and materiality that will be applied to this year's audit of Royal Roads University's consolidated and Foundation financial statements. The audit areas of focus remain consistent with the prior year.

Early discussions with the auditors indicate that there are no significant accounting standard changes that will impact the financial statements, and no material changes to the accounting policies and assumptions followed by management.

RECOMMENDATION

That the Finance and Audit Committee receives the KPMG audit planning report for information.

Attachment

- KPMG Audit Planning Report for the year ending March 31, 2020

KPMG

Royal Roads University & Royal Roads University Foundation

Audit Planning Report for the year ended
March 31, 2020

Prepared for presentation on November 21, 2019

kpmg.ca/audit

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The contacts at KPMG in connection with this report are:

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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

Executive summary

We are pleased to provide for your review the following information relating to the planned scope and timing for the audit of the consolidated financial statements of Royal Roads University (the "Entity") for the year ended March 31, 2019.

Audit risks

Our audit of the Entity is risk-focused. As part of our audit process, we have had discussions with management about any changes in the organization or other items that should be brought to our attention and considered the impact to the audit. In planning our audit, we have taken into account key areas of audit focus for financial reporting.

See page 3-4 for further details.

Group audit scope

Our group audit consists of two of components, Royal Roads University ("the University") and Royal Roads University Foundation ("the Foundation"). The University is individually financially significant to the group audit and the Foundation is not significant to the group audit, however remains in scope and testing from the audit of the Foundation financial statements is used.

Changes in operations

There are no significant changes in the operations that will impact the audit of the Entity's consolidated financial statements.

| 1

Audit materiality

Materiality has been determined based on expenses. We have determined materiality to be $1.4M for the year ending March 31, 2020.

See page 5 for further details.

Independence

We are independent of the Entity and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow the Entity's approved protocols.

Current developments

Please see pages 10 to 12 for current developments in Public Sector Accounting Standards.

Audit risks

Area of focus

Fraud risk from revenue recognition. There are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition when there is an expectation to maintain a balanced budget from year to year.

Fraud risk from management override of controls

Our audit approach

The risk of fraud from revenue recognition has been rebutted.

As the risk of management override of controls is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

Why are we focusing here?

This is a presumed fraud risk.

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.
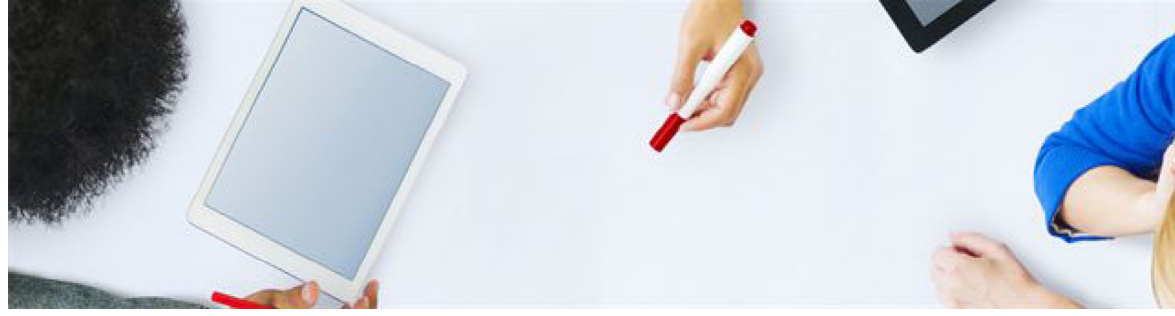
Audit risks (continued)

Annual inquiries

Professional auditing standards require that we annually inquire concerning the Finance and Audit Committee's oversight of management's process for identifying and responding to the risks of fraud with the Entity. Accordingly, we ask:

– What are your views about fraud risks at the Entity?

– How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the Entity and internal controls management has established to mitigate these fraud risks?

– Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?

– Is the Entity in compliance with laws and regulations?

– Has the Entity entered into any significant unusual transactions?

Materiality

Materiality determination	Comments	Group amount
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was $1.3M.	$1.4M
Benchmark	Based on 2019 total expenses. This benchmark is consistent with the prior year. The corresponding amount for the prior year's audit was $66M.	$70M
% of Benchmark	The corresponding percentage for the prior year's audit was 2%.	2%
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was $65K.	$70K

Materiality is used to scope the audit, identify risks of material misstatements and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

Materiality for the audit of the Royal Roads University Foundation has been based on a benchmark of prior year's total assets of $10M. Materiality has been determined at $200,000 (2018 -$180,000) which is 2% of the benchmark. Audit misstatement posting threshold is determined at $10,000.

We will report to the Finance and Audit Committee:

📈 Corrected audit misstatements

❌ Uncorrected audit misstatements

The audit of today, tomorrow & the future

As part of KPMG's technology leadership, our audit practice has developed technologies and alliances to continuously enhance our capabilities and deliver an exceptional audit experience.

Technology empowers us with the ability to perform deep analysis over your financial information, focusing our effort and interactions on the areas of greatest risk and minimizing disruption to your business.

KPMG Clara

- **Connectivity** — Consistent results, early issue identification
- **People** — Strong business acumen & advanced technology skills
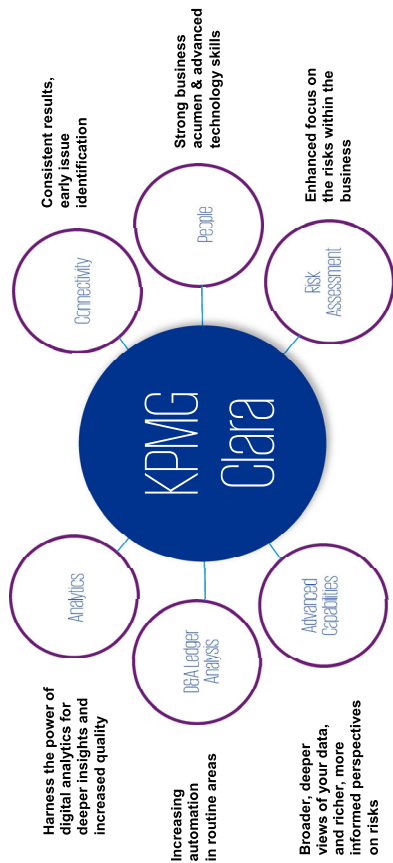- **Risk Assessment** — Enhanced focus on the risks within the business
- **Advanced Capabilities** — Broader, deeper views of your data, and richer, more informed perspectives on risks
- **G&A Ledger Analysis** — Increasing automation in routine areas
- **Analytics** — Harness the power of digital analytics for deeper insights and increased quality

Technology we use today

Tool	Benefit to audit
KPMG Clara Advanced Capabilities	KPMG Clara Advanced Capabilities leverage our data and analytics capabilities, enabling us to analyze 100% of your general ledger data in the planning and account analysis stage and adjust our planned audit approach accordingly to target the areas of greatest risk. It allows us to use automation in performing our audit procedures over accounts such as revenue recognition and journal entries.
Visualization Tool	Our Visualization tool is a powerful and flexible end-to-end analytics platform which we leverage to display dynamic visualization of your data. This enables us to provide valuable insights to your business throughout our audit process.
Account Analysis Tool	Our account analysis tool provides meaningful general ledger data insights during the planning phase of the audit that can be used to assist the engagement team in obtaining a more thorough understanding of the business processes and underlying flow of transactions through utilization of Account Analysis, Visual Ledger and Journal Entry Analysis functional features. Our tool enables a more precise risk assessment and development of a tailored audit approach.

Journal Entry Analysis	Our journal entry tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.
Data & Analytics Routines	Our routines will support addressing the risk of fraudulent management override of control through insight provided by comparing vendor details to those of employees.

Key deliverables and milestones

October	November	December	April	May/June
Audit planning	Present Audit Planning Report	Interim fieldwork	Year-end fieldwork	Provide Audit Findings Report and auditors' report
				Complete reporting to Office of the Auditor General

KPMG Audit Planning Report

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Fees

In determining the fees for our services, we have considered the nature, extent and timing of our planned audit procedures as described above.

Our fee analysis [is consistent with our proposal for audit services / engagement letter dated _____ OR has been reviewed with and agreed upon by management].

Our fees are estimated as follows:

	Current period (budget)	Prior period (actual)
Audit of the Royal Roads University consolidated financial statements	$37,450	$37,450
Audit of the Royal Roads University Foundation financial statements	$4,000	$4,000

Matters that could impact our fee

The proposed fees outlined above are based on the assumptions described in the engagement letter.

The critical assumptions, and factors that cause a change in our fees, include:

- Significant changes in the nature or size of the operations of the Entity beyond those contemplated in our planning processes
- Changes in professional standards or requirements arising as a result of changes in professional standards or the interpretation thereof
- Changes in the timing of our work

Current developments

Public Sector Accounting Standards

Standard	Summary and implications
Asset Retirement Obligations	– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021.
	– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.
	– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.
	– As a result of the new standard, the public sector entity will have to:
	• consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;
	• carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;
	• begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022.
	– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
	– The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
	– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

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Standard	Summary and implications
International Strategy	– PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards. This project may result in changes to the role PSAB plays in setting standards in Canada.
	– Consultation papers were released for comment in May 2018 and March 2019, and have closed. The consultation papers described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies.
	– PSAB is expected to make a final decision about its international strategy at its March 2020 meeting.
Purchased Intangibles	– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. The proposal does not include guidance on how to account for intangibles. Instead, the definition of an asset, the general recognition criteria and the GAAP hierarchy is expected to provide guidance on how to account for intangibles. The accounting for intangibles may be addressed through future PSAB projects.
Employee Future Benefit Obligations	– PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits*, *Compensated Absences and Termination Benefits*. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.
	– Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. PSAB is currently deliberating on the comments received from the three Invitations to Comment.
	– The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.

Standard	Summary and implications
Public Private Partnerships ("P3")	– PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. An exposure draft has been approved by PSAB and will be issued in November 2019, with comments due by February 29, 2020.
	– The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
	– The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.
	– The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
Concepts Underlying Financial Performance	– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.
	– A Statement of Concepts ("SOC") and Statement of Principles ("SOP") were issued for comment in May 2018 and has closed. PSAB is in the process of developing two exposure drafts for comment.
	– The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.
	– The SOP includes principles intended to replace PS 1201 *Financial Statement Presentation*. The SOP proposes:
	• Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets.
	• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	• Restructuring the statement of financial position to present non-financial assets before liabilities.
	• Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities).
	• A new provision whereby an entity can use an amended budget in certain circumstances.
	– Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Appendices

Appendix 1: Audit quality and risk management

Appendix 2: KPMG's audit approach and methodology

Appendix 3: Required communications

Appendix 4: Lean in Audit™

KPMG Audit Planning Report

Appendix 1: Audit quality and risk management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems. Visit our Audit Quality Resources page for more information including access to our most recent Audit Quality and Transparency Report.

We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.

We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality. We do not offer services that would impair our independence.

All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.

The processes we employ to help retain and develop people include:

- Assignment based on skills and experience
- Rotation of partners
- Performance evaluation
- Development and training
- Appropriate supervision and coaching

We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Other controls include:

- Before the firm issues its audit report, Engagement Quality Control Reviewer reviews the appropriateness of key elements client audits
- Technical department and specialist resources provide real-time support to audit teams in the field

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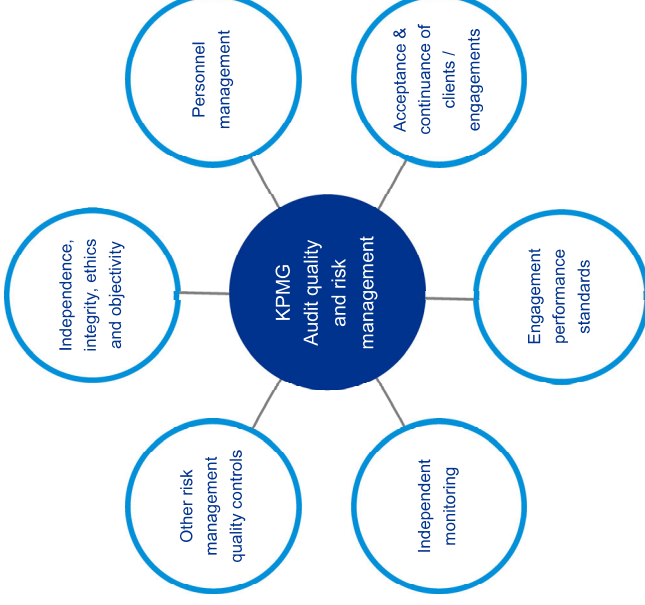
Appendix 2: KPMG's audit approach and methodology

In future years, we will expand our use of technology in our audit through our new smart audit platform, KPMG Clara.

Issue identification

Continuous updates on audit progress, risks and findings before issues become events

Data-driven risk assessment

Automated identification of transactions with unexpected or unusual account combinations – helping focus on higher risk transactions and outliers

Deep industry insights

Bringing intelligence and clarity to complex issues, regulations and standards

Analysis of complete populations

Powerful analysis to quickly screen, sort and filter 100% of your journal entries based on high-risk attributes

Reporting

Interactive reporting of unusual patterns and trends with the ability to drill down to individual transactions

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Appendix 3: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any subsequent amendment letters.

Management representation letter

We will obtain from management certain representations at the completion of the annual audit. In accordance with professional standards, a copy of the representation letter will be provided to the Finance and Audit Committee.

Audit planning report

Represented by this report.

Audit findings report

At the completion of our audit, we will provide our audit findings to the Finance and Audit Committee.

Independence

At the completion of our audit, we will re-confirm our independence to the Finance and Audit Committee.

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Appendix 4: Lean in Audit™

An innovative approach leading to enhanced value and quality

Our innovative audit approach, Lean in Audit™, further improves audit value and productivity to help deliver real insight to you. Lean in Audit™ is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide real insight on your processes and actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both our audit team and management. For example, the audit team may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

How it works

Lean in Audit™ employs four key Lean techniques:

1. Lean training

Provide basic Lean training and equip our audit teams with a new Lean mindset to improve quality, value and productivity.

2. Process mapping workshop

Perform an interactive workshop with your team to map selected financial process providing end-to-end transparency and understanding of the process.

3. Insight reporting

Quick and pragmatic insight report including PACE matrix with prioritized opportunities to realize benefit.

4. Kaizen event

Perform an interactive workshop to find the root cause of the problem and empower your team to find a solution.

kpmg.ca/audit

KPMG

BOARD OF GOVERNORS

BRIEFING NOTE

Royal Roads
UNIVERSITY

MEETING:	DECEMBER 12, 2019
AGENDA ITEM:	FIVE-YEAR BUSINESS PLAN
SPONSOR:	CHERYL EASON, VICE-PRESIDENT & CHIEF FINANCIAL OFFICER
PURPOSE:	APPROVAL

BRIEF DESCRIPTION OF AGENDA ITEM

The new rolling *Five-Year Business Plan (2019/20 – 2023/24)* for review and recommendation for approval subsequent to the Finance and Audit Committee at their November 21, 2019 meeting.

KEY CONSIDERATIONS

The second quarter forecast indicates a softening in September enrolments reflecting a decrease of approximately $100K in net operating income compared to 2019/20 planned outcomes. This is not a material change to the five-year business plan presented to the Board of Governors at their October 10, 2019 meeting and, therefore, management recommends no changes to the financial figures from the first reading.

The Key Performance Indicators table (p. 5) has been updated to align with the detailed plan. Of note is the Professional and Continuing Studies (non-credit revenue; $000s) line and the revised revenue for fiscals 2020/21 to 2023/24 and five-year average; new English language courses for international students were not included in the original KPIs.

RECOMMENDATION

Management recommends that the Board of Governors approves the *Five-Year Business Plan (2019/20 – 2023/24)*, reflecting modest amendments based on feedback from both the Committee and the Board during first reading.

MOTION

That the Board of Governors approves the *Five-Year Business Plan (2019/20 – 2023/24)* as presented in the attachment "Revised Five-Year Business Plan".

Attachment

- Revised Five-Year Business Plan
- November 21, 2019 briefing note and attachment presented to the Finance and Audit Committee

2019/20 – 2021/25
FIVE-YEAR BUSINESS PLAN

CONTENTS

Note: Due to rounding, numbers and percentages may not add precisely to the totals provided; differences are immaterial.

LIST OF ILLUSTRATIONS

FIGURES

TABLES

EXECUTIVE SUMMARY

The year 2020 marks the 25th anniversary of Royal Roads University as a learning, teaching and research institution. As the university celebrates its successes, there is also the opportunity to look to the future. With that in mind, Royal Roads has embarked on an exercise to develop a vision of the university's next 25 years.

Royal Roads delivers quality programs designed for aspiring and experienced professionals who want to advance personally and professionally, and who want to continue to make positive change in their communities.

The higher education environment is facing disruption more than ever as student needs, market and social trends, and technological advances evolve. Royal Roads has embraced the need for change at its institution, to capitalize on opportunities (internal and external), and to do so over the five years of this plan. Building on its substantial progress, the university will refocus on what it does well and shift its approach in other areas to continue creating something distinct, powerful and life-changing.

The university will continue to offer programs and contract training that meet the competency demands and workforce skills identified by local and provincial public- and private-sector organizations and business partners. It will also develop English courses for international students as part of the transition from Study Group.

Royal Roads believes in advancing toward true conciliation by assisting and supporting Indigenous students to achieve their education and career-development goals. It will educate non-Indigenous members of the university community about the histories, cultures and integral role of Indigenous Peoples in Canada and find ways to work together. Creating an open, inclusive and respectful campus is paramount to the university's collective impact, both locally and globally.

Royal Roads will continue to develop an effective financial strategy to efficiently align resources to strategic priorities and, through financial analytics, will improve processes to support managerial decision-making. The university will make targeted investments in its physical and technological infrastructure in support of student success and will foster a high-performance, inclusive, caring and regenerative workplace of choice with an appropriate and sustainable staff-to-student resourcing ratio.

The university will deploy available accumulated surplus during the implementation of the capital plan. Overall, this surplus will remain to meet contingencies and future capital requirements as the university continues to project good financial health.

Over the next five years, the university will continue to build its local, provincial, national and international profiles, and reputation and partnerships. It will take advantage of the public interest created by the installation of a new president who has a strong interest in active community engagement and strategic stakeholder relationship building. It will differentiate itself in its programming and approach, attract students who want to advance in their workplace and communities, and continue to develop a vibrant connection with its alumni. Royal Roads has more than 25,000 alumni around the globe who are changing lives, including more than 6,300 alumni in Asia.

Royal Roads believes this *Five-Year Business Plan* is conservative with realistic goals, growth targets and manageable risks. Outcomes, as identified in the following key performance indicator table, are achievable in this five-year period and will create a foundation for sustained success leading into the next 25 years.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) are critical for assessing the university's achievement toward its strategic goals, for measuring its efficiency and effectiveness, and for ensuring it aligns with provincial priorities. KPIs cascade down from strategic goals and objectives, and they proliferate throughout all organizational units, helping to ensure alignment and focus with the Royal Roads' vision and strategy. The university continues to develop its KPI and reporting systems to ensure that the metrics required to measure progress against the objectives set out in this plan are identified and tracked. KPIs will be incorporated in both quarterly and annual reporting processes.

Table 1. Key performance indicators, 2016-2024

Key Performance Indicators	2016/17	2017/18 Actuals	2018/19	2019/20 Forecast	2020/21	2021/22	2022/23 Projections	2023/24	Five-Year Average
Programs - Growth									
Student FTEs - Onshore Programs	2553	2596	2639	2957	3075	3063	3137	3252	3097
Student FTES - Offshore Programs	302	314	237	274	171	96	To be determined		n/a
Onshore Program/Student Mix - Graduate/Undergraduate	66/34	67/33	69/31	73/27	74/26	75/25	75/25	74/26	74/26
Onshore Program/Student Mix - Blended/On Campus	70/30	71/29	70/20	72/28	69/31	70/30	70/30	70/30	70/30
Professional and Continuing Studies (non-credit revenue; $000s)	$1,997	$2,380	$2,838	$2,976	$3,993	$5,123	$5,593	$6,116	$4,760
Programs - Demand Driven									
BC undergraduate survey of usefulness of knowledge and skills in performing job[1]	86.7%	86.1%	80.5%	>80.5%	Based on survey results				
Programs - High-quality, Effective Education									
BC undergraduate survey of satisfaction with quality of instruction[1]	93.4%	93.1%	91.0%	>91%	Based on survey results				
Graduate Student Satisfaction					Based on survey results				
Student per Core and Associate Faculty Ratio	24	23	23	24	24	23	23	22	23
Student per Program Support Ratio	41	39	38	41	42	41	39	40	41
Student per Academic Support Ratio	21	21	23	23	23	23	23	24	23
Programs - Research Excellence									
Total Research Revenue ($000s)[1]	$1,650	$1,899	$2,337	$1,946	$1,997	$2,050	$2,104	$2,159	$2,051
Process - Financial Sustainability									
Operating Income - Cost/Revenue Ratio	95.7%	95.2%	96.8%	96.7%	96.4%	97.3%	97.7%	97.9%	97.2%
Net Operating Income - Cost/Revenue Ratio	97.6%	97.6%	98.3%	97.8%	97.4%	98.2%	98.6%	98.8%	98.2%
Financial Health Ratio	Excellent	Excellent	Excellent	Good	Good	Good	Good	Good	Good
Process - Operational Leverage									
Gross Contribution Margin	40%	37%	37%	39%	38%	37%	37%	36%	37%
Net Contribution Margin	4%	-1%	2%	3%	3%	3%	3%	3%	3%
Administrative Support % of Staff FTEs	16%	14%	14%	14%	15%	15%	15%	15%	15%
Administrative Expenses % of Total Operating Expenses	10%	9%	10%	12%	12%	12%	12%	12%	12%
Cost per Student FTE[2]	$21,537	$22,446	$24,188	$23,323	$24,772	$26,668	$28,937	$28,332	$26,406
Cost per Offshore (International) Student					To be developed				
People - Accessibility and Diversity									
Program/Student Mix Domestic/International	82/18	83/17	78/22	73/27	69/31	69/31	70/30	70/30	70/30
Indigenous Student Spaces[1]	99	120	132		Based on results				
Cultural Values Assessment (for employees)	n/a	n/a	n/a		Based on survey results				
Place - Infrastructure Sustainability									
Capital Investment ($000s)	$6,976	$22,128	$15,292	$18,583	$13,978	$12,684	$13,302	$11,285	$13,966
Profile - Engaged									
Alumni survey "proud to be a graduate from RRU"	n/a	n/a	n/a	n/a	Based on survey results				
General Population Reputational Survey	n/a	n/a	n/a	n/a	Based on survey results				
Profile - Strongly Supported									
Fundraising Target ($)[2]	$701,934	$483,973	$831,429	$2.6M	To be developed as part of campaign plan				

[1] as reported in the Royal Roads University annual Institutional Accountability Plan and Report

[2] metrics commonly used by post-secondary institutions

Of note are the following KPIs that will experience a change in trending over the next five years:

- Financial Health Ratio-change from Excellent to Good indicates the decrease in investments related to additional capital spending, reducing the primary reserve ratio and impacting the overall rating. Investments still remain for future capital funding requirements. The primary reserve ratio measures net equity divided by total expenses.

- Gross Contribution Margin-Contribution margins average 37 per cent and are slightly higher in 2019/20 and 2020/21 due to increased margins on the domestic academic programs from the higher ratio of international students in the domestic programs.

- Program/Student Mix Domestic/International
    - In the years prior to 2020/21, the lower domestic/international student mix shows the impact of the increased international student enrolment in the Master of Global Management program.
    - From 2020/21 to 2023/24, the domestic/international student mix stabilizes at 69/31 and then changes slightly to 70/30 due to increased domestic enrolments from the Doctor of Business Administration, Master of Arts in Justice Studies and Bachelor of Business Administration programs.

INSTITUTIONAL CONTEXT

Royal Roads University rests upon the ancestral lands of the Xwsepsum (Esquimalt) and Lkwungen (Songhees) nations who shared traditional land resources with Scia'new (Beecher Bay), T'Sou-ke (Sooke) nations and many others. The university community raises its hands in appreciation for the nations' continued participation in and contribution to this shared journey of discovery that is Royal Roads University.

Royal Roads University is a distinct university that delivers high-quality applied and professional programs. Established by the provincial government in 1995 through the *Royal Roads University Act*, Royal Roads was created with a unique mandate and governance structure to:
- Offer certificate, diploma and degree programs at the undergraduate and graduate levels in the applied and professional fields
- Provide continuing education in response to the needs of the local community
- Maintain teaching excellence and research activities that support the university's programs in response to the labour market needs of British Columbia

Vision
We connect people, ideas, experiences and culture to change lives and the world.

Mission
We are leaders and partners creating an enduring prosperity. Our teaching and research transforms careers and lives by solving problems and creating opportunities in the world.

Goals
- Lead change and advance demand-driven growth in high-quality, effective education and research that contribute to economic productivity, social advancement and environmental sustainability
- The university of choice for relevant applied and professional education providing continuous opportunities to learn and transform lives and careers
- A financially sustainable, high-performance organization
- A workplace of choice supporting professional and personal success
- A university with strong partnerships, supportive to our alumni and the communities we serve
- A leader in sustainable stewardship which meets the needs of the present without compromising the ability of future generations to meet their own needs

The university's mission, vision and goals are built around three core values and five strategic anchors.

Core Values
- Caring–creating an inclusive, supportive community for our students and staff
- Accountable–being comfortable with delegation and taking responsibility for our actions in a performance-based culture
- Creative–committed to innovation in our learning and teaching[1] model and continually questioning

Both internal and external contexts were essential in framing discussions with the Royal Roads community. Tomorrow can only be understood through an awareness of the truths of the university's past, and the realities of its present. The call for evolution that came from the Royal Roads community is ultimately tied to the things that bring great pride today. As the university looks ahead to 2045, it is aware that its vision must bring both inspiration and aspiration, pushing Royal Roads to accept, encourage and lead change through the eduction and research it

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[1] Subsequent to establishment of the Core Values, the university has updated its Learning and Teaching Model to incorporate "research": Learning, Teaching and Research Model.

offers, while considering the legacy that will remain. From the perspective of the five anchors – programs, process, people, place and profile – the university's goals and objectives set out the strategic direction and outcomes to meet its vision.

Figure 1. Core values, strategic anchors and goals

ENVIRONMENTAL SCAN

The STEEP[2] framework is commonly used by organizations to perform an environmental scan and analysis. As part of the business planning process, Royal Roads applied this framework to identify trends impacting higher education. Consideration of the current trends in post-secondary practice provides a view of the challenges and opportunities that lie ahead as universities prepare students for a rapidly evolving world. Through solid research and fact-based, astute business and academic decisions, Royal Roads will explore and take advantage of appropriate trends and opportunities aligned with the STEEP framework and its mandate.

Social

The rapid rate of social change brings an increasing demand for student support services and for addressing issues such as mental health and well-being; sexual violence and misconduct; and equity, diversity and inclusion. Student needs and expectations are also changing such as increased accessibility to quality education, flexible learning options, and learner-centric constructivism and experiential learning opportunities.

Technological

Rapid advancements in technology continue to increase the demand for skilled workers in the technological and digital sectors. Adoption of automation is compelling the workforce to upgrade their skill set or acquire a new one. Along with increased use and reliance on technology also comes the requirement for an increase for cybersecurity diligence.

Economic

According to the Business Council of BC, the province's population continues to rise and the "job market remains healthy overall."[3] As competition continues to increase for workers, organizations are focusing their efforts on employee engagement and social enterprise. RBC's provincial outlook in September 2019, *Trade Clouds Cast Shadow Over Some Provincial Economies,* reports that "Canadian companies aren't immune to the disruption in global supply chains resulting from the US-China trade dispute."[4] RBC also states that "In B.C., the start of construction of the LNG project at Kitimat and robust employment growth (up 3.4% in the first 8 months) will offset lumber-sector woes, helping the economy expand by 2.2% in 2019."

Environmental

Awareness of the climate crisis and continued global impact of human activity has increased exponentially in recent years. Higher education programming is evolving to provide increased focus on teaching and research in sustainable development. Post-secondary institutions are continuing to recognize their role in mitigating climate crisis by incorporating sustainability elements into their daily operations and decision-making.

Political

Within the span of this business plan there will be a municipal, a provincial, and a federal election. Results from each may impact the operation and planning at the university to some degree and Royal Roads will need to continue to monitor and adjust priorities and activities accordingly. The province also announced a decrease in student-loan interest which will affect the affordability of higher education in BC.

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[2] STEEP: social, technological, economic, environmental and political

[3] BCBC. (July 2019). https://bcbc.com/media/business-council-of-b-c-releases-latest-b-c-economic-review-and-outlook

[4] RBC. (September 2019). *Trade Clouds Cast Shadow Over Some Provincial Economies.* http://www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/provfcst-september2019.pdf

STRATEGIC INITIATIVES

KEY PRIORITIES

From the findings of the visioning exercise and business planning process, five key priority areas have emerged:

- Undergraduate programming (including West Shore initiative)
- International strategy (including recruitment strategy, i.e., Study Group)
- Leveraging technology (including ERP and website presence)
- Research excellence (including development of a three-year research strategy)
- Equity, diversity and inclusion (including "conciliation")

Undergraduate programming

The university will design and implement first- and second-year programming to serve the growing needs of the West Shore and enhance pathways into Royal Roads' undergraduate programs.

West Shore Initiative

At the time of drafting this plan, the comprehensive business case analysis of the West Shore Initiative is being finalized and prepared for submission to the Ministry of Advanced Education, Skills and Training. The assumptions underpinning this *Five-Year Business Plan* do not reflect an allocation of the university's accumulated surplus that would be required to enable the purchase of a site for a new West Shore campus. As well, the operating assumptions in the business plan have not been adjusted to reflect the academic program development and delivery costs for the quick-start and ongoing program requirements. Royal Roads will continue to liaise closely with the key stakeholders in this initiative to meet the Ministry's cross-institutional collaboration objectives in addition to working directly with the government to manage financial requirements (capital and operating) and expectations as the West Shore Initiative advances.

There is a clear need and demand for first- and second-year post-secondary education options in the West Shore, particularly for university courses. The transition rates of high school graduates demonstrate a clear opportunity for improvement. There is underlying demographic data and labour projections that indicate some adults currently participating in the work force may need re-training in order to be qualified for the jobs needed to be filled in the near future. A potential new West Shore campus presents a tremendous opportunity for the provincial government to invest in an important solution that addresses a local post-secondary education challenge, and to create a new, innovative template for the future of post-secondary education delivery in the province. Working in partnership with municipalities, Indigenous communities, School District 62, the BC government and other post-secondary institutions, there is the potential to develop a facility that would enable local students to enroll is both Royal Roads University programming and take courses from other participating PSE institutions.

Royal Roads University's proposal for the prospective new campus is not to simply do more of what already exists in a new location. The traditional "banking model" of education where students are passive consumers of information expected to memorize and reproduce what they have been taught, may not work for all students from all backgrounds. The academic curriculum designed for the West Shore campus would embrace Challenge-Based Learning (CBL) and blend it with Design Thinking as its core instructional strategy.[5] Students in this program will

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[5] CBL is a collaborative, multidisciplinary approach to education in which faculty and students work together to learn about compelling issues and problems and propose and publish solutions that openly leverage the technology they use every day. Design Thinking is a human- centred approach that disrupts the rush to problem solving by engaging a process that builds empathy for those experiencing the challenge and seeks divergent and innovative solutions.

have a fundamentally unique educational experience, beginning with the identification of a large-scale challenge and followed by the application of their knowledge of the foundational skills they learn to identify solutions for real-world issues. Rather than dictating information at students, instructors will guide students along an iterative process designed to cultivate their power, agency and capabilities as changemakers. This program will enable students to embrace and function with competency and confidence in a changing world and become changemakers for a civil society. It will help to create pathways to in-demand skills and talent.

Royal Roads University has generated an uptake model applying relevant information about the opportunity against a range of assumptions based on each segment of potential students. Based on current data and assumptions, enrolment is expected to begin at 21 students in 2020, grow to 163 by 2024 and level out around 460 students from 2029-2034.

The proposed opening of a new, interim campus is fall 2021. This is based on an aggressive timeline that requires prompt government reviews and approvals, stakeholder collaboration, procurement processes, design deadlines, establishment of the permanent, long-term campus and construction of a purpose-built facility. Additionally, the university is currently contemplating a prospective "quick start" to the program that would see the first intake into the CBL program begin a year earlier in fall 2020 at the existing Royal Roads campus. Planning and construction of a West Shore campus would start in the fall of 2020 with a targeted opening date in fall 2023.

International strategy

Enhancing the qualifications of the international student
To better align with the university's Learning, Teaching and Research Model (LTRM), the Professional and Continuing Studies unit will develop and implement a five-year business plan for English language support to international students that is currently being delivered by Study Group.

Advancing enrolments through business development
Royal Roads is developing a three-year international strategic plan that determines the focus regarding areas of international opportunities for domestic students, faculty exchange, offshore strategy and partnership selection. Offshore programs will ensure academic, reputational and financial viability through carefully selected partnerships.

Increasing diversity through internationalization
With the transition of international recruitment from Study Group to the university's inhouse structure, the focus will be on maintaining and/or improving enrolment targets, student quality/fit, and value to the university.

Leveraging technology

Technology (Learning, Growing, Protecting)
The information systems technology plan is designed to focus on supporting the business strategy through technology. Royal Roads will continue to sustain and improve the university's technology through active management and technology evergreening and evolution. The ongoing operations and evolution of the university's technology will respond to and support this *Five-Year Business Plan,* the learning and teaching strategy, and the university's 25-year strategic direction.

Website presence renewal
Over the next five years, Royal Roads is committed to integrating solutions and tools that support its full lifecycle of enterprise digital-communication needs. The Digital Communications Platform (DCP) program will ultimately create a platform that is an integrated collection of solutions, tied together through common user interface, branding, content-management strategies and, most importantly, governance.

The $4.0M Web Presence Renewal Project is the first initiative prioritized and approved to concentrate on the revitalization of the university's website as a core element of the DCP. This project aims to support efforts to increase student conversion rates by providing improved communications and accessibility to marketing and core

service functionality on mobile devices. Student, employee, alumni and other user experiences and connectivity, as well as productivity, will be enhanced with consistent online access to information, services and support, maintaining Royal Roads' reputation as a digitally forward-thinking institution.

Research excellence

Development of a three-year research strategy
Research is intrinsic to Royal Roads' mandate, with over two thirds of its students engaged in applied research projects as part of their program of studies. As a primarily graduate university, Royal Roads is fully committed to an interdisciplinary research agenda supported by membership in The Research Universities' Council of British Columbia (RUCBC). Faculty research focuses on influencing practice and profession, and is used in the classroom for learning. The university's Canada Research Chairs focus their research in the areas of sustainable research effectiveness, sustainable entrepreneurship, and innovative learning and technology. Research leads to discovery, which informs teaching to ensure the university is always at the forefront of learning and change.

Continuing to build the university as an applied research institution
Royal Roads strives to cultivate a leadership role in the areas of research quality, research effectiveness, and in inter- and transdisciplinary research. Intrinsic in the Royal Roads mandate, research is use-inspired, and contributes to change in peoples' lives and in the world. The university supports a scholar-practitioner model, enabling faculty and students to address concrete issues and topics. Royal Roads seeks to develop scholar-practitioner abilities in students, ensuring that they are skilled in both the production and use of knowledge.

Equity, diversity and inclusion

Equity, diversity and inclusion (EDI) initiatives carry great value for individuals, the university and the future. As cultural-change institutions with research, teaching and community-engagement mandates, universities are uniquely positioned to affect national and international conversations. They are the place where tomorrow's influential professionals are trained and educated. Royal Roads takes seriously its responsibility to foster intercultural understanding and connection, to be a catalyst for EDI and to recognize that at this university, everyone counts.

Over the next five years, Royal Roads will strengthen its EDI commitment, guided by the purpose of employment equity aligned with other universities across Canada, the BC Public Service *Diversity, Inclusion and Respect Action Plan*[6] and the Canada Research Chairs Program's *Equity, Diversity and Inclusion Action Plan.*[7]

Another dimension of EDI at Royal Roads will reflect the university's commitment to true reconciliation. Royal Roads is strengthened through its diversity of ideas and is committed to listening to and learning from surrounding communities. The university will connect with Indigenous communities across the province, translating its intentions for meaningful reconciliation into actionable steps.

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[6] https://www2.gov.bc.ca/assets/gov/careers/about-the-bc-public-service/diversity-inclusion-respect/diversity-inclusion-text-only-plan.pdf
[7] http://www.chairs-chaires.gc.ca/program-programme/equity-equite/action_plan-plan_action-eng.aspx

FIVE-YEAR INITIATIVES AND OUTCOMES

To ensure a strong, sustainable future, Royal Roads must have in place the right people, appropriate tools, efficient processes, and the physical and technological infrastructures. With these priorities in mind, the university will pursue the following five-year initiatives and outcomes developed collaboratively and in consultation with organizational units across the campus.

PROGRAMS

Royal Roads continues to offer relevant and applied interdisciplinary programs and research that respond to the needs of aspiring and experienced professionals. The *Learning, Teaching and Research Model* (LTRM), reviewed and updated in 2018, is central to the university's work and reflects its core values. The university will continue to develop programs and services that meet the needs of and support Royal Roads students and alumni, the BC labour market and the university's internationalization strategy.

Anchor	Goals	Objectives	Drivers	Outcomes	Initiatives
Programs	Growth - lead change and advance demand-driven growth in high-quality, effective education and research that contribute to economic productivity, social advancement and environmental sustainability	Strengthen and diversify revenue base through strategic growth, both domestically and internationally, while meeting contribution margins	Increasing requirement to strengthen revenue base	Create sustainable enrolment in existing programs and growth in new programs	1 – Launch two new programs per year, continue to grow existing programs and identify/evaluate program lifecycle position 2 - Develop a new strategic and business plan for Professional and Continuing Studies including English language training for international students 3 - Redesign undergraduate programming to include first and second year programming
			Demand for international diversity	Expand the diversity of programs, delivery methods and student services to attract a diverse range of international students and add value to their experience	4 – Review and enhance RRU's internal capability for domestic and international enrolment management
	University of Choice - for relevant applied and professional education providing continuous opportunities to learn and transform lives and careers	Relevant applied and professional high-quality, high-value education and research providing continuous opportunities to learn and transform lives and careers	Strengthen research prominence	Uphold research ethics, academic integrity and compliance	7 - Develop a research strategic plan in alignment with Tri-Council requirements and Canada Research Chairs program

Figure 2. Summary of key program initiatives, 2019-2024

1. Program growth and diversification

While student FTEs are expected to remain relatively flat through the current planning period, the university will focus its resources on the redesign of undergraduate programming, development of an updated internationalization strategy and a new strategic plan for Professional and Continuing Studies programs and courses, and strategic enhancements to its research excellence. By supporting and enabling these efforts to be successful, the university positions itself for long-term growth and diversification. The enterprise priorities described in this plan will also be moved forward.

2. Strategic plan for Professional and Continuing Studies

During the planning period, the university will capitalize on continued growth in contract training, language training and continuing studies. It will prioritize growth in professional laddered (micro-credentialed) credit and non-credit programming related to Royal Roads' key areas of expertise. A new strategic plan for Professional and Continuing Studies will be aligned with a marketing and recruitment plan that targets growth offerings and an expanded client base in contract training.

3. Undergraduate programming redesign

Within the framework of a redesigned undergraduate program, Royal Roads anticipates two significant initiatives to unfold during the planning period. Firstly, it will not renew the contract with Study Group that offers programming and support to international students and expires August 31, 2020. As such, the university has already begun to revise its strategy for international enrolment and support. The targeted outcomes are to enhance English language training and improve alignment with the Royal Roads LTRM. Secondly, and in parallel, the university will continue to pursue the introduction of the challenge-based learning model and capitalize on this innovation to further develop the plans for a West Shore campus. All outcomes of the effort to redesign undergraduate programs are expected to respond to market needs, while contributing positively to the quality of academic programs and the learning experience of students.

4. Enrolment

In addition to managing the volume of student FTEs over the next five years, Royal Roads' student mix will be an area of focus with the aim of achieving a 70/30 domestic/international mix. Continued growth in graduate-level programs designed for international markets and the redesign of undergraduate programming will contribute to targeted outcomes. At the same time, growth in the professional and continuing studies program area is expected to continue at an accelerated rate, having an overall positive impact on student pathways.

5. Web presence renewal project

Through the lens of a strategic program identified as the digital communications platform (DCP), the university will integrate solutions and tools that support the full lifecycle of enterprise digital communications needs. Stakeholders will receive information in their preferred way and on their preferred device. Rather than a single website, the new platform would ultimately be an integrated collection of solutions tied together through common user interface, branding, content management strategies, and most importantly, governance. A significant capital investment in Royal Roads web presence has been prioritized for the planning period.

6. Integrated digital brand campaign

The university will optimize its segmentation campaign and marketing strategy and introduce a brand campaign that is focused on four different segments. Segmentation will assess prospects based on their motivations for attending post-secondary as well as understanding their barriers. Supported by the findings of a market-share study, a distinctive "always on" media approach will be designed to target prospect decision-making. The campaign will capitalize on the university's investment in the web presence renewal to build awareness about Royal Roads, feature individual program streams, and seek to increase the volume of highly qualified prospects and associated conversion rates.

7. Strategic plan for research

Applied and relevant research initiatives are core to Royal Roads' academic program. During the planning period, the university will develop a new strategic research plan that aligns with the overarching objectives of the university's growth and diversification strategy, operationalize the "R" (Research) in the LTRM, incorporate the ideals of the Royal Roads' Ashoka U Changemaker Campus designation, showcase the research done by faculty and students including an emphasis on EDI, and focus on research quality. Research excellence will also be supported by the planned launch of the Cascade Institute at the university.

PROCESS

The strength of Royal Roads' financial model underpins the university's success and is distinct in the post-secondary sector. Going forward, Royal Roads must continue to think like an enterprise and adhere to high levels of integrity; namely, to strive to be efficient (cost-conscious), accountable, performance-management driven, risk-smart, service-oriented, collaborative and respectful. Core to all its academic program offerings and operations, Royal Roads continually responds to the demands of the marketplace and the needs of its students. The university's opportunities for growth are intrinsically tied to its financial strength.

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
Process	Financial Sustainability - a financially sustainable, high-performance organization	Guided by a strategic plan with sustainable and affordable growth in each academic business segment, ensure revenue and cost relationships are maintained and support costs are managed in relation to margin growth	Operational efficiency	Improve student and employee service through operational efficiencies	8 - Develop and implement the Enterprise Resource Planning (ERP) for the new student information system and business applications 9 – Create more efficient and effective frameworks for timetabling, experiential learning, academic organization, evaluation of teaching and learning
			Resiliency and effective risk management	Ensure critical operations continue to be available	10 - Enhance campus-wide business continuity plan to ensure an effective response to significant incidents and emergencies

Figure 3. Summary of key process initiatives, 2019-2024

8. Develop and implement enterprise resource planning (ERP)

To prepare for the future, Royal Roads will take a program approach to completely renewing its enterprise resources that affect core business systems (financial, student information, human resources). The program will evolve the university's systems and business processes in order to increase system capabilities and re-focus operational capacity. This will position operational units to mature capabilities and thereby meet the university's fundamental goals: to grow student enrolment and enhance the student experience. At the completion of this renewal initiative, key benefits realized will include improvements to the student experience, university operations, internal controls and asset safeguarding, and system functionality.

9. Academic organizational framework

With the objective of enhancing the student experience, during the planning period the university will create an organizational framework to support the delivery of academic programs and ultimately, to improve the provision of

student services. An element of this initiative will be a review and update to the academic organizational structure and alignment of associated operations and services to achieve a refreshed level of effectiveness and efficiency.

10. Enhance campus-wide business continuity plan

Any form of stoppage to critical operations demands an effective response. Over the next five years, Royal Roads will develop and test a fully documented business continuity plan recognizing that core operations must be continuously delivered while minimizing interruption and mitigating associated risk. A best practice approach will ensure that all elements of the organization are reflected in the business continuity plan and that relevant university leaders and business units are fully aware of how the plan may affect their work. A supporting communication and engagement plan will ensure that all parts of the organization are aware of their contributions in terms of sustaining the plan's relevancy and their readiness to take action as and when needed. Royal Roads will strengthen its position around business continuity planning in alignment with the enterprise risk maturity model, improve overall organizational efficiency, and identify the relationship of assets and human and financial resources to core operations and deliverables.

PEOPLE

Royal Roads University is committed to continuing to build a high-performing environment for its students and employees that is engaging, diversified and inclusive. Using an integrated human resources strategy, a regenerative work culture approach reflects transparency, empowerment and trust needed to attract and retain employees that contribute to the organization's goals and objectives.

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
People	Workplace of Choice - supporting professional and personal success	An engaged, inclusive and caring workplace that supports professional and personal success and effectively advances Royal Roads' strategic objectives	Workplace of Choice	Improve leadership and management skills, enhance employee well-being and strengthen employee relations	11 - Develop and implement the U-Learn Framework
				Create culture of high performance and customer focus	12 - Develop an action plan to respond to employee engagement satisfaction
	Diversity - Help shape thriving communities through diversity and reconciliation	A university committed to appreciating, acknowledging and celebrating the diversity of its students, faculty and staff	International importance of human rights and need for collective, positive change around diversity and reconciliation	Development and implementation of an Equality Diversity and Inclusion strategy and engagement strategy all stakeholder communities	13 - Using results from the EDI survey, develop and implement plans to strengthen EDI commitment within Royal Roads University community; participate in the Equity, Diversity and Inclusion Action Plan for the Canada Research Chairs Program

Figure 4. Summary of key people initiatives, 2019-2024

11. Employee learning (u-learn) framework

The Employee Learning Framework is the result of a multi-year project informed by the work of the organizational Leadership Development Ad Hoc Committee in 2015. With this framework now in place, the university is well positioned to take the next steps in its strategy to develop its employees, especially those in formal leadership roles, and creating a culture of high performance.

12. Employee engagement action plan

A top priority at Royal Roads is to foster a culture of high performance and customer service. The university will develop an employee engagement action plan that includes assessing organizational engagement (e.g., cultural values assessment survey); developing and implementing a new, online employee orientation program; and continuing to build a proactive relationship with the university's unionized employee groups (i.e., RRUFA and CUPE Local 3886).

13. Equity, diversity and inclusion commitment

The university will meet its commitment to EDI by completing the *Everyone Counts-RRU's Equity, Diversity and Inclusion Survey* and by developing and implementing a training plan that includes resources that will later inform EDI policies and practices. Findings from the EDI survey will guide efforts in gauging and sustaining the participation of and addressing the underrepresentation of individuals who identify as women, persons with disabilities, Indigenous Peoples, members of visible minorities, sexual minorities, and gender minorities.

PLACE

Historically, the land upon which Royal Roads operates was where the people of Coast Salish heritage gathered. It was called *Teechamitsa*–a place devoted to creating a common good through the growing and gathering of herbs for medicine. This was where they reflected on change and ways to support community needs and aspirations: a place of learning. Royal Roads is respectful of this location. Learning is enriched by the university's strong commitment to the land and to preserving nature. Situated on 565 acres that include old-growth forests, world-class gardens, a migratory bird sanctuary and stunning views of mountains meeting the ocean, the campus is truly a place where powerful learning experiences are often just a walk-in-the-woods away.

Guided by the 2019/20 *Five-Year Business Plan,* the university will continue to make a substantial and long-term investment in campus capital infrastructure and align with its goal to be a sustainable steward on the Royal Roads' lands. Over the next five years, the university will continue to leverage the value of the physical and virtual campuses in support of the Royal Roads mission; Learning, Teaching and Research Model; business imperatives; evolving student population; sustainability and greenhouse gas emission targets; and relationship and accessibility to the surrounding community. Capital initiatives will optimize existing facilities and outdoor spaces, and vertical and horizontal infrastructures, and create new and innovative spaces to meet the needs of current and future academic program. In addition, improved disaster recovery capacity will underpin a focus on enhanced business continuity planning and have a positive impact on technology (infrastructure and systems).

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
Place	Sustainable Stewardship - A leader in sustainable stewardship which meets the needs of the present without compromising the ability of future generations to meet their own needs	An organization respectful of its location, with appropriate and sustainable infrastructure and technology for its campus and online environments, which effectively advances Royal Roads' strategic objective	Investments in future sustainability	Support university growth and optimize space utilization	14 - Develop a long-term campus plan in alignment with enterprise objectives
			Institutional sustainability	Improve disaster recovery capability to ensure business continuity and continue to improve the performance of the university's technology	15- Create an offsite virtual data centre and initiate multi-year implementation of cyber-security controls identified in the Centre for Internet Security framework
			Sustainable future	Foster a resilience-aware culture	16 - Develop a framework for a multi-year climate mitigation and adaptation plan

Figure 5. Summary of key place initiatives, 2019-2024

14. Long-term campus plan

Royal Roads will develop a long-term campus plan that aligns with the emerging long-term university vision and considers the requirements of the campus and the infrastructure of a growing and modern institution. Strategically positioned in relation to the land acquisition process, the university will pursue its objectives to acquire a campus footprint at Royal Roads in conjunction with the West Shore initiative and in relation to anticipated residential growth of south Colwood.

15. Creation of a virtual data centre

During the planning period, the university will create a virtual data centre that focuses on enhancing its disaster recovery capabilities and will continue to concentrate on cybersecurity. Outcomes of this initiative will be to mature information technology operations, reduce risk, and include a critical level of redundancy and control systems that promote business continuity.

16. Multi-year climate mitigation and adaptation plan

In addition to work underway through the carbon neutral action framework, the university is prioritizing climate mitigation and risk management within the lifecycle of this *Five-Year Business Plan*. With this in mind, Royal Roads is taking steps to proactively address the climate crisis and considering sustainability initiatives that make the organization more resilient. The multi-year plan will outline strategies and identify actionable steps to enable the university to mitigate and adapt to the changing climate.

PROFILE

Over the next five years, Royal Roads will actively engage audiences and build a strong, elevated profile for the president and university. By strategically amplifying the story of the university's successes and its unique value proposition to key target audiences, Royal Roads will positively impact enrolment and public perception. This work will entail:

- Preparing and deploying an annual communication strategy that includes implementation of communications around reconciliation, land acquisition, the climate crisis, and the proposed West Shore campus
- Promoting the university's refreshed vision and initiatives to celebrate Royal Roads' 25th anniversary
- Providing tactical support and management for emergency communications at the university

Anchor	Goals	Objectives	Drivers	Outcomes	Initiatives
Profile	Strong Reputation - A university with strong partnerships, supportive to our alumni and the communities we serve	A university strongly supported by and engaged with its students, alumni, donors, government, business and other partners and communities it serves	Need to engage community and amplify the university's profile and message	Actively engaged audiences and a strong profile for the president and university	17 - Provide strategic communications programs and services that elevate and amplify the university's profile and message 18 – Continue to develop the annual fund major gifts and planned-giving programs and synergize with annual alumni appeal
			Continue to promote strong connection with our alumni	Alumni population that promotes and supports Royal Roads in various ways	19 - Grow the online Connect platform and operationalize an annual alumni fundraising appeal
			Advance conciliation and mutual understanding	Lead external relations and public affairs activities with First Nations communities	20 – Advance negotiations for ensuring the respective interests of Songhees and Esquimalt Nations and the university on the Royal Roads' lands

Figure 6. Summary of key profile initiatives, 2019-2024

17. Celebrating 25 years as a public university

In its next phase of growth, with a refreshed vision, Royal Roads will implement several community engagement touch points. The 25th anniversary of the university will serve as an excellent engagement tool that welcomes the larger community into the celebration and recognizes our unique contribution to the community at large.

18. Mount major gifts campaign in year five of business plan

The next four years will focus on building an annual fund appeal to engage alumni, faculty, staff, ex-cadets and community donors. The goal is to prepare the donor pipeline for a major gift focussed campaign in 2023/24. Efforts over the past five years have restored the advancement space in preparation for this new work. It is necessary to develop a vibrant annual fund appeal that attracts donors to Royal Roads and nurtures major gifts and planned-giving programs.

19. Actively engage alumni to support and promote Royal Roads

Royal Roads will advance its alumni relations through information gathered from recent engagement surveys. All strategies will focus on creating strong, lasting ties and close contact between alumni and their university. There will be increased engagement with alumni to foster connection, support, learning and inspiration.

20. Land acquisition

To ensure that the university realizes current and future land needs, relationship-building and communication of Royal Roads' long-term plans will continue with the local First Nations, federal government and other relevant parties central to the disposition of the Royal Roads lands. Aligned with its commitment to equality, diversity, inclusion and reconciliation, and consistent with the framework agreements signed under the land acquisition file with the Songhees Nation (2018) and the Esquimalt Nation (2019), the university will sustain its commitment to deepening its relationships with these Coast Salish Indigenous communities. The priority will be to develop a series of interim and definitive agreements during the first half of the five-year planning period.

The land acquisition process may be impacted by the outcomes of both the federal and provincial elections (2019 and 2021, respectively). Activity levels on the land acquisition file are expected to continue at a high level for the foreseeable future as the disposition process moves forward.

In terms of the financial planning implications of the land acquisition file, the financial model of the five-year business plan has not currently allocated a contribution from the university for the possible purchase of the desired

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campus footprint. The university will continue to liaise closely with the Ministry of Advanced Education to manage financial requirements and expectations as outcomes of the disposition process begin to crystalize.

FINANCIAL MODEL

FINANCIAL PLAN TO 2023/24

Royal Roads has translated its strategic goals and actions into a high-level business model to determine the financial implications of the proposed growth and diversification strategy. The updated business model reflects the 2019/20 forecast and projections for 2020/21 to 2023/24.

Table 2. Income statement, 2019-2024

Income Statement Five-year Projections ($000s)					
	2019/20 Forecast	2020/21	2021/22	2022/23	2023/24
		Projections			
Revenues					
Tuition and Academic Revenue	$ 45,379	$ 49,496	$ 50,826	$ 53,110	$ 56,192
Provincial Operating Grants	20,555	21,427	22,317	23,225	24,150
Other Revenue	11,116	11,591	12,623	12,755	12,957
	77,050	**82,514**	**85,766**	**89,090**	**93,299**
Expenses - Operating					
Labour					
Salaries & Benefits	44,395	46,774	48,321	50,239	51,673
Contracted Services	9,310	10,225	10,758	11,290	12,070
Total Labour	53,705	56,999	59,079	61,528	63,743
Non-labour	16,976	18,169	19,285	19,674	20,428
Amortization	3,851	4,416	5,054	5,854	7,140
	74,532	**79,585**	**83,418**	**87,056**	**91,311**
OPERATING INCOME	**2,518**	**2,929**	**2,349**	**2,033**	**1,988**
Cost/Revenue Ratio	*96.7%*	*96.4%*	*97.3%*	*97.7%*	*97.9%*
Operating Investments	825	825	825	825	825
NET OPERATING INCOME	**$ 1,693**	**$ 2,105**	**$ 1,524**	**$ 1,209**	**$ 1,162**
Cost/Revenue Ratio	*97.8%*	*97.4%*	*98.2%*	*98.6%*	*98.8%*

FINANCIAL FORECAST FOR 2019/20

The 2019/20 annual forecast is projected to be $1.7M, representing a decrease of $103K or 5.7 per cent from the original plan of $1.8M approved by the Board of Governors. Revenues are anticipated to be below plan by $590K as a result of projected decreases in domestic enrolments in onshore programs. Anticipated net savings in labour costs, non-labour costs and amortization expense totaling $487K will partially offset the shortfall in revenues and result in a slight decline in the net operating income of $103K.

Operating income and net operating income
The university's operating income will increase from $1.7M in 2019/20 to $2.1M in 2020/21 and then decline thereafter below the pre-2019/20 level. Increased enrolments in the international-focused program (specifically, the Master of Global Management) will drive the increases in operating income in 2020/21. Additional operating income from recently launched programs, new programs and the revision of the academic programs will add to the operating income from 2021/22 to 2023/24. It will be offset by a higher amortization expense on capital assets that

brings the operating income down to $1.5M, $1.2M and $1.2M, respectively, in those years. The operating income cost/revenue ratio is forecast to increase from 96.7 per cent in 2019/20 to 97.9 per cent by 2023/24.

Figure 7. Operating and net operating income, 2016-2024

Operating investments remain constant at $825K from 2019/20 to 2023/24, a decrease from earlier years as technology expenditures shift from operating investments to capital. The net operating income cost/revenue ratio is forecasted to increase from 97.8 per cent to 98.8 per cent by 2023/24.

Revenue

Revenue includes tuition and academic revenues, a provincial operating grant, and other revenues. It is expected to reach $93.3M by 2023/24. Revenues are expected to grow by $4.1M (5.3 per cent) per annum on average between 2019/20 and 2023/24, compared to $4.8M (7.7 per cent) per annum on average for the previous three years. The lower growth rate in provincial operating grants from 2019/20 to 2023/24 results in more reliance on tuition and academic revenues, and ancillary revenue over the next five years. The tuition and academic revenues will average 59.6 per cent of the revenue between 2019/20 and 2023/24. The provincial operating grants and other revenues will average 26.1 per cent and 14.1 per cent of revenue, respectively.

TUITION AND ACADEMIC REVENUE

Onshore programs

The revenue from onshore programs is expected to grow $8.5M from $41.6M in 2019/20 to $50.1M in 2023/24 resulting from:

- Mature program revenue is forecast to grow from $27.2M to $29.0M, but it represents a smaller proportion of the overall onshore credit program revenue (declining from 65.3 per cent to 58.2 per cent between 2019/20 and 2023/24).
- Future, new and recently launched program revenue is forecast to grow from $1.9M to $4.9M (increasing from 7.2 per cent to 9.8 per cent of onshore credit program revenues) with significant growth coming from the recently launched Doctor of Business Administration, Master of Arts in Justice Studies, and planned revision of the Bachelor of Business Administration programs as well as new programs to be developed over the five years.
- International-focused programs (including Master of Global Management) are expected to account for approximately 30.2 per cent to 33.9 per cent of the onshore program revenue over the five years (averaging 32.5 per cent per annum).

- Tuition and fee increases are assumed to increase at a rate of 2 per cent annually (8.2 per cent from 2019/20 to 2023/24), consistent with current government policy.

Offshore programs
Several offshore programs will be retired by 2021/22, resulting in revenues steadily declining each year from $800K in 2019/20, to $600K in 2020/21, to $200K in 2021/22. An international strategy is being developed to address future opportunities.

Student FTEs
The student FTEs are expected to remain relatively flat from 2019/20 to 2023/24.

Table 3. Student FTEs (credit programs), 2016-2024

Student FTEs - Credit Programs								
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Actual		Forecast		Projections		
Student FTEs								
Onshore - Domestic	2,168	2,155	2,062	2,143	2,114	2,123	2,186	2,285
Onshore - International	485	441	577	814	961	940	951	967
Offshore - International	302	314	237	274	171	86	-	-
	2,955	**2,910**	**2,876**	**3,230**	**3,245**	**3,149**	**3,137**	**3,252**
Program Student Mix								
Domestic /International	82/18	83/17	78/22	73/27	69/31	69/31	70/30	70/30

The student FTEs will continue to grow between 2018/19 and 2020/21 primarily as a result of an increase in international students in the Master of Global Management program, resulting in a lower domestic/international student mix in the credit programs. The domestic/international student mix is forecast to increase slightly between 2020/21 and 2023/24 up to 70/30 as a result of developing the undergraduate programs (Bachelor of Business Administration) and increased domestic enrolments in the Doctor of Business Administration and Master of Arts in Justice Studies.

Professional and continuing studies
Professional and continuing studies revenues are projected to grow from $3.0M in 2019/20 to $6.1M by 2023/24 as a result of English language courses for international students (transitioning from International Study Centre) and a growth rate of 12 per cent per annum in other programs.

PROVINCIAL OPERATING GRANT
The increase in the provincial operating grant from $20.6M in 2019/20 to $24.2M in 2023/34 (averaging 4.4 per cent per annum) relates to mandated coverage of General Wage Increase and Employer Health Tax.

OTHER REVENUE
Other revenue consists of research revenue, ancillary revenue (campus services, retail sales and student accommodation), investment income, other revenue (student fees, donations and other provincial grants) and amortization of deferred capital contributions. These revenue sources are projected to increase by $1.9M from $11.1 in 2019/20 to $13.0M in 2023/24 (averaging 4.1 per cent per annum). The increase from 2019/20 to 2023/24 is primarily related to additional annual income from the Learning and Teaching Auditorium ($0.7M), additional annual amortization of deferred capital contributions ($0.6M), additional research revenue ($0.2M), and inflationary increases on other revenue sources ($0.4M).

Operating expenses

Operating expenses exclude operating investments and include labour costs (salaries, benefits, contracted services), non-labour costs and amortization. These expenses are expected to grow by $4.2M (5.5 per cent) per annum on average from 2019/20 to 2023/24 compared to $4.8M (8.1 per cent) per annum on average for the previous three years. The lower growth from 2019/20 to 2023/24 compared to the previous three years is primarily related to salaries and benefits.

Despite the change in rate of growth, the salaries and benefits and contracted services will continue to account for between 68.3 per cent and 69.7 per cent of revenue (averaging 69.0 per cent). Non-labour costs will continue to account for between 21.9 per cent and 22.5 per cent of revenue (averaging 22.1 per cent). Amortization will grow from 5.0 per cent of revenue in 2019/20 to 7.7 per cent of revenue in 2023/24.

LABOUR COSTS

Labour costs consist of salaries and benefits and contracted services. Labour is projected to increase by $10.0M from $53.7M in 2019/20 to $63.7M in 2023/34 (averaging 4.7 per cent per annum) compared to an average annual increase of 7.5 per cent in the previous three years. The years between 2016/17 and 2019/20 reflected a higher rate of increase in staff FTEs to support growing student FTEs and the impact of a job compensation review in 2019/20.

Figure 8. Total labour expense, 2016-2024

Salaries and benefits
Salaries and benefits are projected to increase by $1.8M (4.1 per cent) per annum on average from 2019/20 to 2023/24. This reflects:

- Compounded cost of living, merit adjustments and increases relating to job evaluations

- Growth (2.7 per cent) in staff FTEs (13 FTEs) from 2019/20 to 2023/24 reflects the support of changing student needs and expectations as well as the resources required to support the launch of new program initiatives.

Contracted services

Contracted services are projected to increase $700K (7.4 per cent) per annum on average from 2019/20 to 2023/24 and include support for new programs and additional resources for growth in domestic programs and Professional and Continuing Studies (PCS).

Student-to-staff ratios

Student-to-staff ratios will remain consistent between 2019/20 and 2023/24 at the following levels:

- Core and Associate Faculty—averaging 23:1
- Program Support—averaging 41:1
- Academic Support—averaging 23:1

NON-LABOUR COSTS

Non-labour costs are expected to grow by $900K (5.1 per cent) per annum on average from 2019/20 to 2023/24. Approximately $350K (2.1 per cent per annum) of the growth relates to inflationary adjustments. The remaining growth relates to additional costs as a result of additional student FTEs in recently launched programs and international programs (Doctor of Business Administration, Master of Arts in Justice Studies and Master of Global Management) and revisions to existing programs (Bachelor of Business Administration). The non-inflationary additional non-labour costs include academic and student support and program development.

AMORTIZATION EXPENSE

Amortization expense is expected to grow by $800K (21.3 per cent) per annum on average from 2019/20 to 2023/24. The higher levels of amortization between 2019/20 and 2023/24 relate to the information technology projects and the Learning and Teaching Auditorium.

OPERATING INVESTMENTS

The university will continue to invest in technology, new program development and other strategic operating investments during the five-year period. The operating investments have been reflected at $825K per year. As operating plans unfold, operating investments may need to be adjusted to achieve targeted cost/revenue ratios.

Margin Trends

Gross contribution margins consist of operating revenues less the direct and department overhead costs. The gross contribution margin percentage is expected to decrease from 39.2 per cent to 36.1 per cent despite an increase in revenue from $19.6M in 2019/20 to $22.3M in 2023/24. The decline in the contribution margin percentage reflects:

- lower margins on domestic onshore programs due to student program mix (higher proportion of undergraduate versus graduate students, lower portion of graduate student FTEs in MBA in Executive Management, and higher proportion of student FTEs in graduate certificate programs); and
- higher portion of revenue generated from PCS (non-credit programs), research and ancillary revenues with lower margins.

Net margins, which additionally include the cost of marketing, commissions, academic support and program quality, are projected to range between $1.5M and $2.2M from 2019/20 to 2023/24. The net margin percentage is projected to range between 2.6 per cent and 3.5 per cent from 2019/20 to 2023/24. The net margins decrease in 2021/22 and then recover in 2022/23 and 2023/24 due to anticipated labour savings from completion of the ERP capital project and maturing of some of the recently launched programs and revisions to existing programs.

Contribution Margins

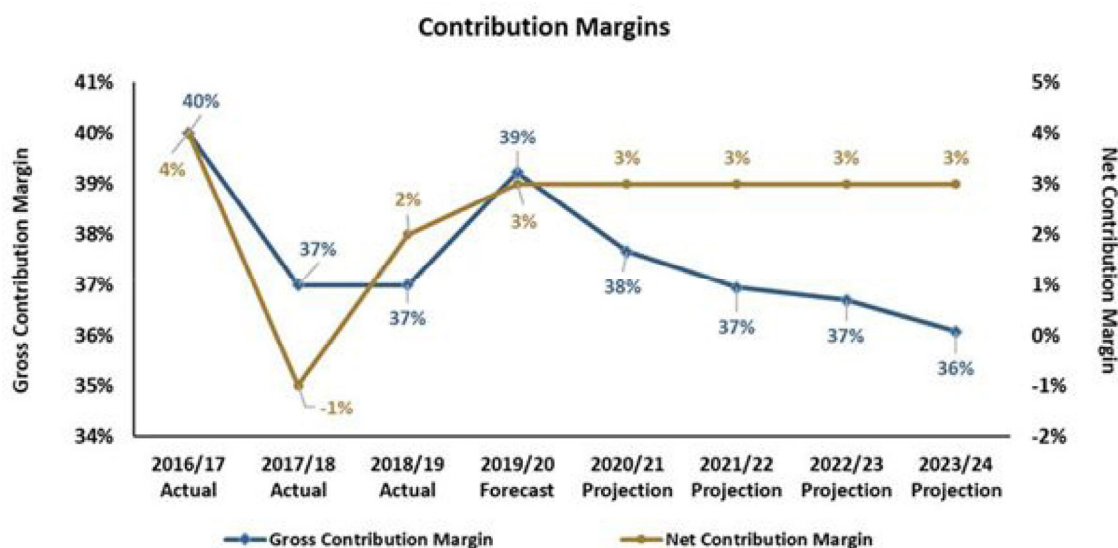Figure 9. Gross and net contribution margins, 2016-2024

CAPITAL PROGRAM

Within the framework of an overarching capital program valued at $76.5M, **Error! Reference source not found.** provides an overview of $69.8M of capital investments by theme anticipated during the planning period.

Figure 10. Capital investments, 2019-2024

Aligning with the focus on academic program support, the university will invest $15.2M for the Learning and Teaching Auditorium (LTA) project and the related upgrades to the adjacent recreation centre. The introduction of a 500-seat auditorium with an upgraded Recreation Centre will add value to the academic program as well as capital improvements being made to enliven the academic corridor of the west campus.

Royal Roads will continue to focus on student accommodation needs and the associated impact on the student learning experience over the coming five years and plans a $5.8M investment in this area. Through a three-pronged strategy, existing accommodation units will be refreshed during the first two years of the plan. The development of a project that would see construction of a new accommodation facility valued in excess of $10M will be advanced through analysis of relevant financing options, including a combination of contributions to Royal Roads and engagement in the provincial government's capital loan program that addresses student housing needs. The majority of financing requirements and construction activity will occur post 2023/24. Similarly, major upgrades to the Nixon building will be planned in the subsequent planning period.

Recent upgrades to campus horizontal infrastructure systems (power, data, water, drainage) will be largely completed at the end of the first year of the plan, introducing a necessary level of redundancy and mitigated risk of system failures. In support of the ongoing requirement for lifecycle management of these systems and related technological innovations, the university is committing to an annual investment of $1.0M beginning in 2021/22 once funds become available following the completion of the LTA.

In direct support of the university's desire to build resilience and ensure the long-term sustainability of the organization and campus lands, this *Five-Year Business Plan* commits to environmental sustainability and climate adaptation. It includes their impact on routine operations, and initiatives such as seismic upgrades (independent of major renovation/upgrade projects) and barrier-free accessibility for all campus users.

Royal Roads anticipates a major capital investment in its technology systems beginning in the last half of 2019/20. This investment will build on the $3.4M network infrastructure upgrades scheduled for completion at the end of the first year of the plan and it is consistent with the overarching priority on technology investments supported by this plan. Business case assessments have confirmed a $4.0M project to renew the university's web presence. This initiative will be completed by the end of 2022/23 as well as a five-year $16.8M program to renew and integrate the student management, financial and human resource systems. Investments in these core systems that support the virtual learning and enterprise business environments, are essential to the learning experience, management of the risk landscape that includes business continuity planning, and the long-term sustainability of university operations.

Finally, the university will continue to make an annual commitment to asset lifecycle renewal (furniture, all forms of equipment and vehicles), projecting a total investment of $6.6M over five years.

Table 4. Schedule of capital investments, 2019-2024

SCHEDULE OF CAPITAL INVESTMENTS *($000s)*							
	Pre-2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total for 2019/20 to 2023/24
Academic Program Support							
Learning & Teaching Auditorium	1,498	9,169	4,533	-	-	-	13,702
Recreation Centre	-	300	1,200	-	-	-	1,500
	1,498	9,469	5,733	-	-	-	15,202
Student Accommodation Needs							
Visual Improvement Project		415	760	-	-	-	1,175
New Student Accommodation Development	-	-	-	-	678	3,000	3,678
Major Upgrade of Nixon Building	-	-	-	-	-	1,000	1,000
	-	415	760	-	678	4,000	5,853
Campus Infrastructure							
Nixon Sectionalizer	518	260	-	-	-	-	260
Horizontal Infrastructure Upgrades	2,477	2,733	-	1,000	1,000	1,000	5,733
	2,995	2,993	-	1,000	1,000	1,000	5,993
Building Resilience							
Commitment to Sustainability	-	-	250	250	250	250	1,000
Commitment to Seismic Upgrades	-	-	1,000	1,000	1,000	1,000	4,000
Other initiatives (including commitment to accessibility)	-	1,103	289	2,950	2,950	1,950	9,242
	-	1,103	1,539	4,200	4,200	3,200	14,242
Technology Investments - Infrastructure and Systems							
IT Network Infrastructure	2,205	1,185	-	-	-	-	1,185
ERP Program	-	1,000	3,300	5,200	5,700	1,600	16,800
Digital Communications Platform (web presence renewal)	-	1,496	1,264	902	342	-	4,004
	2,205	3,681	4,564	6,102	6,042	1,600	21,989
Asset Lifecycle Renewal							
Operating FF&E	-	922	1,382	1,382	1,382	1,485	6,553
Total Capital Investment	**6,698**	**18,583**	**13,978**	**12,684**	**13,302**	**11,285**	**69,832**

Funding sources

The capital expenditures will be funded by external sources $26.1M (37.4 per cent) and internal sources $43.7M (62.6 per cent).

Table 5. Schedule of capital funding sources, 2019-2024

SCHEDULE OF CAPITAL FUNDING SOURCES ($000s)							
	Pre-2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total for 2019/20 to 2023/24
External Funding ($000s)	5,229	8,493	5,900	3,900	3,900	3,900	26,093
External Funding (%)	78%	46%	42%	31%	29%	35%	37%
RRU Funded ($000s)	1,468	10,090	8,078	8,784	9,402	7,385	43,739
RRU Funded (%)	22%	54%	58%	69%	71%	65%	63%
Note - The liquidation of investments required to fund the capital expenditures is less than the amounts stated above due to cash flow generated from operations							

Between 2019/20 and 2023/24, net tangible capital assets will grow by $28.8M from $87.9M to $116.7M. Investments will decrease by $12.6M from $43.9M forecast in 2019/20 to $31.3M in 2023/24. The lower rate of decline in the investments is due to a portion of the capital expenditures being funded by external sources and through operations.

Figure 11. Investments and net tangible capital assets, 2016-2024

Financial position and cash flow

Over the next five years, the financial position of the university will remain strong. Operating results will continue to provide positive cash flow. Working capital items will scale proportionally to revenues and expenses.

RISK PROFILE

FIVE-YEAR BUSINESS PLAN RISK ASSESSMENT

Enterprise Risk Management Framework

In 2018/19, the university confirmed with the Royal Roads University Board of Governors an enterprise risk management (ERM) framework and at the highest level, articulated six key risk categories. This framework is important as it supports the assessment and mitigation of risks throughout the organization in the planning and execution of all activities.

OPERATIONAL RISK
The risk of direct or indirect loss resulting from inadequate or failed internal processes, people or systems or from external events.

ACADEMIC PROGRAM/ ENROLMENT RISK
The risk of not being able to meet performance expectations in response to labour market needs, competition and time to market.

TECHNOLOGICAL RISK
The business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise.

REPUTATIONAL RISK
The risk associated with a change in perception of Royal Roads University. Typically a second order impact or consequence of a failure to manage other risks.

QUALITY OF THE ACADEMIC EXPERIENCE
The risk of not being able to meet performance expectations in terms of academic program quality and innovation.

STRATEGIC & GOVERNANCE RISK
The risks associated with decision making for the long-term strategic direction, as well as the structure and functioning of Royal Roads, including policies, laws and regulations

Figure 12. Enterprise risk management framework

Risk landscape
The university's business planning process integrates a long-term view of risk, reflecting an enterprise perspective of risk appetite and the strategic objectives set out in the current planning period.

In order to be successful, the combination of goals, objectives and initiatives prioritized in the plan will require careful coordination and a sustainable level of energy and focus. Growth goals articulated in each segment of the plan continue to be realistic and risks continue to be manageable.

Royal Roads believes that this *Five-Year Business Plan* is achievable and will strengthen the university's foundation for long-term success.

Strategic Anchor	Risk Categories	Risks	Actions
Program	**Academic Program & Enrolments**	Declining enrolments	• Develop undergraduate program strategy, including West Shore • Introduce challenge-based learning model • Develop internationalization strategy
		Financial exposure impacting long-term sustainability	• Continue to align relationship between revenue and expense structure, manage contribution margins
	Quality of the Academic Experience	Declining academic program quality	• Promote research excellence • Undertake program evaluations
	Reputation	Reduced student satisfaction	• Action findings from student and program surveys
Process	**Technology**	Aging business systems fail or are affected by external threats; aging technology (infrastructure and systems)	• Invest in ERP program renewal (and core business systems and processes) as well as web presence renewal • Cybersecurity education and awareness
		Business continuity is compromised	• Invest in ERP program renewal • Coordinate both infrastructure and technology in an integrated capital program
	Operations	Timing and significance of capital investments and transition to operations	• Maintain strong project management and change management processes • Regular reporting to the Board
People	**Operations**	Insufficient management of scope, pace and complexity of change	• Adopt strategic change management strategies • Develop and coordinate workforce and project plans with appropriately resourced requirements
		Cost-revenue relationships compromised by compensation plans and associated labour costs	• Align with government compensation requirements, the university's overarching compensation philosophy and financial sustainability objectives
	Reputation	Reduced workforce engagement	• Conduct surveys and action findings • Continue to advance organizational engagement and wellness initiatives
Place	**Strategy & Governance**	Land disposition progress stalls	• Continued participation in the federal land disposition process • Monitor geopolitical landscape and proactively manage government relations portfolio (at all levels)
	Operations	Negative impact on student experience and organizational productivity	• Develop detailed capital asset and investment plans and align them with the realization of growth objectives and operational requirements
		Heritage, climate adaptation, and financial constraints	• Renew sustainability plan and continue climate action plan discussions • Maintain robust planning process • Adopt long-term capital plan
Profile	**Reputation**	Absence of effective relationships and engagement with internal and external stakeholders	• Action commitment to undertake an engagement/reputation survey and reflect outcomes in updated communications and engagement plans • Develop fundraising plans that align with long-term growth objectives

Figure 13. Summary of risks and actions

At the outset of the planning period, key categories of risk are assessed in the low to medium range (**Error! Reference source not found.**14). Execution of priority initiatives described in the plan aim to decrease risks currently identified in the technology, operations and reputation categories, while maintaining the low-medium ratings assessed against strategy and governance, academic programs and enrolments, and quality of the academic experience.

Five-year Business Plan - Summary of Enterprise Risk Assessment

Figure 14. Summary by key risk category

FINANCE & AUDIT COMMITTEE
BRIEFING NOTE

MEETING:	NOVEMBER 21, 2019
AGENDA ITEM:	FIVE-YEAR BUSINESS PLAN
SPONSOR:	CHERYL EASON, VICE-PRESIDENT & CHIEF FINANCIAL OFFICER
PURPOSE:	APPROVAL

BRIEF DESCRIPTION OF AGENDA ITEM

The Royal Roads University's *Five-Year Business Plan 2019/20 to 2023/24* (Plan) is submitted for final approval.

BACKGROUND

The rolling *Five-Year Business Plan* was submitted to the Finance and Audit Committee (committee) on October 1, 2019 for first reading. Slight revisions were made based on feedback from the committee and the Plan was presented to the Board on October 10, 2019. The Plan as submitted to the Board on October 10, 2019 is being presented for final approval.

KEY CONSIDERATIONS

Since first reading of the Plan, a second quarter 2019/20 forecast has been prepared and is presented to the committee in a separate briefing note.

The Q2 2019/20 forecast shows an operating income of $1.9M compared to $2.5M in the Q1 2019/20 forecast. The $0.6M reduction in operating income results from reduced tuition and academic revenue which is not fully offset by other revenue increases and labour savings. It also indicates a net operating income of $1.6M compared to $1.7M in the Q1 2019/20 forecast, a reduction of $0.1M. The spending on operating investments is forecast to be $0.5M lower due to reduced spending on the technology plan, new product development and strategic operating investments.

Management is not recommending any changes to the financial model in the Plan due to the minimal difference ($0.1M) in the net operating income for 2019/20. The university will be reviewing the financial results of the academic programs, considering rationalizing program offerings, expanding existing programs, and other measures to generate the projected net operating income for subsequent years. These changes will be developed and incorporated into the 2020/21 operating plan process and document and subsequent five-year business plans.

RECOMMENDATION

Based on the first reading review by the committee and the board, Management asks that the committee consider the rolling *Five-Year Business Plan* to 2023/24 as presented in first reading and as attached.

MOTION

That the Finance and Audit Committee recommends for approval by the Board of Governors of the *Five-Year Business Plan 2019/20 to 2023/24*.

Attachment

- *Five-Year Business Plan 2019/20 to 2023/24*

Royal Roads
UNIVERSITY

2019/20 – 2021/25
FIVE-YEAR BUSINESS PLAN

Presented to Finance and Audit Committee

November 21, 2019

v2019Nov07

CONTENTS

Note: Due to rounding, numbers and percentages may not add precisely to the totals provided; differences are immaterial.

LIST OF ILLUSTRATIONS

FIGURES

TABLES

EXECUTIVE SUMMARY

The year 2020 marks the 25th anniversary of Royal Roads University as a learning, teaching and research institution. As the university celebrates its successes, there is also the opportunity to look to the future. With that in mind, Royal Roads has embarked on an exercise to develop a vision of the university's next 25 years.

Royal Roads delivers quality programs designed for aspiring and experienced professionals who want to advance personally and professionally, and who want to continue to make positive change in their communities.

The higher education environment is facing disruption more than ever as student needs, market and social trends, and technological advances evolve. Royal Roads has embraced the need for change at its institution, to capitalize on opportunities (internal and external), and to do so over the five years of this plan. Building on its substantial progress, the university will refocus on what it does well and shift its approach in other areas to continue creating something distinct, powerful and life-changing.

The university will continue to offer programs and contract training that meet the competency demands and workforce skills identified by local and provincial public- and private-sector organizations and business partners. It will also develop English courses for international students as part of the transition from Study Group.

Royal Roads believes in advancing toward true conciliation by assisting and supporting Indigenous students to achieve their education and career-development goals. It will educate non-Indigenous members of the university community about the histories, cultures and integral role of Indigenous Peoples in Canada and find ways to work together. Creating an open, inclusive and respectful campus is paramount to the university's collective impact, both locally and globally.

Royal Roads will continue to develop an effective financial strategy to efficiently align resources to strategic priorities and, through financial analytics, will improve processes to support managerial decision-making. The university will make targeted investments in its physical and technological infrastructure in support of student success and will foster a high-performance, inclusive, caring and regenerative workplace of choice with an appropriate and sustainable staff-to-student resourcing ratio.

The university will deploy available accumulated surplus during the implementation of the capital plan. Overall, this surplus will remain to meet contingencies and future capital requirements as the university continues to project good financial health.

Over the next five years, the university will continue to build its local, provincial, national and international profiles, and reputation and partnerships. It will take advantage of the public interest created by the installation of a new president who has a strong interest in active community engagement and strategic stakeholder relationship building. It will differentiate itself in its programming and approach, attract students who want to advance in their workplace and communities, and continue to develop a vibrant connection with its alumni. Royal Roads has more than 25,000 alumni around the globe who are changing lives, including more than 6,300 alumni in Asia.

Royal Roads believes this *Five-Year Business Plan* is conservative with realistic goals, growth targets and manageable risks. Outcomes, as identified in the following key performance indicator table, are achievable in this five-year period and will create a foundation for sustained success leading into the next 25 years.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) are critical for assessing the university's achievement toward its strategic goals, for measuring its efficiency and effectiveness, and for ensuring it aligns with provincial priorities. KPIs cascade down from strategic goals and objectives, and they proliferate throughout all organizational units, helping to ensure alignment and focus with the Royal Roads' vision and strategy. The university continues to develop its KPI and reporting systems to ensure that the metrics required to measure progress against the objectives set out in this plan are identified and tracked. KPIs will be incorporated in both quarterly and annual reporting processes.

Table 1. Key performance indicators, 2016-2024

Key Performance Indicators	2016/17	2017/18 Actuals	2018/19	2019/20 Forecast	2020/21	2021/22 Projections	2022/23	2023/24	Five-Year Average
Programs - Growth									
Student FTEs - Onshore Programs	2553	2596	2639	2957	3075	3063	3037	3252	3077
Student FTES - Offshore Programs	302	314	237	274	171	96	To be determined		n/a
Onshore Program/Student Mix - Graduate/Undergraduate	66/34	67/33	69/31	73/27	74/26	75/25	75/25	74/26	74/26
Onshore Program/Student Mix - Blended/On Campus	70/30	71/29	70/20	72/28	69/31	70/30	70/30	70/30	70/30
Professional and Continuing Studies (non-credit revenue; $000s)	$1,997	$2,380	$2,838	$2,976	$3,328	$3,723	$4,165	$4,660	$3,770
Programs - Demand Driven									
BC undergraduate survey of usefulness of knowledge and skills in performing job[1]	86.7%	86.1%	80.5%	>80.5%		Based on survey results			
Programs - High-quality, Effective Education									
BC undergraduate survey of satisfaction with quality of instruction[1]	93.4%	93.1%	91.0%	>91%		Based on survey results			
Graduate Student Satisfaction	Information to be populated before publicizing								
Student per Core and Associate Faculty Ratio	24	23	23	24	24	23	23	22	23
Student per Program Support Ratio	41	39	38	41	42	41	39	40	41
Student per Academic Support Ratio	21	21	23	23	23	23	23	24	23
Programs - Research Excellence									
Total Research Revenue ($000s)[1]	$1,650	$1,899	$2,337	$1,946	$1,997	$2,050	$2,104	$2,159	$2,051
Process - Financial Sustainability									
Operating Income - Cost/Revenue Ratio	95.7%	95.2%	96.8%	96.7%	96.4%	97.3%	97.7%	97.3%	97%
Net Operating Income - Cost/Revenue Ratio	97.6%	97.6%	98.3%	97.8%	97.4%	98.2%	98.6%	98.8%	98%
Financial Health Ratio	Excellent	Excellent	Excellent	Good	Good	Good	Good	Good	Good
Process - Operational Leverage									
Gross Contribution Margin	40%	37%	37%	39%	38%	37%	37%	36%	37%
Net Contribution Margin	4%	-1%	2%	3%	3%	3%	3%	3%	3%
Administrative Support % of Staff FTEs	16%	14%	14%	14%	15%	15%	15%	15%	15%
Administrative Expenses % of Total Operating Expenses	10%	9%	10%	12%	12%	12%	12%	12%	12%
Cost per Student FTE[2]	$21,537	$22,446	$24,188	$23,323	$24,772	$26,668	$28,937	$28,332	$26,406
Cost per Offshore (International) Student	Information to be populated before publicizing								
People - Accessibility and Diversity									
Program/Student Mix Domestic/International	82/18	83/17	78/22	73/27	69/31	69/31	70/30	70/30	70/30
Indigenous Student Spaces[1]	99	120	132			Based on results			
Cultural Values Assessment (for emloyees)	n/a	n/a	n/a			Based on survey results			
Place - Infrastructure Sustainability									
Capital Investment ($000s)	$6,976	$22,128	$15,292	$18,953	$13,978	$12,684	$13,302	$11,285	$14,040
Profile - Engaged									
Alumni survey "proud to be a graduate from RRU"	n/a	n/a	93%	Based on survey results					
General Population Reputational Survey	n/a	n/a	n/a	Based on survey results					
Profile - Strongly Supported									
Fundraising Target ($)[2]	$701,934	$483,973	$831,429	$2.6M		To be developed as part of campaign plan			

[1] as reported in the Royal Roads University annual Institutional Accountability Plan and Report

[2] metrics commonly used by post-secondary institutions

Of note are the following KPIs that will experience a change in trending over the next five years:

- Financial Health Ratio-change from Excellent to Good indicates the decrease in investments related to additional capital spending, reducing the primary reserve ratio and impacting the overall rating. Investments still remain for future capital funding requirements. The primary reserve ratio measures net equity divided by total expenses.

- Gross Contribution Margin-Contribution margins average 37 per cent and are slightly higher in 2019/20 and 2020/21 due to increased margins on the domestic academic programs from the higher ratio of international students in the domestic programs.

- Program/Student Mix Domestic/International
    - In the years prior to 2020/21, the lower domestic/international student mix shows the impact of the increased international student enrolment in the Master of Global Management program.
    - From 2020/21 to 2023/24, the domestic/international student mix stabilizes at 69/31 and then changes slightly to 70/30 due to increased domestic enrolments from the Doctor of Business Administration, Master of Arts in Justice Studies and Bachelor of Business Administration programs.

INSTITUTIONAL CONTEXT

Royal Roads University rests upon the ancestral lands of the Xwsepsum (Esquimalt) and Lkwungen (Songhees) nations who shared traditional land resources with Scia'new (Beecher Bay), T'Sou-ke (Sooke) nations and many others. The university community raises its hands in appreciation for the nations' continued participation in and contribution to this shared journey of discovery that is Royal Roads University.

Royal Roads University is a distinct university that delivers high-quality applied and professional programs. Established by the provincial government in 1995 through the *Royal Roads University Act*, Royal Roads was created with a unique mandate and governance structure to:

- Offer certificate, diploma and degree programs at the undergraduate and graduate levels in the applied and professional fields
- Provide continuing education in response to the needs of the local community
- Maintain teaching excellence and research activities that support the university's programs in response to the labour market needs of British Columbia

Vision

We connect people, ideas, experiences and culture to change lives and the world.

Mission

We are leaders and partners creating an enduring prosperity. Our teaching and research transforms careers and lives by solving problems and creating opportunities in the world.

Goals

- Lead change and advance demand-driven growth in high-quality, effective education and research that contribute to economic productivity, social advancement and environmental sustainability
- The university of choice for relevant applied and professional education providing continuous opportunities to learn and transform lives and careers
- A financially sustainable, high-performance organization
- A workplace of choice supporting professional and personal success
- A university with strong partnerships, supportive to our alumni and the communities we serve
- A leader in sustainable stewardship which meets the needs of the present without compromising the ability of future generations to meet their own needs

The university's mission, vision and goals are built around three core values and five strategic anchors.

Core Values

- Caring–creating an inclusive, supportive community for our students and staff
- Accountable–being comfortable with delegation and taking responsibility for our actions in a performance-based culture
- Creative–committed to innovation in our learning and teaching[1] model and continually questioning

Both internal and external contexts were essential in framing discussions with the Royal Roads community. Tomorrow can only be understood through an awareness of the truths of the university's past, and the realities of its present. The call for evolution that came from the Royal Roads community is ultimately tied to the things that bring great pride today. As the university looks ahead to 2045, it is aware that its vision must bring both inspiration and aspiration, pushing Royal Roads to accept, encourage and lead change through the eduction and research it

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[1] Subsequent to establishment of the Core Values, the university has updated its Learning and Teaching Model to incorporate "research": Learning, Teaching and Research Model.

offers, while considering the legacy that will remain. From the perspective of the five anchors – programs, process, people, place and profile – the university's goals and objectives set out the strategic direction and outcomes to meet its vision.

Figure 1. Core values, strategic anchors and goals

ENVIRONMENTAL SCAN

The STEEP[2] framework is commonly used by organizations to perform an environmental scan and analysis. As part of the business planning process, Royal Roads applied this framework to identify trends impacting higher education. Consideration of the current trends in post-secondary practice provides a view of the challenges and opportunities that lie ahead as universities prepare students for a rapidly evolving world. Through solid research and fact-based, astute business and academic decisions, Royal Roads will explore and take advantage of appropriate trends and opportunities aligned with the STEEP framework and its mandate.

Social

The rapid rate of social change brings an increasing demand for student support services and for addressing issues such as mental health and well-being; sexual violence and misconduct; and equity, diversity and inclusion. Student needs and expectations are also changing such as increased accessibility to quality education, flexible learning options, and learner-centric constructivism and experiential learning opportunities.

Technological

Rapid advancements in technology continue to increase the demand for skilled workers in the technological and digital sectors. Adoption of automation is compelling the workforce to upgrade their skill set or acquire a new one. Along with increased use and reliance on technology also comes the requirement for an increase for cybersecurity diligence.

Economic

According to the Business Council of BC, the province's population continues to rise and the "job market remains healthy overall."[3] As competition continues to increase for workers, organizations are focusing their efforts on employee engagement and social enterprise. RBC's provincial outlook in September 2019, *Trade Clouds Cast Shadow Over Some Provincial Economies,* reports that "Canadian companies aren't immune to the disruption in global supply chains resulting from the US-China trade dispute."[4] RBC also states that "In B.C., the start of construction of the LNG project at Kitimat and robust employment growth (up 3.4% in the first 8 months) will offset lumber-sector woes, helping the economy expand by 2.2% in 2019."

Environmental

Awareness of the climate crisis and continued global impact of human activity has increased exponentially in recent years. Higher education programming is evolving to provide increased focus on teaching and research in sustainable development. Post-secondary institutions are continuing to recognize their role in mitigating climate crisis by incorporating sustainability elements into their daily operations and decision-making.

Political

Within the span of this business plan there will be a municipal, a provincial, and a federal election. Results from each may impact the operation and planning at the university to some degree and Royal Roads will need to continue to monitor and adjust priorities and activities accordingly. The province also announced a decrease in student-loan interest which will affect the affordability of higher education in BC.

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[2] STEEP: social, technological, economic, environmental and political

[3] BCBC. (July 2019). https://bcbc.com/media/business-council-of-b-c-releases-latest-b-c-economic-review-and-outlook

[4] RBC. (September 2019). *Trade Clouds Cast Shadow Over Some Provincial Economies.* http://www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/provfcst-september2019.pdf

STRATEGIC INITIATIVES

KEY PRIORITIES

From the findings of the visioning exercise and business planning process, five key priority areas have emerged:

- Undergraduate programming (including West Shore initiative)
- International strategy (including recruitment strategy, i.e., Study Group)
- Leveraging technology (including ERP and website presence)
- Research excellence (including development of a three-year research strategy)
- Equity, diversity and inclusion (including "conciliation")

Undergraduate programming

The university will design and implement first- and second-year programming to serve the growing needs of the West Shore and enhance pathways into Royal Roads' undergraduate programs.

West Shore Initiative
At the time of drafting this plan, the comprehensive business case analysis of the West Shore Initiative is being finalized and prepared for submission to the Ministry of Advanced Education, Skills and Training. The assumptions underpinning this *Five-Year Business Plan* do not reflect an allocation of the university's accumulated surplus that would be required to enable the purchase of a site for a new West Shore campus. As well, the operating assumptions in the business plan have not been adjusted to reflect the academic program development and delivery costs for the quick-start and ongoing program requirements. Royal Roads will continue to liaise closely with the key stakeholders in this initiative to meet the Ministry's cross-institutional collaboration objectives in addition to working directly with the government to manage financial requirements (capital and operating) and expectations as the West Shore Initiative advances.

There is a clear need and demand for first- and second-year post-secondary education options in the West Shore, particularly for university courses. The transition rates of high school graduates demonstrate a clear opportunity for improvement. There is underlying demographic data and labour projections that indicate some adults currently participating in the work force may need re-training in order to be qualified for the jobs needed to be filled in the near future. A potential new West Shore campus presents a tremendous opportunity for the provincial government to invest in an important solution that addresses a local post-secondary education challenge, and to create a new, innovative template for the future of post-secondary education delivery in the province. Working in partnership with municipalities, Indigenous communities, School District 62, the BC government and other post-secondary institutions, there is the potential to develop a facility that would enable local students to enroll is both Royal Roads University programming and take courses from other participating PSE institutions.

Royal Roads University's proposal for the prospective new campus is not to simply do more of what already exists in a new location. The traditional "banking model" of education where students are passive consumers of information expected to memorize and reproduce what they have been taught, may not work for all students from all backgrounds. The academic curriculum designed for the West Shore campus would embrace Challenge-Based Learning (CBL) and blend it with Design Thinking as its core instructional strategy.[5] Students in this program will

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[5] CBL is a collaborative, multidisciplinary approach to education in which faculty and students work together to learn about compelling issues and problems and propose and publish solutions that openly leverage the technology they use every day. Design Thinking is a human- centred approach that disrupts the rush to problem solving by engaging a process that builds empathy for those experiencing the challenge and seeks divergent and innovative solutions.

have a fundamentally unique educational experience, beginning with the identification of a large-scale challenge and followed by the application of their knowledge of the foundational skills they learn to identify solutions for real-world issues. Rather than dictating information at students, instructors will guide students along an iterative process designed to cultivate their power, agency and capabilities as changemakers. This program will enable students to embrace and function with competency and confidence in a changing world and become changemakers for a civil society. It will help to create pathways to in-demand skills and talent.

Royal Roads University has generated an uptake model applying relevant information about the opportunity against a range of assumptions based on each segment of potential students. Based on current data and assumptions, enrolment is expected to begin at 21 students in 2020, grow to 163 by 2024 and level out around 460 students from 2029-2034.

The proposed opening of a new, interim campus is fall 2021. This is based on an aggressive timeline that requires prompt government reviews and approvals, stakeholder collaboration, procurement processes, design deadlines, establishment of the permanent, long-term campus and construction of a purpose-built facility. Additionally, the university is currently contemplating a prospective "quick start" to the program that would see the first intake into the CBL program begin a year earlier in fall 2020 at the existing Royal Roads campus. Planning and construction of a West Shore campus would start in the fall of 2020 with a targeted opening date in fall 2023.

International strategy

Enhancing the qualifications of the international student
To better align with the university's Learning, Teaching and Research Model (LTRM), the Professional and Continuing Studies unit will develop and implement a five-year business plan for English language support to international students that is currently being delivered by Study Group.

Advancing enrolments through business development
Royal Roads is developing a three-year international strategic plan that determines the focus regarding areas of international opportunities for domestic students, faculty exchange, offshore strategy and partnership selection. Offshore programs will ensure academic, reputational and financial viability through carefully selected partnerships.

Increasing diversity through internationalization
With the transition of international recruitment from Study Group to the university's inhouse structure, the focus will be on maintaining and/or improving enrolment targets, student quality/fit, and value to the university.

Leveraging technology

Technology (Learning, Growing, Protecting)
The information systems technology plan is designed to focus on supporting the business strategy through technology. Royal Roads will continue to sustain and improve the university's technology through active management and technology evergreening and evolution. The ongoing operations and evolution of the university's technology will respond to and support this *Five-Year Business Plan,* the learning and teaching strategy, and the university's 25-year strategic direction.

Website presence renewal
Over the next five years, Royal Roads is committed to integrating solutions and tools that support its full lifecycle of enterprise digital-communication needs. The Digital Communications Platform (DCP) program will ultimately create a platform that is an integrated collection of solutions, tied together through common user interface, branding, content-management strategies and, most importantly, governance.

The $4.0M Web Presence Renewal Project is the first initiative prioritized and approved to concentrate on the revitalization of the university's website as a core element of the DCP. This project aims to support efforts to increase student conversion rates by providing improved communications and accessibility to marketing and core

service functionality on mobile devices. Student, employee, alumni and other user experiences and connectivity, as well as productivity, will be enhanced with consistent online access to information, services and support, maintaining Royal Roads' reputation as a digitally forward-thinking institution.

Research excellence

Development of a three-year research strategy
Research is intrinsic to Royal Roads' mandate, with over two thirds of its students engaged in applied research projects as part of their program of studies. As a primarily graduate university, Royal Roads is fully committed to an interdisciplinary research agenda supported by membership in The Research Universities' Council of British Columbia (RUCBC). Faculty research focuses on influencing practice and profession, and is used in the classroom for learning. The university's Canada Research Chairs focus their research in the areas of sustainable research effectiveness, sustainable entrepreneurship, and innovative learning and technology. Research leads to discovery, which informs teaching to ensure the university is always at the forefront of learning and change.

Continuing to build the university as an applied research institution
As one of the six research universities in the province of British Columbia, Royal Roads is committed to the support and promotion of research by its faculty, staff and students. Royal Roads strives to cultivate a leadership role in the areas of research quality, research effectiveness, and in inter- and transdisciplinary research. Intrinsic in the Royal Roads mandate, research is use-inspired, and contributes to change in peoples' lives and in the world. The university supports a scholar-practitioner model, enabling faculty and students to address concrete issues and topics. Royal Roads seeks to develop scholar-practitioner abilities in students, ensuring that they are skilled in both the production and use of knowledge.

Equity, diversity and inclusion

Equity, diversity and inclusion (EDI) initiatives carry great value for individuals, the university and the future. As cultural-change institutions with research, teaching and community-engagement mandates, universities are uniquely positioned to affect national and international conversations. They are the place where tomorrow's influential professionals are trained and educated. Royal Roads takes seriously its responsibility to foster intercultural understanding and connection, to be a catalyst for EDI and to recognize that at this university, everyone counts.

Over the next five years, Royal Roads will strengthen its EDI commitment, guided by the purpose of employment equity aligned with other universities across Canada, the BC Public Service *Diversity, Inclusion and Respect Action Plan*[6] and the Canada Research Chairs Program's *Equity, Diversity and Inclusion Action Plan*.[7]

Another dimension of EDI at Royal Roads will reflect the university's commitment to true reconciliation. Royal Roads is strengthened through its diversity of ideas and is committed to listening to and learning from surrounding communities. The university will connect with First Nations across the province, translating its intentions for meaningful reconciliation into actionable steps.

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[6] https://www2.gov.bc.ca/assets/gov/careers/about-the-bc-public-service/diversity-inclusion-respect/diversity-inclusion-text-only-plan.pdf
[7] http://www.chairs-chaires.gc.ca/program-programme/equity-equite/action_plan-plan_action-eng.aspx

FIVE-YEAR INITIATIVES AND OUTCOMES

To ensure a strong, sustainable future, Royal Roads must have in place the right people, appropriate tools, efficient processes, and the physical and technological infrastructures. With these priorities in mind, the university will pursue the following five-year initiatives and outcomes developed collaboratively and in consultation with organizational units across the campus.

PROGRAMS

Royal Roads continues to offer relevant and applied interdisciplinary programs and research that respond to the needs of aspiring and experienced professionals. The *Learning, Teaching and Research Model* (LTRM), reviewed and updated in 2018, is central to the university's work and reflects its core values. The university will continue to develop programs and services that meet the needs of and support Royal Roads students and alumni, the BC labour market and the university's internationalization strategy.

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
Programs	Growth - lead change and advance demand-driven growth in high-quality, effective education and research that contribute to economic productivity, social advancement and environmental sustainability	Strengthen and diversify revenue base through strategic growth, both domestically and internationally, while meeting contribution	Increasing requirement to strengthen revenue base	Create sustainable enrolment in existing programs and growth in new programs	1 – Launch two new programs per year, continue to grow existing programs and identify/evaluate program lifecycle position 2 - Develop a new strategic and business plan for Professional and Continuing Studies including English language training for international students 3 - Redesign undergraduate programming to include first and second year programming
			Demand for international diversity	Expand the diversity of programs, delivery methods and student services to attract a diverse range of international students and add value to their experience	4 – Review and enhance RRU's internal capability for domestic and international enrolment management
			Enhancing student experience through diversity	Increase enrolments and diversity in the classroom	5 - Develop and implement a fully mobile responsive website through the Web Presence Renewal Project 6 - Implement an integrated digital brand campaign
	University of Choice - for relevant applied and professional education providing continuous opportunities to learn and transform lives and careers	Relevant applied and professional high-quality, high-value education and research providing continuous opportunities to learn and transform lives and careers	Strengthen research prominence	Uphold research ethics, academic integrity and compliance	7 - Develop a research strategic plan in alignment with Tri-Council requirements and Canada Research Chairs program

Figure 2. Summary of key program initiatives, 2019-2024

1. Program growth and diversification

While student FTEs are expected to remain relatively flat through the current planning period, the university will focus its resources on the redesign of undergraduate programming, development of an updated internationalization strategy and a new strategic plan for Professional and Continuing Studies programs and courses, and strategic enhancements to its research excellence. By supporting and enabling these efforts to be successful, the university positions itself for long-term growth and diversification. The enterprise priorities described in this plan will also be moved forward.

2. Strategic plan for Professional and Continuing Studies

During the planning period, the university will capitalize on continued growth in contract training, language training and continuing studies. It will prioritize growth in professional laddered (micro-credentialed) credit and non-credit programming related to Royal Roads' key areas of expertise. A new strategic plan for Professional and Continuing Studies will be aligned with a marketing and recruitment plan that targets growth offerings and an expanded client base in contract training.

3. Undergraduate programming redesign

Within the framework of a redesigned undergraduate program, Royal Roads anticipates two significant initiatives to unfold during the planning period. Firstly, it will not renew the contract with Study Group that offers programming and support to international students and expires August 31, 2020. As such, the university has already begun to revise its strategy for international enrolment and support. The targeted outcomes are to enhance English language training and improve alignment with the Royal Roads LTRM. Secondly, and in parallel, the university will continue to pursue the introduction of the challenge-based learning model and capitalize on this innovation to further develop the plans for a West Shore campus. All outcomes of the effort to redesign undergraduate programs are expected to respond to market needs, while contributing positively to the quality of academic programs and the learning experience of students.

4. Enrolment

In addition to managing the volume of student FTEs over the next five years, Royal Roads' student mix will be an area of focus with the aim of achieving a 70/30 domestic/international mix. Continued growth in graduate-level programs designed for international markets and the redesign of undergraduate programming will contribute to targeted outcomes. At the same time, growth in the professional and continuing studies program area is expected to continue at an accelerated rate, having an overall positive impact on student pathways.

5. Web presence renewal project

Through the lens of a strategic program identified as the digital communications platform (DCP), the university will integrate solutions and tools that support the full lifecycle of enterprise digital communications needs. Stakeholders will receive information in their preferred way and on their preferred device. Rather than a single website, the new platform would ultimately be an integrated collection of solutions tied together through common user interface, branding, content management strategies, and most importantly, governance. A significant capital investment in Royal Roads web presence has been prioritized for the planning period.

6. Integrated digital brand campaign

The university will optimize its segmentation campaign and marketing strategy and introduce a brand campaign that is focused on four different segments. Segmentation will assess prospects based on their motivations for attending post-secondary as well as understanding their barriers. Supported by the findings of a market-share study, a distinctive "always on" media approach will be designed to target prospect decision-making. The campaign will capitalize on the university's investment in the web presence renewal to build awareness about Royal Roads, feature individual program streams, and seek to increase the volume of highly qualified prospects and associated conversion rates.

7. Strategic plan for research

Applied and relevant research initiatives are core to Royal Roads' academic program. During the planning period, the university will develop a new strategic research plan that aligns with the overarching objectives of the university's growth and diversification strategy, operationalize the "R" (Research) in the LTRM, incorporate the ideals of the Royal Roads' Ashoka U Changemaker Campus designation, showcase the research done by faculty and students including an emphasis on EDI, and focus on research quality. Research excellence will also be supported by the planned launch of the Cascade Institute at the university.

PROCESS

The strength of Royal Roads' financial model underpins the university's success and is distinct in the post-secondary sector. Going forward, Royal Roads must continue to think like an enterprise and adhere to high levels of integrity; namely, to strive to be efficient (cost-conscious), accountable, performance-management driven, risk-smart, service-oriented, collaborative and respectful. Core to all its academic program offerings and operations, Royal Roads continually responds to the demands of the marketplace and the needs of its students. The university's opportunities for growth are intrinsically tied to its financial strength.

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
Process	Financial Sustainability - a financially sustainable, high-performance organization	Guided by a strategic plan with sustainable and affordable growth in each academic business segment, ensure revenue and cost relationships are maintained and support costs are managed in relation to margin growth	Operational efficiency	Improve student and employee service through operational efficiencies	8 - Develop and implement the Enterprise Resource Planning (ERP) for the new student information system and business applications 9 – Create more efficient and effective frameworks for timetabling, experiential learning, academic organization, evaluation of teaching and learning
			Resiliency and effective risk management	Ensure critical operations continue to be available	10 - Enhance campus-wide business continuity plan to ensure an effective response to significant incidents and emergencies

Figure 3. Summary of key process initiatives, 2019-2024

8. Develop and implement enterprise resource planning (ERP)

To prepare for the future, Royal Roads will take a program approach to completely renewing its enterprise resources that affect core business systems (financial, student information, human resources). The program will evolve the university's systems and business processes in order to increase system capabilities and re-focus operational capacity. This will position operational units to mature capabilities and thereby meet the university's fundamental goals: to grow student enrolment and enhance the student experience. At the completion of this renewal initiative, key benefits realized will include improvements to the student experience, university operations, internal controls and asset safeguarding, and system functionality.

9. Academic organizational framework

With the objective of enhancing the student experience, during the planning period the university will create an organizational framework to support the delivery of academic programs and ultimately, to improve the provision of

student services. An element of this initiative will be a review and update to the academic organizational structure and alignment of associated operations and services to achieve a refreshed level of effectiveness and efficiency.

10. Enhance campus-wide business continuity plan

Any form of stoppage to critical operations demands an effective response. Over the next five years, Royal Roads will develop and test a fully documented business continuity plan recognizing that core operations must be continuously delivered while minimizing interruption and mitigating associated risk. A best practice approach will ensure that all elements of the organization are reflected in the business continuity plan and that relevant university leaders and business units are fully aware of how the plan may affect their work. A supporting communication and engagement plan will ensure that all parts of the organization are aware of their contributions in terms of sustaining the plan's relevancy and their readiness to take action as and when needed. Royal Roads will strengthen its position around business continuity planning in alignment with the enterprise risk maturity model, improve overall organizational efficiency, and identify the relationship of assets and human and financial resources to core operations and deliverables.

PEOPLE

Royal Roads University is committed to continuing to build a high-performing environment for its students and employees that is engaging, diversified and inclusive. Using an integrated human resources strategy, a regenerative work culture approach reflects transparency, empowerment and trust needed to attract and retain employees that contribute to the organization's goals and objectives.

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
People	Workplace of Choice - supporting professional and personal success	An engaged, inclusive and caring workplace that supports professional and personal success and effectively advances Royal Roads' strategic objectives	Workplace of Choice	Improve leadership and management skills, enhance employee well-being and strengthen employee relations	11 - Develop and implement the U-Learn Framework
				Create culture of high performance and customer focus	12 - Develop an action plan to respond to employee engagement satisfaction
	Diversity - Help shape thriving communities through diversity and reconciliation	A university committed to appreciating, acknowledging and celebrating the diversity of its students, faculty and staff	International importance of human rights and need for collective, positive change around diversity and reconciliation	Development and implementation of an Equality Diversity and Inclusion strategy and engagement strategy all stakeholder communities	13 - Using results from the EDI survey, develop and implement plans to strengthen EDI commitment within Royal Roads University community; participate in the Equity, Diversity and Inclusion Action Plan for the Canada Research Chairs Program

Figure 4. Summary of key people initiatives, 2019-2024

11. Employee learning (u-learn) framework

The Employee Learning Framework is the result of a multi-year project informed by the work of the organizational Leadership Development Ad Hoc Committee in 2015. With this framework now in place, the university is well positioned to take the next steps in its strategy to develop its employees, especially those in formal leadership roles, and creating a culture of high performance.

12. Employee engagement action plan

A top priority at Royal Roads is to foster a culture of high performance and customer service. The university will develop an employee engagement action plan that includes assessing organizational engagement (e.g., cultural values assessment survey); developing and implementing a new, online employee orientation program; and continuing to build a proactive relationship with the university's unionized employee groups (i.e., RRUFA and CUPE Local 3886).

13. Equity, diversity and inclusion commitment

The university will meet its commitment to EDI by completing the *Everyone Counts-RRU's Equity, Diversity and Inclusion Survey* and by developing and implementing a training plan that includes resources that will later inform EDI policies and practices. Findings from the EDI survey will guide efforts in gauging and sustaining the participation of and addressing the underrepresentation of individuals who identify as women, persons with disabilities, Indigenous Peoples, members of visible minorities, sexual minorities, and gender minorities.

PLACE

Historically, the land upon which Royal Roads operates was where the people of Coast Salish heritage gathered. It was called *Teechamitsa*—a place devoted to creating a common good through the growing and gathering of herbs for medicine. This was where they reflected on change and ways to support community needs and aspirations: a place of learning. Royal Roads is respectful of this location. Learning is enriched by the university's strong commitment to the land and to preserving nature. Situated on 565 acres that include old-growth forests, world-class gardens, a migratory bird sanctuary and stunning views of mountains meeting the ocean, the campus is truly a place where powerful learning experiences are often just a walk-in-the-woods away.

Guided by the 2019/20 *Five-Year Business Plan,* the university will continue to make a substantial and long-term investment in campus capital infrastructure and align with its goal to be a sustainable steward on the Royal Roads' lands. Over the next five years, the university will continue to leverage the value of the physical and virtual campuses in support of the Royal Roads mission; Learning, Teaching and Research Model; business imperatives; evolving student population; sustainability and greenhouse gas emission targets; and relationship and accessibility to the surrounding community. Capital initiatives will optimize existing facilities and outdoor spaces, and vertical and horizontal infrastructures, and create new and innovative spaces to meet the needs of current and future academic program. In addition, improved disaster recovery capacity will underpin a focus on enhanced business continuity planning and have a positive impact on technology (infrastructure and systems).

Anchors	Goals	Objectives	Drivers	Outcomes	Initiatives
Place	Sustainable Stewardship - A leader in sustainable stewardship which meets the needs of the present without compromising the ability of future generations to meet their own needs	An organization respectful of its location, with appropriate and sustainable infrastructure and technology for its campus and online environments, which effectively advances Royal Roads' strategic objective	Investments in future sustainability	Support university growth and optimize space utilization	14 - Develop a long-term campus plan in alignment with enterprise objectives
			Institutional sustainability	Improve disaster recovery capability to ensure business continuity and continue to improve the performance of the university's technology	15- Create an offsite virtual data centre and initiate multi-year implementation of cyber-security controls identified in the Centre for Internet Security framework
			Sustainable future	Foster a resilience-aware culture	16 - Develop a framework for a multi-year climate mitigation and adaptation plan

Figure 5. Summary of key place initiatives, 2019-2024

14. Long-term campus plan

Royal Roads will develop a long-term campus plan that aligns with the emerging long-term university vision and considers the requirements of the campus and the infrastructure of a growing and modern institution. Strategically positioned in relation to the land acquisition process, the university will pursue its objectives to acquire a campus footprint at Royal Roads in conjunction with the West Shore initiative and in relation to anticipated residential growth of south Colwood.

15. Creation of a virtual data centre

During the planning period, the university will create a virtual data centre that focuses on enhancing its disaster recovery capabilities and will continue to concentrate on cybersecurity. Outcomes of this initiative will be to mature information technology operations, reduce risk, and include a critical level of redundancy and control systems that promote business continuity.

16. Multi-year climate mitigation and adaptation plan

In addition to work underway through the carbon neutral action framework, the university is prioritizing climate mitigation and risk management within the lifecycle of this *Five-Year Business Plan*. With this in mind, Royal Roads is taking steps to proactively address the climate crisis and considering sustainability initiatives that make the organization more resilient. The multi-year plan will outline strategies and identify actionable steps to enable the university to mitigate and adapt to the changing climate.

PROFILE

Over the next five years, Royal Roads will actively engage audiences and build a strong, elevated profile for the president and university. By strategically amplifying the story of the university's successes and its unique value proposition to key target audiences, Royal Roads will positively impact enrolment and public perception. This work will entail:

- Preparing and deploying an annual communication strategy that includes implementation of communications around reconciliation, land acquisition, the climate crisis, and the proposed West Shore campus
- Promoting the university's refreshed vision and initiatives to celebrate Royal Roads' 25th anniversary
- Providing tactical support and management for emergency communications at the university

Anchor	Goals	Objectives	Drivers	Outcomes	Initiatives
Profile	Strong Reputation - A university with strong partnerships, supportive to our alumni and the communities we serve	A university strongly supported by and engaged with its students, alumni, donors, government, business and other partners and communities it serves	Need to engage community and amplify the university's profile and message	Actively engaged audiences and a strong profile for the president and university	17 - Provide strategic communications programs and services that elevate and amplify the university's profile and message 18 – Continue to develop the annual fund major gifts and planned-giving programs and synergize with annual alumni appeal
			Continue to promote strong connection with our alumni	Alumni population that promotes and supports Royal Roads in various ways	19 - Grow the online Connect platform and operationalize an annual alumni fundraising appeal
			Advance conciliation and mutual understanding	Lead external relations and public affairs activities with First Nations communities	20 – Advance negotiations for ensuring the respective interests of Songhees and Esquimalt Nations and the university on the Royal Roads' lands

Figure 6. Summary of key profile initiatives, 2019-2024

17. Celebrating 25 years as a public university

In its next phase of growth, with a refreshed vision, Royal Roads will implement several community engagement touch points. The 25th anniversary of the university will serve as an excellent engagement tool that welcomes the larger community into the celebration and recognizes our unique contribution to the community at large.

18. Mount major gifts campaign in year five of business plan

The next four years will focus on building an annual fund appeal to engage alumni, faculty, staff, ex-cadets and community donors. The goal is to prepare the donor pipeline for a major gift focussed campaign in 2023/24. Efforts over the past five years have restored the advancement space in preparation for this new work. It is necessary to develop a vibrant annual fund appeal that attracts donors to Royal Roads and nurtures major gifts and planned-giving programs.

19. Actively engage alumni to support and promote Royal Roads

Royal Roads will advance its alumni relations through information gathered from recent engagement surveys. All strategies will focus on creating strong, lasting ties and close contact between alumni and their university. There will be increased engagement with alumni to foster connection, support, learning and inspiration.

20. Land acquisition

To ensure that the university realizes current and future land needs, relationship-building and communication of Royal Roads' long-term plans will continue with the local First Nations, federal government and other relevant parties central to the disposition of the Royal Roads lands. Aligned with its commitment to equality, diversity, inclusion and reconciliation, and consistent with the framework agreements signed under the land acquisition file with the Songhees Nation (2018) and the Esquimalt Nation (2019), the university will sustain its commitment to deepening its relationships with these Coast Salish Indigenous communities. The priority will be to develop a series of interim and definitive agreements during the first half of the five-year planning period.

The land acquisition process may be impacted by the outcomes of both the federal and provincial elections (2019 and 2021, respectively). Activity levels on the land acquisition file are expected to continue at a high level for the foreseeable future as the disposition process moves forward.

In terms of the financial planning implications of the land acquisition file, the financial model of the five-year business plan has not currently allocated a contribution from the university for the possible purchase of the desired

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campus footprint. The university will continue to liaise closely with the Ministry of Advanced Education to manage financial requirements and expectations as outcomes of the disposition process begin to crystalize.

FINANCIAL MODEL

FINANCIAL PLAN TO 2023/24

Royal Roads has translated its strategic goals and actions into a high-level business model to determine the financial implications of the proposed growth and diversification strategy. The updated business model reflects the 2019/20 forecast and projections for 2020/21 to 2023/24.

Table 2. Income statement, 2019-2024

Income Statement Five-year Projections ($000s)					
	2019/20 Forecast	2020/21	2021/22	2022/23	2023/24
		Projections			
Revenues					
Tuition and Academic Revenue	$ 45,379	$ 49,496	$ 50,826	$ 53,110	$ 56,192
Provincial Operating Grants	20,555	21,427	22,317	23,225	24,150
Other Revenue	11,116	11,591	12,623	12,755	12,957
	77,050	**82,514**	**85,766**	**89,090**	**93,299**
Expenses - Operating					
Labour					
Salaries & Benefits	44,395	46,774	48,321	50,239	51,673
Contracted Services	9,310	10,225	10,758	11,290	12,070
Total Labour	53,705	56,999	59,079	61,528	63,743
Non-labour	16,976	18,169	19,285	19,674	20,428
Amortization	3,851	4,416	5,054	5,854	7,140
	74,532	**79,585**	**83,418**	**87,056**	**91,311**
OPERATING INCOME	**2,518**	**2,929**	**2,349**	**2,033**	**1,988**
Cost/Revenue Ratio	*96.7%*	*96.4%*	*97.3%*	*97.7%*	*97.9%*
Operating Investments	825	825	825	825	825
NET OPERATING INCOME	**$ 1,693**	**$ 2,105**	**$ 1,524**	**$ 1,209**	**$ 1,162**
Cost/Revenue Ratio	*97.8%*	*97.4%*	*98.2%*	*98.6%*	*98.8%*

FINANCIAL FORECAST FOR 2019/20

The 2019/20 annual forecast is projected to be $1.7M, representing a decrease of $103K or 5.7 per cent from the original plan of $1.8M approved by the Board of Governors. Revenues are anticipated to be below plan by $589K as a result of projected decreases in domestic enrolments in onshore programs. Anticipated net savings in labour costs, non-labour costs and amortization expense totaling $487K will partially offset the shortfall in revenues and result in a slight decline in the net operating income of $103K.

Operating income and net operating income

The university's operating income will increase from $1.7M in 2019/20 to $2.1M in 2020/21 and then decline thereafter below the pre-2019/20 level. Increased enrolments in the international-focused program (specifically, the Master of Global Management) will drive the increases in operating income in 2020/21. Additional operating income from recently launched programs, new programs and the revision of the academic programs will add to the operating income from 2021/22 to 2023/24. It will be offset by a higher amortization expense on capital assets that

brings the operating income down to $1.5M, $1.2M and $1.2M, respectively, in those years. The operating income cost/revenue ratio is forecast to increase from 96.7 per cent in 2019/20 to 97.9 per cent by 2023/24.

Figure 7. Operating and net operating income, 2016-2024

Operating investments remain constant at $825K from 2019/20 to 2023/24, a decrease from earlier years as technology expenditures shift from operating investments to capital. The net operating income cost/revenue ratio is forecasted to increase from 97.8 per cent to 98.8 per cent by 2023/24.

Revenue

Revenue includes tuition and academic revenues, a provincial operating grant, and other revenues. It is expected to reach $93.3M by 2023/24. Revenues are expected to grow by $4.1M (5.3 per cent) per annum on average between 2019/20 and 2023/24, compared to $4.8M (7.7 per cent) per annum on average for the previous three years. The lower growth rate in provincial operating grants from 2019/20 to 2023/24 results in more reliance on tuition and academic revenues, and ancillary revenue over the next five years. The tuition and academic revenues will average 59.6 per cent of the revenue between 2019/20 and 2023/24. The provincial operating grants and other revenues will average 26.1 per cent and 14.1 per cent of revenue, respectively.

TUITION AND ACADEMIC REVENUE

Onshore programs
The revenue from onshore programs is expected to grow $8.5M from $41.6M in 2019/20 to $50.1M in 2023/24 resulting from:

- Mature program revenue is forecast to grow from $27.2M to $29.0M, but it represents a smaller proportion of the overall onshore credit program revenue (declining from 65.3 per cent to 58.2 per cent between 2019/20 and 2023/24).
- Future, new and recently launched program revenue is forecast to grow from $1.9M to $4.9M (increasing from 7.2 per cent to 9.8 per cent of onshore credit program revenues) with significant growth coming from the recently launched Doctor of Business Administration, Master of Arts in Justice Studies, and planned revision of the Bachelor of Business Administration programs as well as new programs to be developed over the five years.
- International-focused programs (including Master of Global Management) are expected to account for approximately 30.2 per cent to 33.9 per cent of the onshore program revenue over the five years (averaging 32.5 per cent per annum).

- Tuition and fee increases are assumed to increase at a rate of 2 per cent annually (8.2 per cent from 2019/20 to 2023/24), consistent with current government policy.

Offshore programs
Several offshore programs will be retired by 2021/22, resulting in revenues steadily declining each year from $800K in 2019/20, to $600K in 2020/21, to $200K in 2021/22. An international strategy is being developed to address future opportunities.

Student FTEs
The student FTEs are expected to remain relatively flat from 2019/20 to 2023/24.

Table 3. Student FTEs (credit programs), 2016-2024

Student FTEs - Credit Programs								
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Actual		Forecast		Projections		
Student FTEs								
Onshore - Domestic	2,168	2,155	2,062	2,143	2,114	2,123	2,186	2,285
Onshore - International	485	441	577	814	961	940	951	967
Offshore - International	302	314	237	274	171	86	-	-
	2,955	**2,910**	**2,876**	**3,230**	**3,245**	**3,149**	**3,137**	**3,252**
Program Student Mix								
Domestic /International	82/18	83/17	78/22	73/27	69/31	69/31	70/30	70/30

The student FTEs will continue to grow between 2018/19 and 2020/21 primarily as a result of an increase in international students in the Master of Global Management program, resulting in a lower domestic/international student mix in the credit programs. The domestic/international student mix is forecast to increase slightly between 2020/21 and 2023/24 up to 70/30 as a result of developing the undergraduate programs (Bachelor of Business Administration) and increased domestic enrolments in the Doctor of Business Administration and Master of Arts in Justice Studies.

Professional and continuing studies
Professional and continuing studies revenues are projected to grow from $3.0M in 2019/20 to $6.1M by 2023/24 as a result of English language courses for international students (transitioning from International Study Centre) and a growth rate of 12 per cent per annum in other programs.

PROVINCIAL OPERATING GRANT
The increase in the provincial operating grant from $20.6M in 2019/20 to $24.2M in 2023/34 (averaging 4.4 per cent per annum) relates to mandated coverage of General Wage Increase and Employer Health Tax.

OTHER REVENUE
Other revenue consists of research revenue, ancillary revenue (campus services, retail sales and student accommodation), investment income, other revenue (student fees, donations and other provincial grants) and amortization of deferred capital contributions. These revenue sources are projected to increase by $1.9M from $11.1 in 2019/20 to $13.0M in 2023/24 (averaging 4.1 per cent per annum). The increase from 2019/20 to 2023/24 is primarily related to additional annual income from the Learning and Teaching Auditorium ($0.7M), additional annual amortization of deferred capital contributions ($0.6M), additional research revenue ($0.2M), and inflationary increases on other revenue sources ($0.4M).

Operating expenses

Operating expenses exclude operating investments and include labour costs (salaries, benefits, contracted services), non-labour costs and amortization. These expenses are expected to grow by $4.2M (5.5 per cent) per annum on average from 2019/20 to 2023/24 compared to $4.8M (8.1 per cent) per annum on average for the previous three years. The lower growth from 2019/20 to 2023/24 compared to the previous three years is primarily related to salaries and benefits.

Despite the change in rate of growth, the salaries and benefits and contracted services will continue to account for between 68.3 per cent and 69.7 per cent of revenue (averaging 69.0 per cent). Non-labour costs will continue to account for between 21.9 per cent and 22.5 per cent of revenue (averaging 22.1 per cent). Amortization will grow from 5.0 per cent of revenue in 2019/20 to 7.7 per cent of revenue in 2023/24.

LABOUR COSTS

Labour costs consist of salaries and benefits and contracted services. Labour is projected to increase by $10.0M from $53.7M in 2019/20 to $63.7M in 2023/34 (averaging 4.7 per cent per annum) compared to an average annual increase of 7.5 per cent in the previous three years. The years between 2016/17 and 2019/20 reflected a higher rate of increase in staff FTEs to support growing student FTEs and the impact of a job compensation review in 2019/20.

Figure 8. Total labour expense, 2016-2024

Salaries and benefits
Salaries and benefits are projected to increase by $1.8M (4.1 per cent) per annum on average from 2019/20 to 2023/24. This reflects:

- Compounded cost of living, merit adjustments and increases relating to job evaluations

- Growth (2.7 per cent) in staff FTEs (13 FTEs) from 2019/20 to 2023/24 reflects the support of changing student needs and expectations as well as the resources required to support the launch of new program initiatives.

Contracted services

Contracted services are projected to increase $700K (7.4 per cent) per annum on average from 2019/20 to 2023/24 and include support for new programs and additional resources for growth in domestic programs and Professional and Continuing Studies.

Student-to-staff ratios

Student-to-staff ratios will remain consistent between 2019/20 and 2023/24 at the following levels:

- Core and Associate Faculty–averaging 23:1
- Program Support–averaging 41:1
- Academic Support–averaging 23:1

NON-LABOUR COSTS

Non-labour costs are expected to grow by $900K (5.1 per cent) per annum on average from 2019/20 to 2023/24. Approximately $350K (2.1 per cent per annum) of the growth relates to inflationary adjustments. The remaining growth relates to additional costs as a result of additional student FTEs in recently launched programs and international programs (Doctor of Business Administration, Master of Arts in Justice Studies and Master of Global Management) and revisions to existing programs (Bachelor of Business Administration). The non-inflationary additional non-labour costs include academic and student support and program development.

AMORTIZATION EXPENSE

Amortization expense is expected to grow by $800K (21.3 per cent) per annum on average from 2019/20 to 2023/24. The higher levels of amortization between 2019/20 and 2023/24 relate to the information technology projects and the Learning and Teaching Auditorium.

OPERATING INVESTMENTS

The university will continue to invest in technology, new program development and other strategic operating investments during the five-year period. The operating investments have been reflected at $825K per year. As operating plans unfold, operating investments may need to be adjusted to achieve targeted cost/revenue ratios.

Margin Trends

Gross contribution margins consist of operating revenues less the direct and department overhead costs. The gross contribution margin percentage is expected to decrease from 39.2 per cent to 36.1 per cent despite an increase in revenue from $19.6M in 2019/20 to $22.3M in 2023/24. The decline in the contribution margin percentage reflects:

- lower margins on domestic onshore programs from increased proportions of domestic students versus international students (domestic/international student mix moving from 66/34 in 2019/20 to 70/30 by 2023/24); and
- higher portion of revenue generated from PCS with lower margins.

Net margins, which additionally include the cost of marketing, commissions, academic support and program quality, are projected to range between $1.5M and $2.2M from 2019/20 to 2023/24. The net margin percentage is projected to range between 2.6 per cent and 3.5 per cent from 2019/20 to 2023/24. The net margins decrease in 2021/22 and then recover in 2022/23 and 2023/24 due to anticipated labour savings from completion of the ERP capital project and maturing of some of the recently launched programs and revisions to existing programs.

Contribution Margins
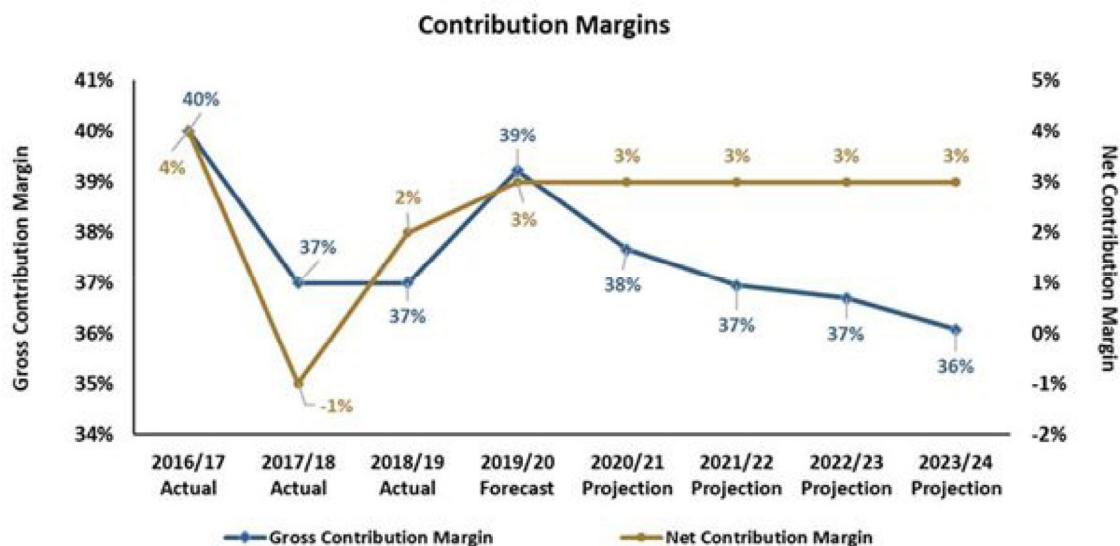
Figure 9. Gross and net contribution margins, 2016-2024

CAPITAL PROGRAM

Within the framework of an overarching capital program valued at $76.5M, **Error! Reference source not found.** provides an overview of $69.8M of capital investments by theme anticipated during the planning period.
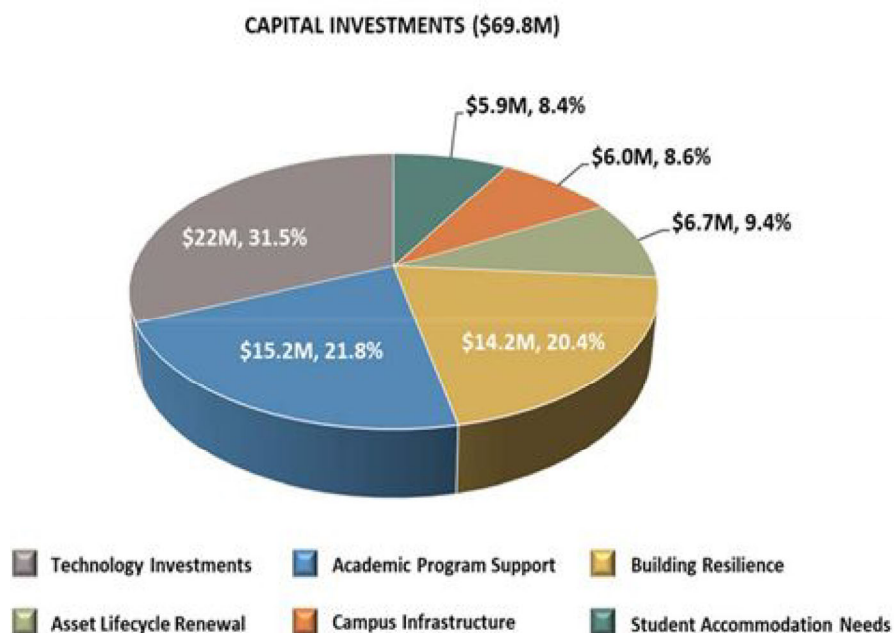
CAPITAL INVESTMENTS ($69.8M)

Figure 10. Capital investments, 2019-2024

Aligning with the focus on academic program support, the university will invest $15.2M for the Learning and Teaching Auditorium (LTA) project and the related upgrades to the adjacent recreation centre. The introduction of a 500-seat auditorium with an upgraded Recreation Centre will add value to the academic program as well as capital improvements being made to enliven the academic corridor of the west campus.

Royal Roads will continue to focus on student accommodation needs and the associated impact on the student learning experience over the coming five years and plans a $5.8M investment in this area. Through a three-pronged strategy, existing accommodation units will be refreshed during the first two years of the plan. The development of a project that would see construction of a new accommodation facility valued in excess of $10M will be advanced through analysis of relevant financing options, including a combination of contributions to Royal Roads and engagement in the provincial government's capital loan program that addresses student housing needs. The majority of financing requirements and construction activity will occur post 2023/24. Similarly, major upgrades to the Nixon building will be planned in the subsequent planning period.

Recent upgrades to campus horizontal infrastructure systems (power, data, water, drainage) will be largely completed at the end of the first year of the plan, introducing a necessary level of redundancy and mitigated risk of system failures. In support of the ongoing requirement for lifecycle management of these systems and related technological innovations, the university is committing to an annual investment of $1.0M beginning in 2021/22 once funds become available following the completion of the LTA.

In direct support of the university's desire to build resilience and ensure the long-term sustainability of the organization and campus lands, this *Five-Year Business Plan* commits to environmental sustainability and climate adaptation. It includes their impact on routine operations, and initiatives such as seismic upgrades (independent of major renovation/upgrade projects) and barrier-free accessibility for all campus users.

Royal Roads anticipates a major capital investment in its technology systems beginning in the last half of 2019/20. This investment will build on the $3.4M network infrastructure upgrades scheduled for completion at the end of the first year of the plan and it is consistent with the overarching priority on technology investments supported by this plan. Business case assessments have confirmed a $4.0M project to renew the university's web presence. This initiative will be completed by the end of 2022/23 as well as a five-year $16.8M program to renew and integrate the student management, financial and human resource systems. Investments in these core systems that support the virtual learning and enterprise business environments, are essential to the learning experience, management of the risk landscape that includes business continuity planning, and the long-term sustainability of university operations.

Finally, the university will continue to make an annual commitment to asset lifecycle renewal (furniture, all forms of equipment and vehicles), projecting a total investment of $6.6M over five years.

Table 4. Schedule of capital investments, 2019-2024

SCHEDULE OF CAPITAL INVESTMENTS ($000s)							
	Pre-2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total for 2019/20 to 2023/24
Academic Program Support							
Learning & Teaching Auditorium	1,498	9,169	4,533	-	-	-	13,702
Recreation Centre	-	300	1,200	-	-	-	1,500
	1,498	9,469	5,733	-	-	-	15,202
Student Accommodation Needs							
Visual Improvement Project		415	760	-	-	-	1,175
New Student Accommodation Development	-	-	-	-	678	3,000	3,678
Major Upgrade of Nixon Building	-	-	-	-	-	1,000	1,000
	-	415	760	-	678	4,000	5,853
Campus Infrastructure							
Nixon Sectionalizer	518	260	-	-	-	-	260
Horizontal Infrastructure Upgrades	2,477	2,733	-	1,000	1,000	1,000	5,733
	2,995	2,993	-	1,000	1,000	1,000	5,993
Building Resilience							
Commitment to Sustainability	-	-	250	250	250	250	1,000
Commitment to Seismic Upgrades	-	-	1,000	1,000	1,000	1,000	4,000
Other initiatives (including commitment to accessibility)	-	1,103	289	2,950	2,950	1,950	9,242
	-	1,103	1,539	4,200	4,200	3,200	14,242
Technology Investments - Infrastructure and Systems							
IT Network Infrastructure	2,205	1,185	-	-	-	-	1,185
ERP Program	-	1,000	3,300	5,200	5,700	1,600	16,800
Digital Communications Platform (web presence renewal)	-	1,496	1,264	902	342	-	4,004
	2,205	3,681	4,564	6,102	6,042	1,600	21,989
Asset Lifecycle Renewal							
Operating FF&E	-	922	1,382	1,382	1,382	1,485	6,553
Total Capital Investment	**6,698**	**18,583**	**13,978**	**12,684**	**13,302**	**11,285**	**69,832**

Funding sources

The capital expenditures will be funded by external sources $26.1M (37.4 per cent) and internal sources $43.7M (62.6 per cent).

Table 5. Schedule of capital funding sources, 2019-2024

SCHEDULE OF CAPITAL FUNDING SOURCES *($000s)*							
	Pre-2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total for 2019/20 to 2023/24
External Funding ($000s)	5,229	8,493	5,900	3,900	3,900	3,900	26,093
External Funding (%)	78%	46%	42%	31%	29%	35%	37%
RRU Funded ($000s)	1,468	10,090	8,078	8,784	9,402	7,385	43,739
RRU Funded (%)	22%	54%	58%	69%	71%	65%	63%

Note - The liquidation of investments required to fund the capital expenditures is less than the amounts stated above due to cash flow generated from operations

Between 2019/20 and 2023/24, net tangible capital assets will grow by $28.8M from $87.9M to $116.7M. Investments will decrease by $12.6M from $43.9M forecast in 2019/20 to $31.3M in 2023/24. The lower rate of decline in the investments is due to a portion of the capital expenditures being funded by external sources and through operations.
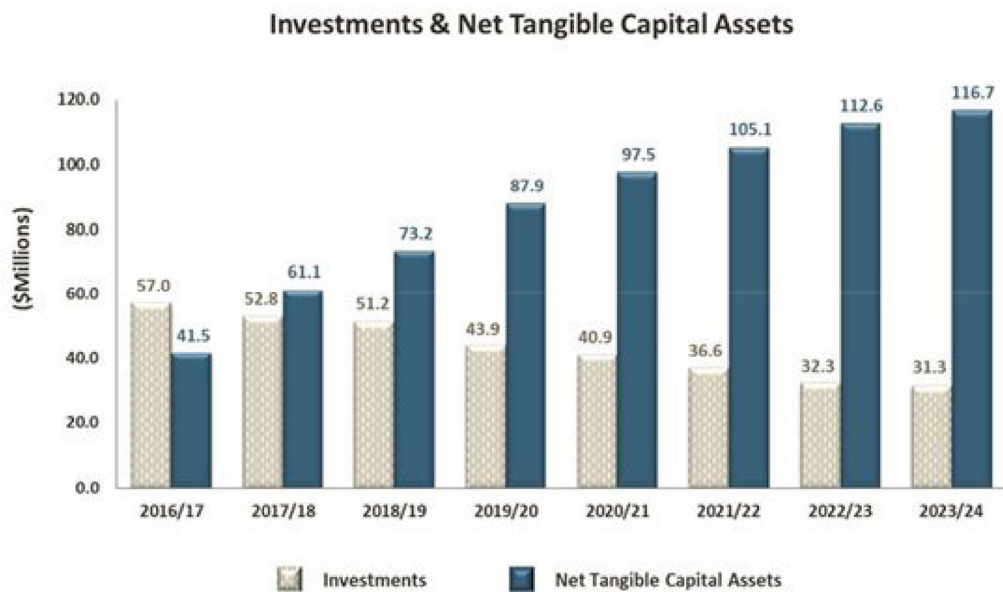

Figure 11. Investments and net tangible capital assets, 2016-2024

Financial position and cash flow

Over the next five years, the financial position of the university will remain strong. Operating results will continue to provide positive cash flow. Working capital items will scale proportionally to revenues and expenses.

RISK PROFILE

FIVE-YEAR BUSINESS PLAN RISK ASSESSMENT

Enterprise Risk Management Framework

In 2018/19, the university confirmed with the Royal Roads University Board of Governors an enterprise risk management (ERM) framework and at the highest level, articulated six key risk categories. This framework is important as it supports the assessment and mitigation of risks throughout the organization in the planning and execution of all activities.

OPERATIONAL RISK
The risk of direct or indirect loss resulting from inadequate or failed internal processes, people or systems or from external events.

ACADEMIC PROGRAM/ ENROLMENT RISK
The risk of not being able to meet performance expectations in response to labour market needs, competition and time to market.

TECHNOLOGICAL RISK
The business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise.

REPUTATIONAL RISK
The risk associated with a change in perception of Royal Roads University. Typically a second order impact or consequence of a failure to manage other risks.

QUALITY OF THE ACADEMIC EXPERIENCE
The risk of not being able to meet performance expectations in terms of academic program quality and innovation.

STRATEGIC & GOVERNANCE RISK
The risks associated with decision making for the long-term strategic direction, as well as the structure and functioning of Royal Roads, including policies, laws and regulations

Figure 12. Enterprise risk management framework

Risk landscape
The university's business planning process integrates a long-term view of risk, reflecting an enterprise perspective of risk appetite and the strategic objectives set out in the current planning period.

In order to be successful, the combination of goals, objectives and initiatives prioritized in the plan will require careful coordination and a sustainable level of energy and focus. Growth goals articulated in each segment of the plan continue to be realistic and risks continue to be manageable.

Royal Roads believes that this *Five-Year Business Plan* is achievable and will strengthen the university's foundation for long-term success.

Strategic Anchor	Risk Categories	Risks	Actions
Program	Academic Program & Enrolments	Declining enrolments	• Develop undergraduate program strategy, including West Shore • Introduce challenge-based learning model • Develop internationalization strategy
		Financial exposure impacting long-term sustainability	• Continue to align relationship between revenue and expense structure, manage contribution margins
	Quality of the Academic Experience	Declining academic program quality	• Promote research excellence • Undertake program evaluations
	Reputation	Reduced student satisfaction	• Action findings from student and program surveys
Process	Technology	Aging business systems fail or are affected by external threats; aging technology (infrastructure and systems)	• Invest in ERP program renewal (and core business systems and processes) as well as web presence renewal • Cybersecurity education and awareness
		Business continuity is compromised	• Invest in ERP program renewal • Coordinate both infrastructure and technology in an integrated capital program
	Operations	Timing and significance of capital investments and transition to operations	• Maintain strong project management and change management processes • Regular reporting to the Board
People	Operations	Insufficient management of scope, pace and complexity of change	• Adopt strategic change management strategies • Develop and coordinate workforce and project plans with appropriately resourced requirements
		Cost-revenue relationships compromised by compensation plans and associated labour costs	• Align with government compensation requirements, the university's overarching compensation philosophy and financial sustainability objectives
	Reputation	Reduced workforce engagement	• Conduct surveys and action findings • Continue to advance organizational engagement and wellness initiatives
Place	Strategy & Governance	Land disposition progress stalls	• Continued participation in the federal land disposition process • Monitor geopolitical landscape and proactively manage government relations portfolio (at all levels)
	Operations	Negative impact on student experience and organizational productivity	• Develop detailed capital asset and investment plans and align them with the realization of growth objectives and operational requirements
		Heritage, climate adaptation, and financial constraints	• Renew sustainability plan and continue climate action plan discussions • Maintain robust planning process • Adopt long-term capital plan
Profile	Reputation	Absence of effective relationships and engagement with internal and external stakeholders	• Action commitment to undertake an engagement/reputation survey and reflect outcomes in updated communications and engagement plans • Develop fundraising plans that align with long-term growth objectives

Figure 13. Summary of risks and actions

At the outset of the planning period, key categories of risk are assessed in the low to medium range (**Error! Reference source not found.**14). Execution of priority initiatives described in the plan aim to decrease risks currently identified in the technology, operations and reputation categories, while maintaining the low-medium ratings assessed against strategy and governance, academic programs and enrolments, and quality of the academic experience.

Five-year Business Plan - Summary of Enterprise Risk Assessment

Figure 14. Summary by key risk category

BOARD OF GOVERNORS
BRIEFING NOTE

MEETING: 12 December 2019

AGENDA ITEM: Board of Governors Strategic Plan

SPONSOR: Bruce Donaldson, Chair, Governance and Nominating Committee

PURPOSE: **For approval**

Discussion:
The Governance and Nominating Committee is responsible for leading the annual review of the Board's Strategic Plan. Members were asked to review the plan from 2019/20, and come to the November GNC meeting prepared to discuss potential updates. Proposed revisions have been compiled are being presented for approval to the Board of Governors.

Fit to Strategic Direction:
The Board's Strategic Plan complements the university's strategic direction, 5-year plan, and annual operating plan. It is intended to focus the board's activities on key governance responsibilities.

MOTION:
That the Board of Governors adopt the proposed updates to the Board Strategic Plan 2019/20 for 2020/21.

Attachment:
RRU Board of Governors Strategic Plan 2019/20

**Board of Governors Strategic Plan
2020/21**

Introduction:

The Royal Roads University Board of Governors is established under the Royal Roads University Act, and sets broad administrative and academic policy. It is, as well, the employer of all the employees of the University. Key responsibilities of the Board include:

- appointing the President of the University and annually assessing the President's performance;
- overseeing the development and implementation of the University's Strategic Direction;
- providing oversight to academic direction, programming and quality
- approving the five year plan and annual operating plan of the University;
- overseeing the annual budget and expenditures;
- overseeing the management of risk (both financial and non-financial); and
- supporting and fostering the development of positive relationships with the university's stakeholders, including with industry and government.

The Board may determine committees, but has two mandatory committees under the legislation: the Program and Research Council, which advises the Board on instructional and research priorities; and the Standing Committee on Appeals, which hears appeals of decisions of the President regarding student suspension or expulsion and certain matters regarding employee suspensions and faculty appointments. The Board has established a Finance and Audit Committee and a Governance and Nominating Committee in addition to the mandatory committees. The Board may also establish Ad Hoc Committees for special purposes of a temporary nature.

As noted above, the Board of Governors is responsible for approving the University's Strategic Direction and actively participates in setting the strategic priorities of the University. The Board's Strategic Plan is intended to complement the University's Strategic Direction by articulating a framework for Board of Governors performance goals, measures and priorities for the Board as it fulfils its governance and fiduciary responsibilities in support of the University.

The following list is a sample of tools, processes and activities that the Board utilizes to fulfill its responsibilities for good governance:

- Comprehensive policy and procedure manual including Terms of Reference for key positions and committees;
- Approves the President's performance objectives for the coming year;

- Performance evaluation process for the President;
- Annual Board evaluation: Board effectiveness; peer evaluation; Board Chair evaluation;
- Board competency matrix utilized in the filling of Board vacancies;
- New Board member orientation;
- Board of Governors Annual Retreat
- Annual review of RRU Strategic Direction;
- Approve the 1-Year Business Plan and monitor it on an ongoing basis; and
- Quarterly review of Key Performance Indicators.

Mission:

To provide independent oversight, guidance and strategic leadership to Royal Roads University.

Vision:

To be Canada's leader in governance of a postsecondary institution through excellence in oversight.

Guiding Principles and Values:

- Independence: Our decisions are strategic, policy oriented, fiscally prudent, free of special interests and political or partisan influence, and all in the best interests of the University.
- Integrity: We promote and exhibit values of integrity, professionalism, accountability and respect.
- Accountability: In carrying out the purposes of the university, the members of the Board of Governors must act in the best interest of the University and are accountable to each other.
- Diversity: We embrace diverse views, skills and backgrounds both on the Board and throughout the University. The Board membership should reflect a broad range and good balance of backgrounds and skill sets to best serve the University.
- Fiscal Responsibility: We advocate for the University's budget, oversee the effective allocation of resources, and ensure value for money.
- Innovation: We embrace innovation in all aspects of the university's activities to ensure that it remains relevant to current and prospective students.
- Quality: We encourage the highest level of quality possible in all programs offered by Royal Roads in order to maintain strong leadership within the post-secondary community of BC and Canada.
- Reconciliation: We recognize the value and need to include a lens of reconciliation with Indigenous Peoples in all aspects of our work.

What	How	Outputs and measurements	Strategic priorities	Priorities 2020/21
Strategic Planning				
Capitalizing on the university's unicameral governance structure, provide integrated strategic oversight to the academic and business priorities of the university.	Work with the President and Executive to derive and to validate strategic priorities on an annual basis.	Relevance and value of RRU credentials – as reflected by our students, their employers, and society.	Academic and research quality.	Monitor implementation of undergraduate approach and model.
	Advocate on behalf of RRU to the external stakeholder community and support and foster positive relationships with the university's external stakeholders.	Academic rigour.	Teaching excellence.	Annual oversight of academic programming and quality.
To set the strategic direction for RRU into the future to ensure academic excellence, appropriate growth, business success and effective stewardship of the university, the campus and the students, faculty and staff.		Annual Advisory Council Reports.	Alignment of academic programming and enrolment to support the university's financial goals and long term sustainability.	
		Annual program reviews.	Responsiveness to labour market needs and trends of BC and beyond.	Monitor follow-on work from Westshore Campus proposal.
	Approve the RRU five-year plan.	External program reviews (5yr cycle).		Monitor the implementation of the plan for the Learning and Teaching Auditorium.
To ensure that the academic programming is relevant and timely.	Ensure that issues and approvals brought to the BOG align with the strategic direction and with the five year plan.	Satisfaction surveys – academic and student support.	Maintain and enhance student and Alumni satisfaction and loyalty.	
		Annual research report.	Make RRU an employer of choice.	Review labour market needs and trends and confirm alignment with program plans going forward (through PRC)
To ensure the highest academic standards are maintained and to set the academic priorities for RRU; to ensure RRU's research agenda is appropriately highlighted.	Review and approve the Academic Plan, as well as new and significant revised programs.			
	Review and advise on applied research priorities.			
	Monitor academic performance.			

What	How	Outputs and measurements	Strategic priorities	Priorities 2020/21
Succession Planning & Development				
To ensure that the right President is in place at the right time, with the right support to ensure RRU's success. To ensure that the BOG positions are filled with members reflecting a broad and pertinent range of skills and backgrounds.	Plan for and launch a Presidential search sufficiently early to permit the hiring of a new President before the end of the term of the incumbent. Lead a transition period and create and execute an On-Boarding Plan to ensure that a new President is set up for success. Support the President's accountability for the position profiles and employment of VPs and other key officials, including BOG representation on the interview/ selection panels where appropriate.	Successful hiring of Presidential and VP candidates of choice. Broad engagement and support of stakeholder communities in Presidential role profile creation. Annual report to the board on leadership development and succession outlook. Full BOG membership.	Anticipate the departure of key members of the Executive and commence replacement search early. Anticipate the departure of members of the BOG and commence replacement search early.	Monitor the hiring and onboarding of a new VP Academic. Continue orientation of new BOG members. Support the new Chair and Chancellor in adjusting to role.

What	How	Outputs and measurements	Strategic priorities	Priorities 2020/21
Financial Oversight				
To ensure compliance with statutory requirements and to provide oversight of the University's financial performance to ensure achievement of the goals set out in the Strategic Direction document.	Maintain a balanced budget and a business focus.	Funding is adequate to ensure strategic priorities are met as established in the annual financial plan.	Monitor levels of operating reserve to ensure an appropriate level of investment.	Monitor execution of the exit strategy for the affiliate model in Asia.
	Limit expenses to a pre-determined percentage of revenues.	Enrolment targets are met and programs adjusted in accordance with enrolment.	As a guiding strategic principle, continue to promote the practice of budgeting university expenses at 95% of revenues.	Steer and monitor the progress of collective bargaining.
	Advocate for equitable and stable operation and capital funding from the Province of British Columbia.	Feasible, financially sound plans are in place for further capital development for the university and for the development of the campus, respecting the current policy on management of the in-year reserve.	Provide additional funding for capital investment from operating surplus.	
	Review quarterly progress in achieving student enrolment and retention targets.		Maintain the confidence of the Auditor General in RRU business and accounting practices.	
	Monitor outreach and fundraising activity.	Sufficient financial support is available to allow the right students to attend RRU.	Ensure a rigourous system of internal controls is maintained.	
	Set policy for the management of the financial surplus.			
	Monitor Capital Project progress and expenses.			

Board of Governors Open Session - Report from the Governance and Nominating Committee

What	How	Outputs and measurements	Strategic priorities	Priorities 2020/21
Good Governance				
To ensure an appropriate and effective level of governance.	Manage an effective committee structure to streamline and enhance the work of the BOG.	RRU is able to make timely, informed and effective decisions to manage the University.	Hold at least one BOG retreat per year, with an option for a second.	Assign members to committee positions and maintain corporate knowledge as new members adjust to the BOG.
	Ensure effective business practices are in place and followed for managing RRU affairs.	Board members are engaged, comfortable with their responsibilities, and well briefed.	Monitor the BOG performance through a periodic self-assessment.	Review BOG archives to support corporate knowledge.
	Monitor the performance of the President and provide timely and constructive feedback.	The President is comfortable with his/her portfolio and brings appropriate issues forward to the BOG for advice and decision.	Seek feedback from the President and VPs regarding RRU governance.	Fully implement the Diligent records management tool.
	Maintain up-to-date Board Member orientation packages and process.		Ensure good indoctrination of new BOG members and members of the Executive.	

What	How	Outputs and measurements	Strategic priorities	Priorities 2020/21
Risk Management				
To ensure that RRU tracks all potential risks to the University (including reputational, financial and environmental) and undertakes appropriate risk analysis and mitigation.	Establish a risk-assessment framework to identify significant risks to RRU in areas below: • Reputation, international and domestic, • Political, • Financial/legal, • Security: campus, students and staff, IT, • Program and student quality, • External environment. Measure indicators. Identify emerging risks. Periodically review the risk register for comprehensiveness.	Risks are identified or anticipated in advance so that appropriate mitigation measures are put in place. Risk areas are tracked according to their complexity and severity, and appropriate adjustments to mitigation strategies are made. The BOG is briefed at each meeting on the current risk framework with key areas highlighted.	Be prepared for a downturn in revenue by maintaining and employing a strategic financial reserve. Monitor the disposition of RRU lands. Address student housing needs of the next decade. Manage RRU reputation through the changing relationship with Study Group and other partners.	Manage and employ the risk assessment framework. Monitor government response to the business case for new Westshore Campus. Monitor refinement of student accommodation plan and its associated business case. Monitor the negotiations on the acquisition of the Royal Roads lands. Examine the potential for risk of legal action stemming from prior relationships with international affiliates.

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BOARD OF GOVERNORS
BRIEFING NOTE

MEETING: 12 December 2019

AGENDA ITEM: Draft Board of Governors meeting calendar (2020/21-2021/2022)

SPONSOR: Bruce Donaldson, Chair, Governance and Nominating Committee

PURPOSE: **For Approval**

Synopsis:
As part of the Board planning process, the Governance and Nominating Committee (GNC) provides a DRAFT committee and Board meeting schedule for two fiscal years, 2020/21 - 2021/2022. The calendar was reviewed at the November GNC meeting and is being presented for approval to the Board of Governors. The Board of Governors Master Calendar provides an overview of agenda items for each committee and Board meeting.

MOTION:
That the Board of Governors approve the 2020/21-2021/22 Board meeting calendar.

Attachment:
- DRAFT 2020/21 - 2021/2022 board meeting calendar
- Board Master Calendar

Board of Governors Open Session - Board Meeting Calendar 2020/21 - 2021/22

Board of Governors Meeting Schedule	2020-21									2021		
	2020											
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Program & Research Council 9:00am - 12:00pm		Thurs 28 May				Thurs 17 Sept		Fri 13 Nov				Thurs 04 Mar
Governance & Nominating 9:30am - 12:30pm			Thurs 11 Jun			Thurs 24 Sep		Thurs 19 Nov				Thurs 11 Mar
Finance & Audit 1:00pm - 4:00pm[1]		Tues 12 May[2]	Thurs 11 Jun			Thurs 24 Sep		Thurs 19 Nov				Thurs 18 Mar
Board of Governors												
		distribution: 06 May	distribution: 18 Jun				distribution: 01 Oct		distribution: 10 Dec	distribution: 21 Jan		distribution: 24 Mar
8:30am - 4:00pm except for May meeting: 10:00am - 11:00am		meeting: Wed 13 May[3]	meeting: Thurs 25 Jun[4]				meeting: Thurs 08 Oct		meeting: Thurs 17 Dec	retreat: Th/Fri 28-29 Jan		meeting: Wed 31 Mar
Convocation 8:30am - 4:00pm			tba					tba				

Notes:

1. lunch served 12:30pm - 1:00pm
2. Single agenda item: approval of audited financial statements; date subject to confirmation based on governent reporting deadlines.
3. One hour meeting by teleconference: approval of audited financial statements; date subject to confirmation based on governent reporting deadlines.
4. Includes the RRU Foundation AGM

Board of Governors Open Session - Board Meeting Calendar 2020/21 - 2021/22

Board of Governors Meeting Schedule	2021-22 2021									2022		
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Program & Research Council 9:00am - 12:00pm		Thurs 27 May				Thurs 16 Sep		Thurs 18 Nov				Thurs 03 Mar
Governance & Nominating 9:30am - 12:30pm			Thurs 03 Jun			Thurs 23 Sep		Thurs 25 Nov				Thurs 10 Mar
Finance & Audit 1:00pm - 4:00pm[1]		Thurs 11 May[2]	Thurs 03 Jun			Thurs 23 Sep		Thurs 25 Nov				Thurs 17 Mar
Board of Governors												
		distribution: Wed 12 May	distribution: Thurs 10 Jun				distribution: 30 Sept		distribution: 02 Dec	distribution: 20 Jan		distribution: 24 Mar
8:30am - 4:00pm except for May meeting: 10:00am - 11:00am		meeting: Wed 18 May[3]	meeting: Thurs 17 Jun[4]				meeting: Thurs 7 Oct Retreat: Wed 6 Oct 12:00pm - 8:00pm		meeting: Thurs 9 Dec	retreat: Th/Fri 27-28 Jan		meeting: Thurs 31 Mar
Convocation 8:30am - 4:00pm			tba					tba				

Notes:

1. lunch served 12:30pm - 1:00pm
2. Single agenda item: approval of audited financial statements; date subject to confirmation based on governent reporting deadlines.
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4. Includes the RRU Foundation AGM

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Board of Governors Master Calendar

	Academic Council (information only)	Program and Research Council	Governance & Nominating Committee	Finance and Audit Committee	Board of Governors	Convocation
Q1						
April		NA	NA	NA	Members to complete Code of Conduct and Conflict of Interest Disclosure Statement (annual requirement of all members - to be completed and submitted by April 30 each year)	
May	**Academic Council** (flows to May PRC)	**Program & Research Council** 1. Research - annual research report, strategy, success, collaboration (faculty and student) 2. Quality and student satisfaction measures 3. Review committee Terms of Reference, feedback to G&N 4. Chair to select a vice-chair 5. Business arising	NA	**Finance & Audit Committee** 1. Review of the audited financial statements and recommendation to the Board 2. Review committee Terms of Reference, feedback to G&N 3. Chair to select a vice-chair 4. Business arising	**Board of Governors (teleconference) (closed meeting)** 1. Approval of the audited financial statements	
June		NA	**Governance & Nominating Committee** 1. Review Board policies/guidelines related to governance 2. Succession planning (as required) 3. Chair to select a vice-chair 4. Review all committee Terms of Reference; recommend to Board for approval 5. Nominations for honours and awards 6.Business arising	**Finance & Audit Committee** 1. Prep for RRUF AGM 2. Institutional Accountability Plan & Report 3. Statement of Financial Information (SOFI) 4. Preliminary Enrollment Outlook 5. Capital Plan 6. Business arising	**Board of Governors (open, closed & in camera)** 1. Approval of the Institutional Accountability Plan and Report 2. Approval of Statment of Financial Information (SOFI) report 3. Receive the President's annual performance report performance feedback to the President 4. Approve committee Vice-Chairs 5. Business/recommendations from the Committees 6. Spotlight on the university 7. Business arising **RRU Foundation AGM & Directors meeting:** 1. Receipt and approval of the audited financial statements 2. Appointment of directors	**Convocation ceremonies & dinner**
Q2						
July	**Academic Council** (flows to Sept PRC)					
August						
September		**Program & Research Council** 1. Program reviews: annual and 5 year external 2. Academic and student support services - quality and adequacy 3. Business arising	**Governance & Nominating Committee** 1. Board self-assessment planning 2. January Retreat planning 3. Succession planning (as required) 4. Review board policies/guidelines related to governance 5. Business arising	**Finance & Audit Committee** 1. First quarter financial performance review 2. Investement Portfolio Update 3. Business arising		

Board of Governors Open Session - Board Meeting Calendar 2020/21 - 2021/22

Board of Governors Master Calendar

	Academic Council (information only)	Program and Research Council	Governance & Nominating Committee	Finance and Audit Committee	Board of Governors	Convocation
Q3						
October	Academic Council (flows to Nov PRC)	NA	NA	NA	**Retreat - optional** **Board of Governors (open, closed, in camera)** 1. First quarter financial performance review 2. Approve Board calendar for next two fiscal years 3. Business/recommendations from the Committees 4. Spotlight on the university 5. Business arising	
November		**Program & Research Council** 1. Meeting with School Advisory Council Chairs 2. Academic direction; new learning & teaching initiatives; technology; emerging trends in post-secondary education 3. Business arising	**Governance & Nominating Committee** 1. January Retreat - finalize plans 2. Succession planning (as required) 3. Review board policies/guidelines related to governance 4. Review Board Strategic Plan 5. Nominations for honours and awards 6. Business arising	**Finance & Audit Committee** 1. Second quarter financial performance review 2. External audit plan 3. Business arising	Board self-assessment tool administered, results to the Board in December or at Retreat	Convocation ceremonies & dinner
December	Academic Council (flows to March PRC)	NA	NA	NA	**Board of Governors (open, closed, in camera)** 1. Second quarter financial performance review 2. Business/recommendations from the Committees 3. Spotlight on the university 4. Board professional development opportunities 5. Board self-assessment results 6. Board strategic plan - approval 7. Business arising	
Q4						
January		NA	NA	NA	**Board Retreat (closed)** **Board of Governors (closed, in camera)** 1. Reflections on the Retreat 2. Committee assignments for next fiscal year 3. Interim performance feedback to the President 4. Business arising	NA
February	Academic Council (flows to March PRC)	NA	NA	NA	NA	NA
March		**Program & Research Council** 1. Academic Portfolio Plan 2. Review PRC terms of reference 3. Relationship with the Board; Board policies related to quality, academic integrity, research, etc. 4. Business arising	**Governance & Nominating Committee** 1. Receive President's annual goals 2. Attend to any planning required for the President's annual performance feedback 3. Review G&N terms of reference 4. Succession planning (as required) 5. Business arising	**Finance & Audit Committee** 1. Current year's year-end forecast 2. Next fiscal year Operating Plan 3. Review F&A terms of reference 4. Business arising	**Board of Governors (open, closed, in camera)** 1. Current year year-end forecast 2. Next fiscal year Operating Plan - approval 3. Approval of the President's goals for next fiscal 4. Academic portfolio plan - for approval 5. Spotlight on the university 6. Business arising	NA

PROGRAM AND RESEARCH COUNCIL

MINUTES

MEETING OF THURSDAY 14 NOVEMBER, 2019 – 9:00AM
HATLEY CASTLE BOARDROOM 315

Voting Members:	Philip Steenkamp (Chair), Steve Grundy (Vice-chair), Sage Berryman, Kathleen Birney, David Black, Doug Kobayashi
Non-voting Members:	Brigitte Harris, matthew heinz, William Holmes, Pedro Márquez
Regrets:	Mary Collins, Kathryn Laurin, Dan Perrins, Asad Shaikh
Administration:	Candice Chapple (recording secretary), Virginia Whitehead, Margot Bracewell
Guests:	Robin Cox

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1. CALL TO ORDER, ACKNOWLEDGEMENT OF THE LANDS, APPROVAL OF THE AGENDA - *M/S*
Kobayahsi / Birney   9:04am **CARRIED**

The Chair welcomed new members to council: Sage Berryman and Asad Shaikh *(not in attendance)* were assigned as Board representatives to PRC at the October Board meeting. Asad is the new student-elected member of PRC (1-year appointment began Oct 1, 2019). Asad replaces Nadine Penalagan who completed a 1-year Council term in September.

The Chair also noted that the Board renewed Mary Collins' term, as an external member of PRC, for two years (until Oct 2021); Mary has served on Council since Oct 2016.

2. APPROVAL OF THE MINUTES OF PREVIOUS MEETINGS:
Minutes of 12 Sept 2019 - *M/S Kobayashi / Birney*   **CARRIED**

3. BUSINESS/INFORMATION ARISING   **STEENKAMP**

I.   Recent Board approvals (Oct 2019)

P. Steenkamp provided members with a brief update recent on Board approvals.

- To reflect the new committee assignments, the PRC Quick Facts sheet was updated – see document contained in the materials.
- The PRC Terms of Reference, revised following approval of the Program Approval Framework at the Board meeting in June 2019, were reviewed at the September meeting of the Governance and Nominating Committee and recommended for Board approval. The Board reviewed and approved the proposed revisions; the newly approved Terms of Reference are contained in the meeting materials.

II. Status of degree approvals   **GRUNDY**

S. Grundy updated members on the status of current degree approvals.

- The MA in Executive and Organizational Coaching (MAEOC) was approved by the Board (Oct 2019) and is being prepared for submission to the Ministry. We are in the process of obtaining letters of support from other universities and organizations to include with the submission.
- The VPA and Faculty of Management Dean William Holmes met recently with Assistant Deputy Minister, Ministry of Advanced Education to inquire about the delay in approving the MSc Management program, approved by the Board in October 2017. The ADM reiterated the importance of letters of support from other institutions which is a measure taken to avoid duplication. RRU continues to work with other universities to obtain these for resubmission of the MSc. It was also clarified that letters of support are solicited from organizations when a new

program proposal addresses a specific sector, for example, the MA Executive and Organizational Coaching is soliciting for letters of support from organizations such as the International Coaching Federation.

W. Holmes has since met with several other BC PSI deans who confirm that they are also facing this challenge with lengthy DQAB review processes. To comply with the Ministry's request, a mutual, collaborative relationship across universities appears to be underway; institutions acknowledge that there is no value in developing competing programs but rather work to create programs that are profitable, and not duplicated within the provincial PSI system.

4. NEW BUSINESS

I. Rescinding policy C1030 Establishment and Review of Research Centres/Institutes
MÁRQUEZ

P. Márquez referred members to the briefing note in the meeting package and recommended that the 2007 Board Policy C1030 be rescinded as it is no longer relevant within the current structures of the university: the Centre for Non-Timber Forest Resources does not exist anymore and the Centre for Health Leadership and Research, exists in name only. It was explained that as we move toward the redesign of a new strategic plan more relevant policies will be needed in the creation of new nimble and creative research spaces. While this policy could remain in place until the new one is developed, the policy as it exists, poses a slight contradiction and no longer adds value. S. Grundy concurred with perspective noting that the policy is from a different time and different space.

M/S Kobayashi / Birney   ***MOTION: That the Program and Research Council recommend to the Board of Governors, that policy C1030 Establishment and Review of Research Centres/Institutes be rescinded***   **CARRIED**

5. REPORT FROM ACADEMIC COUNCIL   GRUNDY

I. New program: MA in Climate Action Leadership (MACAL)

The Chair explained to members that this proposal is coming to Council out of sequence of the standard approval process. Normally Academic Council reviews proposals before coming to PRC; however, that meeting is not scheduled until December 4. What is sought today is PRC's conditional approval of the program, subject to Academic Council's review and recommendation to approve. The VPA clarified that per the usual process, Curriculum Committee has reviewed and recommend this proposal to Academic Council, and only minor edits (if any) are anticipated at Academic Council.

The Chair introduced the program's architect professor Robin Cox from the School of Humanitarian Studies who shared that this graduate degree is designed for learners who wish to shift from concern to informed action to address the pressing issues of climate change. The program addresses adaptation and resilience practices and fulfils the current and emergent need for professionals working in a range of sectors to be able to integrate and apply a consideration of current and future climate realities into planning, decisions and practice. The program is focused on capacity building in sectors, communities and regions to protect built and natural resources and infrastructure, and to extend contexts and practices for the design of low-carbon resilience knowledge, policies, support systems, professional skills, and corporate and community action plans. R. Cox added that marketing it for online delivery is a more carbon-effective choice than face-to-face and in line with the program. The program area is also finding interest at an international level and is currently exploring options to offer joint-degrees.

The program is anticipated to launch in September 2020, subject to Ministry approval. An initial enrolment of 12-15 students is projected for the first intake, growing to 30 students a year at steady state. Program delivery costs in the MACAL model are slightly higher than many programs due to the number of courses that require individual supervision. Enrolment levels are estimated

based on recent program launches and timelines to achieve steady state. Faculty and staff levels are consistent with current program delivery models.

It was clarified that the international tuition fee includes a fee differential of about $6,000, which makes the University very competitive internationally at the graduate level; the fee will be tested internationally and if deemed necessary will be adjusted accordingly. S. Grundy added that the University's experiencing with offering international programs on the online/blended model is less desirable to the international market, with students opting for face-to-face that leads to an immigration pathway.

Members supported the proposal and its well-crafted curriculum. Additionally, they expressed support for leadership and action related to current global climate realities that this program addresses.

M/ S Kobayashi / Birney   MOTION: That the Program and Research Council, subject to Academic Council approval, recommend to the Board of Governors approval of the Master of Arts in Climate Action Leadership (MACAL) as a new program **CARRIED**

6. **REPORT OF THE PRESIDENT AND VICE-CHANCELLOR   STEENKAMP**

The President provided an updated on the status of the new undergraduate curriculum: The draft business case is now complete and is currently with Camosun and UVic for review (deadline Nov 21)., The business case will be reviewed by the Board in December; next steps include submission to the Ministry and Treasury Board. The initial feedback from the Ministry is encouraging.

7. **REPORT OF THE VICE-PRESIDENT ACADEMIC AND PROVOST   GRUNDY**

S. Grundy provided an update on the status of the closing the multi-year relationship with Study Group. Following lengthy negotiations it has been agreed that RRU will assume control of SG business at RRU including their employees. A full legal review of the contract and its terms is still required. K. Birney offered some advice: if assuming employees, ensure conversations with legal are clear about assuming all the legalities of that i.e. potential severance; and at what point SG employees are defined as RRU employees. The Chair thanked K. Birney for her advice.

The executive members met all day Tuesday to discuss softening of enrollments; solutions going forward have been proposed. ***ENROLLMENT TRENDS WAS NOTED AS A TOPIC FOR NEXT MEETING***

8. **Report of the VP Research, International, Marketing & Business Development   MÁRQUEZ**

P. Márquez referred members to the report in the materials package, and clarified that information pertaining to the BC Cancer Institute must remain confidential. Research Ethics Board has already done significant approval according to tri-council norms. The Chair shared that internal consultations and conversations with faculty are ongoing regarding a series of Strategic Enrollment Meetings; outcome will be brought to the Board in the Spring.

9. **STANDING ITEMS FROM PRC ANNUAL PLAN**

Meet with School Advisory Council (SAC) Chairs (*PRC/SAC Meeting Agenda reviewed*)

The Chair reviewed the questions with Council members; adding he is open for feedback/advice on the initiative. K. Birney noted it is of interest to hear from the SAC Chairs about issues that parallel, to keep things on track from a strategic perspective, noting that commonalities get missed when it's taken from a program by program basis.

10. **MEETING ADJOURNED**   *M/S Birney / Kobayashi*   **10:41 AM**

NEXT SCHEDULED MEETING – TBD (LATE FEBRUARY 2020)