Minutes of the meeting held on 13 November 2015

Present: The Chair of Council
The Vice-Chancellor
The Deputy Vice-Chancellor
The Treasurer
Pro-Chancellor (Mrs J McAleese)
Pro-Chancellor (Mr D Tecwyn)
Pro-Vice-Chancellor (Professor D Smith)

Mr C Cecil
Professor A Field
Mr R Hide
Ms R Ibrahim (GSA)
Mrs D Jagger

Mr B Leatham (SU)
Dr B Szczepak Reed
Professor Q Summerfield
Mrs C Thomson
Mrs S Wadsworth

In attendance: The Registrar and Secretary, Dr D Duncan
The Director of Finance, Mr J Lindley
Governance Officer, Dr P Evans
The Director of Corporate Planning, Mr D Muckersie (for M15-16/9)

Apologies for absence were received from Mr M Galloway, Mr J Lister, Mrs M Loffill and Ms J Unwin.

15-16/1 Presentation on Research in the Psychology Department

Council received a presentation from Professor Quentin Summerfield, Dr Lisa Henderson and Dr Harriet Over on research projects in the Department of Psychology.

15-16/2 Membership/Terms of Reference

Council noted its membership for 2015/16 (C.15-16/1) and the Chair welcomed the following new members:

- Professor Saul Tendler (Deputy Vice-Chancellor)
- Dr Beatrice Szczepak Reed (Head of Education Department, appointed by Senate)
- Professor Ambrose Field (Head of Music Department, appointed by Senate)
• Professor Quentin Summerfield (Head of Psychology Department, appointed by Senate)
• Sally Wadsworth (elected by support staff)
• Ben Leatham (SU President)
• Dr Rasha Ibrahim (GSA President)
• Charles Cecil (lay member)
• Caroline Thomson (lay member)

Council also noted its terms of reference and annual schedule of business, including the cycle of Executive Reports.

15-16/3 Declaration of Conflicts of Interest

Members were invited to declare any potential conflicts of interest relating to the business of the meeting.

Dr Szczepak Reed declared an interest in agenda item 11 (M15-16/13 below refers) as Head of the Education Department.

The Vice-Chancellor and the Treasurer declared an interest in agenda item 7 (M15-16/7 below refers) as members of the Board of the York, North Yorkshire and East Riding (YNY&ER) Local Enterprise Partnership (LEP).

15-16/4 Minutes

The unreserved minutes of the meeting held on 24 July 2015 were approved (C.15-16/2). Council also noted the action-schedule based on the minutes (C.15-16/3), in particular the items that were to be considered at the current meeting.

15-16/5 Feedback from Members

Further to M14-15/87 (Annual Feedback Questionnaire), the Chair reported verbally on his recent one-to-one meetings with members, as follows:

- generally positive assessment of the quality and appropriateness of agendas, papers and meetings;
- calls for re-introduction of the ‘two-minute rule’ for introducing papers at meeting (with the exception of the Vice-Chancellor’s executive reports and presentations of the budget and accounts);
- evident demand for a re-run of the informal briefing on University finances previously run by the Finance Department;
 observations on the different level of contribution made by members at meetings (on which the former academic members would also be asked to comment);
 strong support for the introduction of new performance management arrangements across the University;
 need for succession planning through the Nominations Committee as regards senior lay membership positions (Chair, Treasurer, Deputy Treasurer).

The Chair also brought forward the attendance record for the last three years (M15-16/20 below refers) and, noting that overall attendance had declined from 81% to 73% over the period, encouraged all members to attend meetings as regularly as possible.

15-16/6 Piazza Building
[FOI exempt/commercially confidential]

15-16/7 Executive Report from the Vice-Chancellor
[FOI exempt/commercially confidential]

15-16/8 Annual Report and Financial Statements 2014/15

The Treasurer presented the financial statements for the year ended 31 July 2015 (C.15-16/7), 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.15-16/6).

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

• headline figures for income growth, retained surplus, operating cash flow, capital expenditure, pension fund position and net worth;
• income and expenditure results for the year;
• cash flow break-down and balance sheet figures;
• key financial indicators: retained surplus as a percentage of income (6.1%), gross debt (£142m), free cash generation (£34m), net liquidity days (42.6);
• continuous growth over the five-year period 2011-15;
• projected cash-flow over the next four years (in context of planned capital expenditure).

The Treasurer also drew specific attention to the different valuations of the University’s own pension fund (depending on the
discount rate applied). It was noted that the deficit reported under the relevant accounting regulations (£17.2m) was deemed to be manageable and that appropriate communication would be undertaken with scheme members to alleviate any concerns.

As regards the projected capital expenditure on development of both campuses, it was noted that there would continue to be new buildings at Heslington East (e.g. IPC, CCIG, new colleges), but that residential accommodation and some other buildings (e.g. the Piazza building) would be funded off-balance sheet in accordance with the University’s guiding financial strategy of investing its own cash income in the core business. The Treasurer emphasised the importance of cash-flow generation for investment in people and the campus in order to maintain the University’s position in an increasingly competitive environment, while also highlighting the need to achieve efficiency savings in the face of a range of financial pressures (e.g. funding cuts through the CSR, higher National Insurance payments, rising pension costs etc). The Treasurer nevertheless expressed the view that the University’s financial statements, with the highest operating surplus ever recorded (£18m), demonstrated a robust base for future development.

Council approved the annual report and 2014/15 financial statements for signature and submission to HEFCE, offering its thanks to the members of the Audit and Finance and Policy Committees (in particular the Deputy Treasurer) for their detailed prior scrutiny of the accounts. Council also authorised the Director of Finance to sign the associated Representation Letter to the external auditors (KPMG).

15-16/9

Key Performance Indicators

Council considered a report on the key performance indicators (KPIs) to be used by academic departments, the Senior Management Group (SMG) and Council to monitor implementation of the University Strategy (C.15-16/8).

Attending the meeting to present the report, the Director of Corporate Planning (David Muckersie) clarified the distinction between actual indicators and contextual information, as well as highlighting the best practice guidelines from academic research on which the framework had been based. It was noted that further work remained to be done to develop targets, financial indicators and appropriate KPIs for the sub-strategies beneath the University Strategy, while the departmental indicators were already in use in the current planning round.
During discussion the following points were noted:

(a) The KPIs for the sub-strategies would be developed during the current academic year and clearly linked back to the overarching University Strategy.

(b) Targets would be established in those areas where it was appropriate and would be included in the annual KPI report to be considered at the next meeting.

(c) It was suggested that Council might not wish to consider contextual information that was not also considered a key parameter by SMG (such as the information on energy use and student volunteering/intern hours), and that an indicator for cash-flow needed to be included among those related to Enabling Objective 1 of the University Strategy.

(d) It was generally acknowledged that the indicators were not all-encompassing and could only capture certain aspects of University activity and performance, with a corresponding need for their ongoing review in response to sectoral developments (e.g. the new Teaching Excellence Framework, M15-16/11 below refers). It was however noted that efforts had been made deliberately to select indicators where comparative and benchmarking data were available.

Following the above discussion, Council commended the work to develop an overarching framework in which the different KPI sets were clearly aligned with strategy.

15-16/10 Emergency Decisions Group

Noting the number of major, fast-moving projects currently underway (e.g. IPC, CCIG, Biovale), it was decided that SMG should provide updates to Council on these initiatives on a between-meetings basis. It was likewise suggested that SMG scoping papers relating to other matters might usefully be circulated to Council members if it was felt they were relevant to its terms of reference.

As regards the Emergency Decisions Group (EDG), it was reported that the constituency, terms of reference and parameters of delegated authority of this newly established group would be submitted to the next meeting for approval. The Chair commented that in general terms the purpose of the group was to provide
advice to the Vice-Chancellor on major financial and contractual matters that required swift approval on a between-meetings basis. It was noted that any decisions made by the EDG acting under delegated authority from Council would be reported to the next full Council meeting.

15-16/11 Higher Education Green Paper

The Vice-Chancellor reported verbally on the government’s recently published Higher Education Green Paper (Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice).

The main proposals in the consultation document were noted as follows:

- establishment of a ‘Teaching Excellence Framework’ (TEF) as the means to create differentiated fee caps according to different levels of award (the first higher caps to be available from 2018-19);
- merger of HEFCE and the Office for Fair Access (OFFA) into a single regulator, the Office for Students, shifting the focus from providers to students;
- strong emphasis on widening participation (WP) and a target of doubling the proportion of disadvantaged students entering HE;
- new providers to be given quicker access to student funding and to become universities and acquire degree-awarding powers faster;
- universities required to have contingency plans for students in the event of financial failure as part of proposals to allow “orderly” exits from the sector;
- maintenance of the dual support research funding system and consideration of the recommendations of the ‘Nurse Review’ (review of the research councils led by Sir Paul Nurse);
- with alternative providers not being treated as “public bodies”, possible future exemption from Freedom of Information (FoI) requests;
- powers for ministers to set tuition fee caps (currently all rises above inflation require a vote in parliament).

During discussion the following points were noted:

(a) The closing date for consultation responses was 15 January 2016 and the University would submit its own response, including reference to the new institutional pedagogy and its relevance to the TEF.
(b) A strong position would be developed to oppose inappropriate proxy measures of teaching quality (e.g. graduate earnings).

(c) There was a tension between the government’s evident desire to open up a freer market in higher education while at the same time regulating it via the TEF (as opposed to via student number caps).

(d) There were clear risks to the whole sector’s reputation in creating a tiered distribution of institutions across different teaching quality bands.

15-16/12 Council Effectiveness Review

Council considered the proposed scope for a cyclical review of its own effectiveness, as required by the HE Code of Governance (C.15-16/9).

Presenting the proposal, the Registrar reminded members that an assessment against the Code had been conducted the previous year (M14-15/41 refers), leading to approval of an updated ‘Statement of Primary Responsibilities’ and mapping of the Statement to operational governance processes/structures (M14-15/62 & 82 refer). As regards the proposed full review, it was noted that this would be undertaken in an iterative manner by the review group asking key questions and then proposing answers. In terms of the proposed scope, it was suggested that consideration might also be given to the structure of Council agendas in the context of the high volume of papers currently provided for information.

Noting the intention to complete the review by the end of the current academic year, Council approved the proposed scope and the membership of the review group.

15-16/13 Institute for Effective Education

Council considered a report in respect of staff at risk of redundancy in the Institute for Effective Education (C.15-16/10).

Presenting the report, the Registrar commented that the situation arose as the result of a re-structuring exercise involving a significant reduction in the number of roles to ensure the Institute’s financial sustainability. As the staff consequently at risk of redundancy numbered in excess of ten FTE employees or 10% of the total FTE within the Institute, the University’s Redundancy
Procedure required Council to authorise the redundancies. Although the restructuring exercise would also involve the Institute being incorporated into the Education Department, the Registrar confirmed that it would remain possible to monitor its future financial position by retaining it as a separate cost centre.

Noting that the actual number of staff at risk of redundancy was likely to be reduced by various means (e.g. transfers, resignations, voluntary severance etc), Council approved the redundancies as set out in the paper.

15-16/14 Corporate Risk Register

Council considered the summary Corporate Risk Register in accordance with the reporting cycle of the Risk Management Strategy (C.15-16/11).

Presenting the summary register, the Registrar drew particular attention to the two financial risks where the residual risk after mitigation remained high (red-rated). It was noted that this assessment represented an acknowledgement by SMG that current actions remained insufficient in the face of financial uncertainty ahead of the government’s CSR. It was generally agreed that if these risks remained red following announcement of the CSR and development of the University’s response, immediate action would be required to re-visit the medium-term strategic plan.

During discussion the following comments were noted:

(a) As regards the areas showing low (green-rated) risks, it was explained that each of the areas represented an area of governing body responsibility and as such these required continuous monitoring in the expectation that the ratings could change over time.

(b) It was agreed that verification needed to be undertaken to ensure that the risks on the summary register aligned with the corporate-level KPIs (M15-16/9 above refers).

(c) There was discussion around whether Council’s risk assessment would benefit from a more numerical risk scale than the present traffic light system. It was acknowledged that ultimately risk assessment was a broad, non-scientific judgement based on a combination of impact and likelihood. The top-level summary register was based on a considerably more detailed version which was regularly reviewed by SMG,
and that there was an underlying process by which risks of common concern across academic departments could be elevated to corporate-level risks. Council agreed that the current presentation of the register was satisfactory for its purposes. The Vice-Chancellor supported this view and confirmed that the corporate register was comprehensive in terms of the primary risks faced by the organisation.

Following the above discussion and confirmation from the Registrar that the internal auditors were currently reviewing the University’s risk management practices, it was agreed that the Audit Committee should consider whether the recommendations from that review had implications for the future presentation of the corporate register.

15-16/15  **Annual Audit Reports**

Council *received* for information the annual report from the Audit Committee (C.15-16/12) and also the annual report from the internal auditors (C.15-16/13). It was suggested that, with the agreement of the Chair of Audit Committee, an additional reference be inserted to the Committee’s annual report as regards the checks on auditor independence that had been undertaken the previous academic year in the context of a particularly high non-audit fee.

15-16/16  **Senate Annual Report**

Council *received* for information the annual report from Senate on its business in 2014/15 (C.15-16/14).

15-16/17  **Equality and Diversity Annual Report**

Council *received* for information the annual equality and diversity report (C.15-16/15).

15-16/18  **Research Income in 2014/15**

Council *received* for information a report on the final outcome for research income in 2014/15 (C.15-16/16).

15-16/19  **Student Complaints**


15-16/20  **Council Attendance in 2014/15**
Council received for information a report on attendance by members in 2014/15 (C.15-16/18).

15-16/21  Financial Performance Data

Council received for information financial performance data for the period ended 30 September 2015 (C.15-16/19).

15-16/22  Business from Committees

Business from the following committee meetings was noted and/or approved (C.15-16/20):

(a) Audit Committee: 25 September and 23 October 2015
(b) Nominations Committee: 16 October 2015
(c) Finance & Policy Committee: 2 and 23 October 2015
(d) Remuneration Committee: 26 October 2015
(e) Health, Safety and Welfare Committee: 27 October 2015

15-16/23  University Pension Fund

Council received for information a report on flexible apportionment arrangements in respect of the University’s pension fund (C.15-16/21).

15-16/24  Unreserved Business from Senate

Council noted the following unreserved business from the meeting of the Senate held on 20 October 2015:

(a) National Student Survey (C.15-16/22);
(b) Postgraduate Research Experience Survey (C.15-16/23)
(c) Destination of Leavers from Higher Education 2014 (C.15-16/24);
(d) Student Employability Strategy (C.15-16/25);
(e) Learning and Teaching Strategy (C.15-16/26);
(f) Statement on Research Performance Expectations (C.15-16/27).

15-16/25  Use of Seal

Council approved the use of the Common Seal of the University (details available in the Registrar’s office).

15-16/26  Date of Next Meeting

The date of the next meeting was noted as Friday 26 February 2016.