Present: The Chair of Council
The Vice-Chancellor
The Deputy Vice-Chancellor
The Treasurer
Pro-Chancellor (Mrs J McAleese)
Pro-Chancellor (Ms J Unwin)
Pro-Vice-Chancellor (Professor D Smith)
Ms M Beach (SU)
Mr C Cecil
Professor A Field
Mr M Galloway
Mr R Hide
Ms R Ibrahim (GSA)
Mr J Lister

Mrs D Jagger
Dr B Szczepek Reed
Professor Q Summerfield
Mr C Thompson
Mrs C Thomson
Mrs S Wadsworth

In attendance: Registrar and Secretary, Dr D Duncan
Acting Director of Finance, Mr R Peet
Governance Officer, Dr P Evans
Pro-Vice-Chancellor (TLS), Professor J Robinson
(for M16-17/1 and 10)
Head of the Academic Support Office, Mr N Dandy
(for M16-17/1 and 10)
Vice-Chancellor’s Executive Officer, Ms H Brian
(for M16-17/7 and 8)

Apologies for absence were received from Mr G Lemos and the Director of Finance.

16-17/1 Presentation on the TEF and Institutional Pedagogy

Council received a presentation from Professor John Robinson (Pro-Vice-Chancellor/Teaching, Learning & Students) on the recently announced assessment process for the Teaching Excellence Framework (TEF) and the implementation of the institutional pedagogy.
Council noted its membership for 2016/17 (C.16-17/1) and the Chair welcomed Chris Thompson as a new lay member. It also noted its terms of reference and annual schedule of business, including the cycle of Executive Reports.

Declaration of Conflicts of Interest

Members were invited to declare any potential conflicts of interest relating to the business of the meeting. None were declared.

Minutes

The unreserved minutes of the meeting held on 22 July and 12 October 2016 were approved (C.16-17/2). Council also noted the action-schedule based on the minutes (C.16-17/3), in particular the items that were to be considered at the current meeting.

Effectiveness Review

Further to M15-16/72 (Council Effectiveness Review), Council received for information a progress report on the implementation of actions arising from its recent effectiveness review (C.16-17/4).

Estates Planning

Further to M15-16/74, Council noted that a further report on estates master-planning would be submitted to the next meeting.

Executive Report from the Vice-Chancellor

Council received an Executive Report from the Vice-Chancellor (C.16-17/5) covering, inter alia, the following areas:

- future of EU/international student numbers in context of Brexit;
- successful 2015/16 student recruitment round (11% above target);
- government plans to link charging of higher (i.e. over £6k) fees to a new requirement to establish a new state school or sponsor an existing academy;
- implementation of the recommendations from the Student Mental Health Task Group and the University’s wider role in development of local mental health services.
During discussion the following points were noted:

(a) The Russell Group (RG) was divided on the issue of establishing/sponsoring secondary schools and as such was not able to present a collective response to government on this proposal. It was noted that as most HEIs did not have the necessary experience in running schools, there was a risk of reputational damage on both sides, especially under sponsorship arrangements. However, Council noted with some concern the potential financial implication (ca. 30% reduction in fee income) of failure to comply with the new requirement.

(b) There were also mixed views within the RG regarding the TEF, with only three institutions formally reporting their planned participation thus far (York, Bristol, UCL). It was also noted that collaborative responses to new government initiatives could breach anti-competition laws as monitored by the Competition and Markets Authority (CMA).

Following discussion, the Chair offered congratulations to all University staff who had been involved in the successful recruitment round for the current year.

16-17/8 Implementation of University Strategy

Council received a report from the Vice-Chancellor (C.16-17/6) on progress in implementing the University Strategy. Particular attention was drawn to the following aspects of the report:

- secondment of a member of staff from Information Services into a dedicated monitoring role;
- response of the University Executive Board (UEB) to the six objectives flagged in September as having “significant issues with action required”;
- successful implementation of 64 objectives (now categorised as “business as usual”) with a further 43 in progress;
- proposed modifications to the wording of Key Objective 3.2 and Enabling Objective 1.3 (tabled);
- areas agreed by UEB as main priorities for the current year;
- plans for future monitoring and further reporting to Council at its next meeting.

Council noted the following points during discussion:

(a) Responding to the current government’s evident desire for higher levels of community engagement by HE providers was
captured in Enabling Objective 3 (working effectively with other organisations and stakeholders). The planned recruitment to a new post of Pro-Vice-Chancellor for Partnerships and Knowledge Exchange would also support this agenda.

(b) Various elements of the strategy were closely associated with the ongoing development of an International Strategy (M16-17/13 below refers), including the further development of online learning with an external partner (note - additional amendment to revised wording of Enabling Objective 1.3: “with” in first bullet-point to read “between”).

(c) Online learning would be further developed in those subject areas where there was clear evidence of demand and opportunity, while existing online programmes would continue to be delivered.

(d) It was agreed that the revised wording of Key Objective 3.2 should retain the previous explicit reference to the role played by colleges.

(e) It was hoped that, subject to the return from sickness absence of the Director of Finance, it would be possible to present an integrated finance/estates strategy to the next meeting (M16-17/6 above refers).

(f) The identification of annual priority areas was commended, while a degree of caution was expressed regarding the use of a balanced scorecard for monitoring progress (as excessive detail could detrimentally affect decision-making).

(g) The Chair expressed concern about future EU and international student recruitment, especially in the context of Brexit and possible government changes to the issue of student visas. Other negative indicators included the demographic decline in the number of 18-year olds in the UK (until 2021) and the potential effect of the provision of more apprenticeships by large graduate recruiters (e.g. accountancy and law firms). Combined with the potential loss of European research income post-Brexit, this suggested that the University needed to adopt a more aggressive approach to student recruitment in order to safeguard its future financial sustainability. The Vice-Chancellor supported this overview of risk areas while also highlighting the high levels of ongoing uncertainty in key areas such as visa/immigration rules, apprenticeships, access to EU funding etc. It was noted in this context that the Planning Office
had undertaken considerable scenario-planning work and that a diverse range of initiatives was in train to increase student recruitment in a systematic way (e.g. launch of the IPC, online learning, institutional pedagogy, enhancements to the planning/budgeting process etc). With reference to the overseas recruitment figures in the Vice-Chancellor’s executive report (all 2-9% below target) and potential changes to the geopolitical situation arising from recent political events, especially in the US, Council agreed that the environment for international recruitment was extremely challenging and, given the relatively short lead times (e.g. for publication of prospectuses and fee information), required a degree of urgency in contingency planning and stress testing. There were also some indicators that re-focussing on home recruitment might need to be considered despite the considerable opportunities in certain international markets. As a general point, it was noted that the same levels of uncertainty applied to all sectors of the UK economy and that the Brexit transition process was likely to last for a number of years. The Vice-Chancellor welcomed the comments from Council and agreed to consider with UEB the possibilities for accelerating mitigating actions in the current planning round with academic departments.

Following discussion, and subject to the points above, Council approved the proposed textual amendments to the University Strategy (Secretary’s Note: the approved amendments are listed in APPENDIX 1 to the minutes).

16-17/9 Annual Report and Financial Statements 2015/16

The Treasurer presented the financial statements for the year ended 31 July 2016 (C.16-17/8), also drawing Council’s attention to the report from the joint meeting of the Audit and Finance & Policy Committees at which the accounts had been reviewed in detail (C.16-17/7).

The Treasurer commented on the key features of the accounts, in particular in respect of:

- the complex re-presentation of the accounts to comply with the new Financial Reporting Standard (FRS) 102 and the consequential effect on the figures for capital grants, interest rate swaps, pensions provision and asset value;
- restatement of 2015 accounts to allow year-on-year comparison;
- comparable levels of surplus (£15m) in 2015 and 2016 if presented under the previous accounting convention;
- income and expenditure results for 2016;
- total reserves on the balance sheet;
- cash and loans over the period 2011/12 to 2015/16;
- cash flow figures, confirming £2m increase on the previous year;
- projected future cash flow to 2019/20;
- key facts in respect of capital expenditure, net worth and staff/student numbers.

The Treasurer also commented on the risks to international student and staff recruitment arising from Brexit and growing concerns about the USS pension fund deficit, which was largely beyond the University’s control.

During discussion the following points were noted:

(a) The relationship between cash and loans was projected to be more balanced by 2019/20, with an increase in cash generated (to £61m) including the full impact of the IPC initiative.

(b) The next valuation of the USS pension fund would be in March 2017, following which the deficit position might require some form of intervention, such as increased employer contributions and/or changes to the current benefit structure (as in 2014). It was noted that in extremis the scheme’s Trustees could also request an immediate cash payment, which represented a major financial risk that was beyond the University’s control.

(c) As agreed at the joint meeting of the Audit and Finance & Policy Committees, further consideration would be given to the public presentation of the accounts, including to staff and students, in order to set the re-stated figures in context and clarify the impact of FRS102 (especially as regards surpluses).

Council approved the annual report and 2015/16 financial statements for signature and submission to HEFCE and also authorised the Acting Director of Finance to sign the associated Representation Letter to the external auditors (KPMG). Having reviewed the year-end cash position and the projected cash flow to 2019/20, Council formally confirmed its view that the University was justified in continuing to trade as a ‘going concern’ and authorised the executive to continue doing so.
Assurance to HEFCE on Academic Quality

Council considered a report on the new HEFCE requirement for governing body assurance on the quality of the student academic experience and the reliability of degree standards (C.16-17/9).

Attending the meeting to present the report, Professor John Robinson (Pro-Vice-Chancellor/TLS) and Nigel Dandy (Head of the Academic Support Office) drew attention to the new approach to quality assessment that would be implemented in England from 2017/18 and to the precise wording of the accountability return to be signed by the Vice-Chancellor “as a governor and on behalf of the governing body”. Professor Robinson also commented on the planned changes to his annual executive report arising from Council’s recent effectiveness review, which would help to provide Council with additional assurance in this area (e.g. through more detailed reference to the action plan arising from the Teaching & Learning Strategy).

The following points were noted:

(a) Further HEFCE guidance published in August 2016 had been less prescriptive as regards the basis for the new assurance statement, especially in the current transitional year.

(b) The basis for the assurance was the most recent executive report from the Pro-Vice-Chancellor (TLS) and also the Senate papers received over the last year (e.g. in respect of student satisfaction surveys, degree attainment statistics, employability rates etc). As regards the reference in the assurance statement to “the provider’s own periodic review processes”, it was noted that departmental periodic review reports (ca. 5-6 per annum) were considered in detail by the University Teaching Committee and submitted in full to Senate with their associated action-plans. It was noted that the review process involved both students and external peer assessment. Council agreed that this process remained appropriate, with the proviso that the Pro-Vice-Chancellor’s annual report included any significant systemic findings arising from the cyclical review process.

Following discussion Council decided to authorise the Vice-Chancellor to sign the new accountability return on its behalf.
16-17/11  

**Scheme of Delegation**

Council *considered* a report on its Scheme of Delegation (C.16-17/10), noting that legal advice had been sought following the lengthy and complex discussions around funding arrangements for the Piazza Building during 2015/16.

Presenting the report, the Registrar & Secretary drew attention to the relevant University Statute, which pre-dated the Scheme of Delegation by many years, and also to the legal advice that Council be asked to re-approve all capital projects approved by UEB under delegated authority over the last two years.

During discussion the following further amendments to the Scheme were agreed:

- §1.9 (Financial Limits): clarification of main bank account signatories by role title, rather than generic reference to "accountants" (p8);
- §5 (Finance and Policy Committee): in §5.3-5.5 for "approve" substitute "recommend to Council" (p11).

As regards approval for the appointment of contractors for building works over £1m (Director of Estates and Campus Services, §32.2 refers), it was noted that, in accordance with the underlying principles of the Scheme, this would default upwards to the Vice-Chancellor.

Subject to the above additional amendments, Council *approved* the updated Scheme and also, retrospectively, the following capital projects (all now completed):

1) training facility for postgraduate research students as part of the York Plasma Institute (approved March 2015, cost: £1.9m);
2) modular buildings on Heslington East to accommodate growth in the Management School (approved July 2015, cost: £1m);
3) infrastructure works for the Piazza Building (approved September 2015, cost: £2.2m);
4) extension to the Psychology Department to accommodate the expansion of research activity (approved April 2016, cost: £1.6m).

Council also *noted* that further work would be undertaken to review Statute 11 (*The Council*) in the light of the legal advice on delegated powers and that following the implementation of the
Council Effectiveness Review a further revision to the Scheme of Delegation would be brought back to Council later in the year.

16-17/12  
**Pension Scheme in NYCH Ltd**

Council considered a report on a proposed Flexible Apportionment Arrangement (FAA) with the University of York Pension Scheme for employees of NYCH Ltd, a wholly-owned University subsidiary company (C.16-17/11).

Presenting the report, the Registrar & Secretary explained that the proposal sought to prevent the triggering of a Section 75 payment requirement on the University when staff from the campus nursery were transferred from NYCH Ltd to York Conferences Limited. In response to a query, it was noted that there had been a 30-day consultation period with the affected employees, who were entirely satisfied with the proposed change.

Council decided to authorise the entry of the University into the proposed arrangement and to delegate authority to the Vice-Chancellor to sign the Deed on behalf of the University.

16-17/13  
**International Strategy**

Council considered a report on international strategy from the Deputy Vice-Chancellor (C.16-17/12).

Presenting the report, the Deputy Vice-Chancellor commented that it sought to provide an overview of all aspects of internationalisation following the establishment of a new International Committee as a sub-committee of Senate and the appointment of three part-time Associate Provosts to act as advocates for internationalisation in departments. It was also reported that a workshop had been scheduled with external legal and financial advisors to consider appropriate European activities in the post-Brexit environment.

The following points were noted in discussion:

(a) The Associate Provosts had been assigned individual performance objectives, which would be monitored by the International Committee.

(b) Historically the University’s international activities had evolved both strategically and organically, but there was now a stronger strategic focus on cost effectiveness and viability through the
International and Planning Committees. It was noted that many academics established subject-specific collaborations, which were now better co-ordinated to prevent overlap with other initiatives.

(c) The international recruitment team developed profiles of other countries to inform their work and also curriculum development (e.g. online PhD study opportunities targeted at women in the Middle East).

(d) Profile building would be boosted by the recent marketing review which had helped to identify and target new markets in order to achieve greater market penetration in some overseas territories. Consideration was also being given to enhanced provision of bursaries to international students.

(e) The development of new campuses overseas was not currently considered appropriate for the University, especially as these could represent a considerable drain on institutional resources and management time.

(f) The non-academic support for internationalisation was professional and experienced, and, additionally, different strategic elements were overseen by various members of UEB as appropriate (principally the two Pro-Vice-Chancellors and Registrar & Secretary).

(g) The University had admitted 42 students following completion of pathway programmes at Kaplan International College in London as a precursor to the launch of the University’s own foundation programmes. The IPC Director was line-managed by the Pro-Vice-Chancellor (TLS).

(h) Many Massive Open Online Courses (MOOCs) were designed simply to showcase full online degree programmes (i.e. they were used a marketing tool), and the University was developing three trial MOOCs to this end. Market research had indicated that there remained considerable interest in high-quality online learning opportunities delivered with appropriate support.

(i) A small number of RG universities had partnered with third party providers to develop their online provision. This was a global market in which the University could develop in niche areas consistent with its international expertise (e.g. in health economics).
(j) The International Strategy currently under development would be submitted to Council following consideration by the International Committee and Senate during Spring Term.

16-17/14 Corporate Risk Register

Council considered the summary corporate risk register (C.16-17/13).

Presenting the register, the Registrar commented that risk registers were also maintained by individual departments and for specific major projects, which helped to embed risk management culture across the institution. It was noted that the corporate register had been updated to address Brexit, with a number of inherent risks raised in significance from amber to red.

The following points were noted:

(a) The increase in the number of red inherent risks indicated the change in the external environment which would place considerable pressure on the identified mitigations.

(b) In response to a query as to whether, given the turbulent external environment, it was possible to show all residual risks as amber or green, Council agreed that this was currently acceptable due to the strength of the mitigations. However, in the event that management downgraded any of these risk ratings to red, it would be important for Council to be informed as soon as possible.

(c) The Chair commented that the corporate risk register should be reviewed by the Finance and Policy Committee (FPC) prior to its submission to Council, and it was therefore requested that FPC consider the register at its next meeting.

16-17/15 Audit Committee Annual Report

Council considered the Audit Committee’s annual report for 2015/16 (C.16-17/14), noting that it had been moved into the discussion section of the agenda in response to an agreed recommendation from the effectiveness review (M16-17/5 above refers).

Presenting the annual report, the Registrar drew Council’s particular attention to the Committee’s positive assurance
statement in respect of risk management, control and governance; economy, efficiency and effectiveness (value for money); and the University’s arrangements for the management and quality assurance of data submitted to HESA, SLC, HEFCE and other bodies. It was noted that the report was also submitted to HEFCE by 1 December as one of the annual accountability returns on which HEFCE based its annual risk assessment of the University.

In response to a query on the potential IT security vulnerabilities identified by internal audit in two systems in the Department of Health Sciences, it was reported that the departmental IT manager had welcomed the penetration testing process and its findings. The Registrar also confirmed that University-wide systems were routinely subject to such testing and that the Director of Information Services was enthusiastic about involving the specialist input available from internal audit, especially as the whole HE sector was increasingly subject to hacking attempts (see also the internal audit annual report, M16-17/17 below refers).

16-17/16 Senate Annual Report

Council received for information the annual report from Senate on its business in 2015/16 (C.16-17/15).

16-17/17 Internal Audit Annual Report

Council received for information the annual report from the internal auditors (C.16-17/16).

16-17/18 Research Income in 2015/16

Council received for information a report on the final outcome for research income in 2015/16 (C.16-17/17).

16-17/19 Student Complaints

Council received for information the annual report on student complaints in 2015/16 (C.16-17/18).

16-17/20 Council Attendance in 2015/16

Council received for information a report on attendance by members in 2015/16 (C.16-17/19), welcoming the overall improvement in attendance from 73.5% to 85%.
Financial Performance Data

Council received for information financial performance data for the period ended 30 September 2016 (C.16-17/20).

Prevent Annual Report

Council received for information the annual report on the University’s activities in relation to the government’s Prevent Strategy (2011) and the Counter Terrorism and Security Act (2015) [C.16-17/20]. Council approved submission of the annual report to HEFCE as required by the Prevent duty and also decided to authorise the Chair to sign the required governing body declaration on its behalf.

Business from Committees

Business from the following committee meetings was noted and/or approved (C.16-17/22):

(a) Audit Committee: 23 September and 21 October 2016 (including the recommendation that KPMG be re-appointed as the University’s external auditors for the next two financial years);

(b) Nominations Committee: 14 October 2016 (including nominations for the award of honorary degrees in 2018);

(c) Finance & Policy Committee: 5 October 2016;


Unreserved Business from Senate

Council noted the following unreserved business from the meeting of the Senate held on 18 October 2016:

(a) National Student Survey (C.16-17/23);
(b) Destination of Leavers from Higher Education 2014 (C.16-17/24);
(c) Postgraduate Taught Experience Survey (C.16-17/25);
(d) Senate Effectiveness Review (C.16-17/26);

Use of Seal

Council approved the use of the Common Seal of the University (details available in the Registrar’s office).
16-17/26  Date of Next Meeting

The date of the next meeting was noted as Friday 3 March 2017.
APPENDIX 1

Changes to the text of the University Strategy approved by Council

Key Objective 3.2

Current Text
We will provide outstanding pastoral, career development and support services.
- We will work with the Students’ Union, the Graduate Students’ Association, academic departments, colleges and support departments to ensure that student-facing services at all levels are well organised and well delivered.

New text
We will provide outstanding pastoral, career development and support services.
- With the Students’ Union, Graduate Students’ Association and the colleges, we will promote and support students’ physical and mental wellbeing and provide well-organised and well-delivered student-facing services.

Enabling Objective 1.3

Current Text
We will grow our distance-learning provision.
- Where possible and appropriate, we will grow student numbers on our existing distance-learning programmes
- We will encourage departments to establish new distance-learning programmes.
- We will establish a York Distance Learning School, which will oversee all our distance-learning provision, give it a strong identity, and provide a forum for sharing of good practice. The Distance Learning School will support departments and centres in the development of new programmes.

New text
We will grow our online-learning provision.
- Through a partnership approach between internal departments and an external provider, we will grow our online-learning provision, give it a strong identity, and provide a single forum for sharing of best practice.
• Where possible and appropriate, we will grow student numbers on our existing online-learning programmes and develop bespoke courses based in departments.

• In collaboration with a partner, we will encourage departments to establish ambitious, new, larger-scale online-learning programmes.