Council: 14 November 2014

University of York
Council

Minutes of the meeting held on 14 November 2014

Present: The Chair of Council
         The Vice-Chancellor
         The Deputy Vice-Chancellor
         The Treasurer
         Pro-Chancellor (Mrs L Wild)
         Pro-Vice-Chancellor (Professor C Mellors)

         Mr R Armitage
         Mr R Hide
         Ms J Horvatic (GSA)
         Mrs D Jagger
         Mrs M Loffill

         Mr S Maguire (SU)
         Professor P Sells
         Professor L Stewart
         Ms J Unwin

In attendance: The Registrar and Secretary, Dr D Duncan
         The Director of Finance, Mr G Gilbert
         The Director of Finance designate, Mr J Lindley
         Governance Officer, Dr P Evans
         Commercial Finance Manager, Mr G Sheen (for M14-15/11)

Apologies for absence were received from the Pro-Chancellor (Mr D Tecwyn), Mr M Galloway, Mr J Lister, Mrs J McAleese and Professor R Taylor.

14-15/1 Campus Condition Tour

The Director of Estates led Council members on a brief tour of the Heslington West campus to highlight aspects of its condition, with particular regard to the CLASP buildings and related asbestos issues.

14-15/2 Membership/Terms of Reference

Council noted its membership for 2014/15 (C.14-15/1) and the Chair welcomed the following new members:

- Bob Hide (elected by support staff)
- John Lister (lay member)
- Sam Maguire (ex officio as SU President)
- Jelena Horvatic (ex officio as GSA President)
Council also noted its terms of reference and annual schedule of business, including the cycle of Executive Reports.

14-15/3 Declaration of Conflicts of Interest

Members were invited to declare any potential conflicts of interest relating to the business of the meeting. The Chair declared an interest in the recommendation from the Nominations Committee that he be re-appointed with effect from 1 August 2015 (M14-15/22 below refers).

14-15/4 Minutes

The unreserved minutes of the meeting held on 25 July 2014 were approved (C.14-15/2). Council also noted the action schedule based on the minutes (C.14-15/3) and decided that the proposed briefing on access/widening participation should be scheduled as part of a main meeting (i.e. not as a pre-lunch session).

14-15/5 Appointment of Chancellor

Council considered a recommendation (tabled) from the Nominations Committee that Sir Malcolm Grant (Chair of NHS England) be appointed as the next University Chancellor from 1 August 2015 for three years in the first instance.

As co-chairs of the Committee, the Vice-Chancellor and Chair of Council described the process for seeking and selecting a preferred candidate and outlined the rationale for the recommendation. It was noted that two meetings had been held with Sir Malcolm, in London and York, and that he had expressed considerable enthusiasm for the role.

Council approved the recommendation, noting that it would be submitted to the University Court for formal ratification at its meeting on 28 November 2014, in accordance with University Statute 3.1. Members were reminded that the recommendation remained strictly confidential until it had been considered by the Court.

14-15/6 Executive Report from the Vice-Chancellor

Council received an Executive Report from the Vice-Chancellor (C.14-15/4) covering the following areas:
• research income in 2013/14 (M14-15/20 below also refers);
• the management position in response to the current industrial action by UCU over proposed changes to the USS pension scheme;
• estates developments;
• national political developments, including a new minister for universities and ongoing uncertainty about the Labour Party’s policy on tuition fees;
• interaction with City of York Council in respect of the local development plan;
• further development of international links;
• University involvement with Defra’s establishment of a new joint venture to run FERA (Food and Environment Research Agency).

During discussion the following points were noted:

➢ The proposed changes to the USS pension scheme would affect the majority of University staff (ca. 2000 people). As regards potential disruption to student assessment during the current ‘action short of a strike’, it was reported that the Pro-Vice-Chancellor (Teaching & Learning) was leading a contingency planning group to consider responses to different possible scenarios. With regard to PhD vivas, it was noted that it could be difficult to identify replacement examiners due to the subject specialism required. The Vice-Chancellor confirmed that the intention throughout was to minimise the impact on the student experience, which had been the principal rationale for the decision by the Senior Management Group (SMG) to deduct 100% of pay from staff participating in the action. Noting the rapidity of developments in the dispute at both the national and local level, it was generally agreed that clear and swift updates should continue to be provided to students, staff and Council members.

➢ As regards the current FERA negotiations, it was noted that here too the situation was highly fluid. It was currently being proposed that the University would take a 10% stake in the new venture, with no up-front investment, some paid staffing and a 10% share of earnings before interest and taxes (EBIT).

14-15/7 University Strategy

Council considered the latest version of the new University Strategy, noting that it had been approved, with some minor amendments, by Senate at its meeting on 21 October 2014. The
Vice-Chancellor drew attention to the outcome of the extensive consultation process with the University community, which had been considered in detail by SMG. It was noted that work had already commenced to develop an implementation plan, informed by the strategic planning meetings with individual academic departments during the current term. Subject to its approval, the strategy document would also be translated into a version for external audiences.

During discussion the following points were noted:

(a) The implementation plan would delineate discrete projects, prioritise them, establish the contingencies between them and identify the individuals responsible for delivery. Decisions on funding and resource allocation would be part of this process in order to ensure adequate management capacity. The broad coverage of the strategy reflected the multiple challenges faced by the University: none of the proposals represented ‘optional extras’.

(b) As regards performance metrics, it was noted that these would be carefully considered in order not to have a distorting effect and would then be integrated into the implementation plan.

(c) In response to a query on the thematic areas identified in the Research Strategy, a key supporting element of the overarching strategy (M14-15/23 below refers), it was noted that on the one hand these represented areas of demonstrable strength at the University, while on the other they corresponded to priority areas as identified by major research funders (e.g. in response to specific societal needs or issues). In this sense, the Research Strategy was seeking to match demand with supply in a coherent manner. Although the themes would function differently across disciplines, they all provided clear thematic identity in a way that would support the University’s objectives. Senior academics would be appointed as champions to lead the themes. The Vice-Chancellor reported that the areas of strength and capacity had been identified following consultation with the academic community by the Pro-Vice-Chancellor (Research), informed by judgements made by Research Committee based on evidence relating to outputs, income etc. The entire academic community would be invited to contribute to this thematic approach and its fitness for purpose would be reviewed after a few years.
Following the above discussion, Council **approved** the University Strategy.

The Chair commented that the new strategy represented a move from a basic declaration of vision and values to a more carefully wrought statement of direction and priorities which would inform decision-making over the coming six years. In this context Council **decided** that:

- some aspects of the implementation, communication and resourcing of the strategy should be considered at its Away Day in January 2015 (with any draft metrics, if available);
- a review of progress with the strategy be conducted at two years.

**14-15/8**

**Establishment of Faculties**

As one element of the wider University Strategy, Council **considered** a proposal to establish three faculties (C.14-15/6).

Presenting the proposal, the Registrar commented that it represented an evolution of the three current academic clusters and the role of Academic Coordinators, who would become Deans under the proposed new arrangements. The main rationale for the development was to give a stronger voice to the three cognate subject areas while also enhancing inter-disciplinarity, management effectiveness and general efficiency.

During discussion Council **noted** the following points:

(a) The reference in the document to ‘decision-making’ by the Faculty Boards was potentially misleading as, following consideration by Senate, a number of areas of decision-making (e.g. in respect of junior promotions, student special cases etc) had been removed from the proposal. As currently presented, the Boards would primarily be discussion forums, with terms of reference as set out in the report. The Vice-Chancellor suggested that this might change over time as the faculties became embedded in the University structure.

(b) There was no single model for faculties across the sector: although in some institutions they functioned as cost centres with budgets, there was a range of different forms and practices. The proposed model for York focused on discussion of relevant academic-related matters, with budgetary decision-
making remaining at the centre (although the Deans would be asked to sign off departmental plans before consideration by Planning Committee, as was currently the case with Academic Coordinators).

(c) The title of Dean would be useful to the colleagues in question in their external activities due to the common understanding in the sector of the authority and academic seniority of such a role.

(d) Strengthening the role of Academic Coordinators as Deans was seen as essential to implementing the wider University Strategy at all levels, while also providing vital linkage upwards from departments and providing additional support to the Pro-Vice-Chancellors.

Following the above discussion, Council approved the establishment of three faculties as set out in the paper, with effect from January 2015.

14-15/9 Graduate Research School

As a further element of the wider University Strategy, Council considered a proposal to establish a Graduate Research School (C.14-15/7).

Presenting the proposal, the Registrar commented that the University had enjoyed some success in bidding for doctoral training centres (DTCs) and received generally positive feedback from PhD students via the biennial Postgraduate Research Experience Survey (last submitted to Council for information during 2013/14). Nevertheless, it had been noted that there was a need to improve the consistency of the postgraduate research experience and to foster a University-wide community to counter the sense of isolation that was reported by some postgraduates. The establishment of a Graduate Research School was seen as the best means to address these concerns by providing greater coordination across the complex landscape of academic departments, DTCs, inter-disciplinary research centres etc.

The following specific points were noted in discussion:

(a) The GSA President offered strong support for the initiative on behalf of the Association, noting that it would improve the postgraduate student experience at departmental level through the advocacy and intervention provided by the Dean of the Graduate School.
(b) As with faculty structures, there were many different models for such schools across the sector. The proposed model was firmly academic-led rather than being a largely administrative entity (although it would also be supported by an operational sub-group led by the Registrar). It was hoped that the school would also function as a recruitment tool in attracting high-quality postgraduate students to York.

(c) Noting that the Dean position was proposed as a 50% role, the Vice-Chancellor commented that this was the initial, rather cautious suggestion, which might be increased over time, depending on the school’s development and any issues that might gradually emerge.

Following the above discussion, and noting that the proposal had been approved by Senate, Council endorsed the establishment of the Graduate Research School during 2015.

14-15/10 Annual Report and Financial Statements 2013/14

The Treasurer presented the financial statements for the year ended 31 July 2014 (C.14-15/8), also drawing Council’s attention to the report from the joint meeting of the Audit and Finance and Policy Committees at which the accounts had been reviewed in detail (C.14-15/9). Further to the report from the joint meeting, and with specific reference to the VAT reclaim work undertaken by KPMG, the Director of Finance reported that a recovery payment of £1.8m had recently been confirmed, with ongoing benefit of ca. £0.5m per annum. Council welcomed this development.

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

- income growth, retained surplus, operating cash flow, capital expenditure, pension fund position and net worth;
- best ever surplus and cash flow results;
- cash flow break-down, balance sheet figures and operating surplus as a percentage of income (7.4%);
- gearing ratio (32.4%) and annualised servicing cost as a percentage of income (3.9%);
- growth over the five years 2010-14;
- projected cash flow over the next four years (in relation to planned capital expenditure over the period of £115m).
The Treasurer also drew attention to various aspects of the external financial environment (eg USS pension scheme, increasingly competitive market for student recruitment, political uncertainty ahead of a general election, fluctuations in interest rates etc), emphasising the importance to the University of generating sufficient cash levels to sustain investment in people and infrastructure, which might in turn require re-consideration of its current borrowing position.

The Treasurer concluded his presentation by observing that it was Graham Gilbert’s last meeting before his retirement as Finance Director. Looking back over the twenty-five years since Mr Gilbert had taken on the role, the Treasurer paid tribute to his prescience, acumen and careful stewardship of the University’s finances during this time, a view which was endorsed by the Council.

Council approved the annual report and 2013/14 financial statements for signature and submission to HEFCE, offering its thanks to the lay members of the Audit and Finance and Policy Committees (in particular the Deputy Treasurer) for their detailed prior scrutiny of the accounts.

14-15/11 Piazza Building and International Foundation Programme

Further to M13-14/71 (Piazza Building) from its last meeting, Council considered the associated development of an International Foundation Programme (IFP), as envisaged in the University Strategy (C.14-15/10).

Presenting the proposal, the Registrar drew particular attention to the differences to the proposed joint venture with INTO that had been considered by Council earlier in 2014 (M13-14/31 refers). It was noted that these differences related to academic control, contractual arrangements for staff and overall scale of the project. The main rationale for the project was to deliver sustainable and resilient overseas student recruitment, which in turn would generate additional resources for re-investment. The proposed multi-purpose building on Heslington East would also provide social and catering facilities and expansion space for academic departments (particularly the Management School). It was noted that, while there remained much work to do in respect of funding, programme development (through discussions with departments) and staffing arrangements, approval for construction of the building was being sought now in order to ensure the availability of teaching accommodation from the projected start date of
In considering the two inter-linked projects, comments from Council members were noted as follows:

(a) Foundation students would initially be housed in existing colleges. Given the rapidly expanding availability of large-scale private sector student accommodation in York, construction of an additional college on Heslington East was not thought to be appropriate at the present time.

(b) With the increased competitiveness in the home student market, continued growth from the overseas student market had been identified as the best means to meet the growth aspirations set out in the University Plan. Growth in this area would also improve the resilience of overseas student recruitment and ensure a better balance of home and overseas students at the undergraduate stage.

(c) Although not solely dependent on the Management School, the proposal did need to articulate with the School’s own plans for expansion, which were currently under development through the design of new programmes. The Vice-Chancellor confirmed in this context that senior management was aware of the challenges around staffing and infrastructure in the School, but he remained confident that these issues could be appropriately addressed.

(d) In response to concerns about the integration of foundation students and the risk that they remained in mono-cultural friendship groups established during their foundation year, it was suggested that accommodating them across existing colleges would partly mitigate this risk. The Deputy Vice-Chancellor also described initiatives delivered in collaboration with the SU and the colleges in respect of employability that brought together students outside their academic disciplines, which also contributed to improved integration. The SU President confirmed that providing union membership to foundation students was essential, as was appropriate communication (especially via social media) during the first weeks of enrolment.

(e) The GSA President raised the question of whether the English language entry qualification (IELTS score) for international students was set at a high enough level, suggesting that
students with inadequate language skills were even less likely to integrate and also more at risk of committing academic misconduct. It was however noted that one of the purposes of foundation programmes was to raise the English language level of students before they embarked on degree-level study, with some evidence from other institutions that students from foundation programmes demonstrated a higher level of degree outcome than direct entrants. It was nevertheless generally agreed that careful thought should be given to the appropriate level of English language skills for entry to the foundation programme. As regards English language support for current direct-entry international students, it was noted that this might be provided by increasing the provision of the Centre for English Language Teaching (CELT).

(f) With regard to the proposed ten-year contract with an external partner, it was suggested that this might be too long in the light of uncertainty about future international recruitment. It was agreed that a degree of flexibility would be sought in the course of contractual negotiations, with consideration of possible break clauses and the potential for re-allocating or re-purposing the teaching spaces in the building.

(g) It was suggested that the architect’s design drawings for the building did not seem to include private study areas, which were thought to be in short supply. In response it was noted that there would be student input to the configuration of spaces within the building.

(h) As financing for the Piazza building was not included in the current capital programme, proposals for this would need to be considered by the Finance and Policy Committee, in the context of HEFCE’s new definition of acceptable financial commitment thresholds and the University’s self-imposed borrowing limit of £150 million. Anticipated growth in cash flow in the current financial forecasts would influence consideration of the headroom for further borrowing.

Following the above discussion, and noting the recommendation for approval from the meeting of the Finance and Policy Committee held on 31 October 2014 (FPC M13-14/23 refers), Council decided:

i. **to approve** the business plan for the IFP, subject to further work to negotiate a contract with an external partner and
satisfactory agreement on academic delivery by departments;

ii. **to approve** the construction of the Piazza building, subject to agreement of the financing arrangements (to be considered and approved under delegated authority by the Finance and Policy Committee).

14-15/12 BioVale Centre

Council **considered** a business plan for the establishment of the BioVale Centre on the Heslington East campus (C.14-15/11).

Attending the meeting to present the plan, the Pro-Vice-Chancellor (Research) commented that the proposed initiative built on the University’s world-leading expertise in industrial biotechnology, as confirmed by its success in winning BBSRC grants in this area. Dr Joe Ross (Director of the Biorenewables Development Centre) drew Council’s particular attention to:

- the four main financial components of the project (including potential funding from DCLG, HEFCE, the local LEPs and ERDF);
- the strong record of successful interaction between the relevant University research centres and industrial partners;
- the benefits to the region and the University of having such a bioeconomy innovation cluster;
- the outline procurement programme;
- the sizable international funding opportunities in the knowledge-based bioeconomy.

In response to queries from Council members, the following points were **noted** in discussion:

(a) There were a number of comparable innovation clusters supported by central government funding in other parts of Europe, and links with these had already been established (opening up access to EU funding). If the proposed initiative went ahead, it would be at the forefront of such activity in the UK.

(b) In terms of the primary risks, these related to the complexity of the procurement arrangements and failure to deliver the agreed outputs. With regards to the latter, it was agreed that this should be included in the project risk register to mitigate against potential funding clawback. Dr Ross confirmed that
robust systems were in place to provide assurance in this area and that clearly defined outputs had been agreed.

Following discussion, Council approved the business plan for the BioVale project and specifically the University’s contribution of ca. £2m in the form of land for the building. It was noted that the project as whole would then be subject to funding being awarded by the LEPs in early 2015, and a further approval of a building-related project commitment record.

**14-15/13 Staffing in the Centre for Reviews and Dissemination**

Council considered a report in respect of staff at risk of redundancy in the Centre for Reviews and Dissemination (C.14-15/12).

Presenting the report, the Registrar commented that the situation had arisen as the result of a large government contract (£10.5m) previously held by the Centre being awarded to another institution with effect from April 2015. As the staff consequently at risk of redundancy numbered in excess of ten FTE employees or 10% of the total FTE within the Centre, the University’s Redundancy Procedure required Council to authorise the redundancies.

Noting that the number of staff at risk had been reduced from 49 (42 FTE) to 15 (13 FTE), and acknowledging the hope that further staff would find alternative employment at the University before April 2015, Council approved the redundancies as set out in the paper.

**14-15/14 Corporate Risk Register**

Council considered the summary Corporate Risk Register in accordance with the reporting cycle of the updated Risk Management Strategy (C.14-15/13).

It was noted that the full register was considered by the Audit Committee, while a separate register relating to financial risks was considered by the Finance and Policy Committee.

The following amendments to the register were decided:

- identification of a member of SMG as the risk owner for each risk on the register;
- inclusion of an appropriate mitigating action for reputational risk 3(a).
14-15/15 Living Wage Accreditation

Council considered a paper setting out the University’s position in respect of the living wage (C.14-15/14).

Presenting the paper, the Registrar highlighted the rationale for not seeking living wage accreditation at either the University or trading subsidiary level. It was noted that the University had however adjusted the lowest University pay rate in line with the living wage, with effect from 1 November 2014.

In response to a query, it was noted that the arrangements did not apply to students employed by the University on a casual basis as the living wage concept related to individuals dependent for their living on their pay level.

14-15/16 Pro-Vice-Chancellor (Business & Community)

Noting that it was his last Council meeting before retirement from the role of Pro-Vice-Chancellor (Business & Community), Council thanked Professor Colin Mellors for his significant contribution to the development of the University over a number of years.

14-15/17 Annual Report from the Audit Committee

Council received for information the annual report from the Audit Committee (C.14-15/15), noting that it would be submitted to HEFCE along with the other required accountability returns.

14-15/18 Senate Annual Report

Council received for information the annual report from Senate on its business in 2013/14 (C.14-15/16).

14-15/19 Financial Performance Data

Council received for information financial performance data for the period ended 30 September 2014 (C.14-15/17).

14-15/20 Research Income in 2013/14

Council received for information a report on the final outcome for research income in 2013/14 (C.14-15/18).
Council Attendance in 2013/14

Council received for information a report on attendance by members in 2013/14 (C.14-15/19), noting that a drop in attendance by University members had reduced the overall rate to 76%. The chair highlighted this data as one aspect of the overall assessment of Council’s performance as the governing body.

Business from Committees

Business from the following committee meetings was noted and/or approved (C.14-15/20):

(a) Health, Safety and Welfare Committee: 14 October 2014

(b) Nominations Committee: 17 October 2014 (including the re-appointments to Council of the Chair and Ms Julia Unwin)

(c) Audit Committee: 19 September and 31 October 2014

(d) Finance & Policy Committee: 3 and 31 October 2014 (including an additional loan of £300k under HEFCE’s Revolving Green Fund, increasing the University’s total borrowing threshold to £158,403k until October 2016)

(e) Remuneration Committee: 3 November 2014

Unreserved Business from Senate

Council noted the following unreserved business from the meeting of the Senate held on 21 October 2014:

(a) Research Strategy (C.14-15/21);
(b) National Student Survey (C.14-15/22);
(c) Postgraduate Taught Experience Survey (C.14-15/23)
(d) Destination of Leavers from Higher Education 2013 (C.14-15/24);
(e) College staffing structures (C.14-15/25).

Use of Seal

Council approved the use of the Common Seal of the University (details available in the Registrar’s office).
14-15/25 Date of Next Meeting

The date of the next meeting was **noted** as Friday 27 February 2015. Members were also reminded that the annual away day would be held on Thursday 15 January 2015 (2.00pm, Ron Cooke Hub).