Minutes of the meeting held on 22 May 2019

Present: The Chair of Council
        The Acting Vice-Chancellor
        The Treasurer
        A Pro-Chancellor (Mr P Carpenter)

Professor N Audsley
Mr S Bayley
Dr R Curwen
Dr K Dittrich
Mr J Durcan (SU)
Dr C Dye
Mrs L Fussell

Professor C Hunter
Mrs N Inchbald
Professor D Petrie
Ms S Shafi (GSA)
Mr R Sommers
Mr C Thompson

Registrar & Secretary, Ms J Horsburgh (Secretary)
Director of Finance, Mr J Lindley
Governance Officer, Dr P Evans (Assistant Secretary)
Governance Administrator, Ms B Carter Ellis
Director of Planning, Ms R Desport (for M18-19/87 and 96)

In attendance:
Acting Head of Business Intelligence Unit, Mr D Cashdan (for M18-19/87)
Business Intelligence Analyst, Mr W Mackintosh (for M18-19/87)
Pro-Vice-Chancellor for Teaching, Learning and Students, Professor John Robinson (for M18-19/96)

Apologies for absence were received from the Acting Deputy Vice-Chancellor.

18-19/85 Membership

As it was his last meeting the Chair thanked the outgoing SU President (James Durcan) for his valuable contribution to the work of Council over the course of the academic year. Council also welcomed the SU President Elect (Samara Jones) as an observer to the meeting.

18-19/86 Declarations of Conflicts of Interest

Members were invited to declare any potential conflicts of interest relating to the business of the meeting. The following matters were declared:
all staff members who were members of the USS pension scheme declared an interest in the current USS consultation (M18-19/93 below refers);

Mr Sommers declared an interest in the appointment of external auditors (M18-19/94 below refers) as a member of his family was an employee of KPMG (in a capacity unrelated to the tender in question).

18-19/87 Minutes

The unreserved minutes of the meeting held on 27 February 2019 (C.18-19/73) were approved. Council also noted the action-schedule based on the minutes (C.18-19/74), in particular the items that were coming forward for discussion at this meeting.

Further to M18-19/65 (Student Residences) and in response to a query from the SU President, it was noted that the setting of rental levels was an executive matter, although work by UEB on longer term accommodation strategy might in due course be shared with Council for information.

18-19/88 Key Performance Indicators

[FOI exempt/commercially confidential]

18-19/89 Student Residences

[FOI exempt/commercially confidential]

18-19/90 Brexit

Further to M18-19/66 (Brexit), Council received a verbal report from the Registrar & Secretary confirming that the risk assessment work in respect of Brexit presented at previous meetings was ongoing, with much currently depending on the rapidly changing political situation.

As regards forward planning in such a climate of ongoing uncertainty, it was noted that considerable effort was being invested in financial modelling and scenario planning (M18-19/96 below refers). The Finance Director also observed that current EU-funded research was ongoing, EU students currently remained eligible for student loan funding and changes in exchange rates might be beneficial to overseas student recruitment, all of which counter-acted any major perturbations in the University’s forecasts and projections. With regard to under-writing support for Erasmus+ exchange programmes beyond 2020/21, the Acting Vice-Chancellor confirmed that UEB would keep this matter under cyclical review as political events developed.
Further to M18-19/72 (Nominations Committee), Council considered a report from the Nominations Committee (C.18-19/77) and approved its recommendation that the following members of the University Court be re-appointed for a further five-year term from 1 August 2019:

- Francesca Horsfield
- Susan Palmer
- John Tomsett
- Rob McLoughlin
- Maureen Vevers

It was reported that the Committee now routinely undertook analysis of the engagement and contribution of individual Court members before recommending they be re-appointed, and that consequently some members due to finish in July 2019 had not been proposed for re-appointment.

Council also approved the recommendation from the Chair that to avoid confusion the Committee be re-titled the ‘Honorary Associations Committee’, so that the current Appointments Committee (M18-19/90 below refers) could revert to being called the Nominations Committee.

The Chair reported verbally on a meeting of the Appointments Committee held on 21 May 2019, noting that the executive search firm Perrett Laver would be used to assist in the search for new lay Council members, with the intention of making new appointments before the start of the next academic year. Lay members were thanked for completing the Committee’s skills/experience matrix, which would inform a search focused on recruitment of more members from the local region. It was noted that further consideration would be given to membership of sub-committees once the full membership of Council for 2019/20 was established.

Council approved the Committee’s recommendation (tabled) that Mr Chris Thompson be appointed as University Treasurer for three years from 1 August 2019 to 31 July 2022.

[Secretary’s Note: The Chair left the meeting for discussion of the following item of business.]

As a member of the Appointments Committee, Mr Carpenter noted that in December 2018 Mrs Jagger had initially agreed to be nominated for election by Council as its Chair until the end of her current term of office,
i.e. until 31 July 2020. However, in the context of providing the new incoming Vice-Chancellor with greater stability during his first years in office, the Committee had decided to recommend that Mrs Jagger be re-appointed for a further two years until 31 July 2022, taking her up to the agreed maximum of 10 years’ service as a Council member. In considering this recommendation the following points were noted:

(a) As the Chair was technically elected by Council from among its current lay members (in accordance with University Statutes), it was suggested that the tabled recommendation from the Appointments Committee had bypassed this procedure by not allowing other current lay members to express an interest in standing for election.

(b) It was acknowledged that the circumstances and timing of the previous Chair’s resignation were somewhat unorthodox in that it had occurred mid-year, with Mrs Jagger agreeing at relatively short notice to be nominated for election as his successor, initially just until the end of the previous Chair’s term, in accordance with the Statutes (i.e. until July 2020, which also happened to be the end of Mrs Jagger’s current term).

(c) The Acting Vice-Chancellor confirmed that Mrs Jagger continued to have the support of UEB as Chair.

(d) As a general governance point it was agreed that a recommendation for the re-appointment of the Chair would normally be based on a formal performance appraisal in respect of that individual. The Registrar & Secretary reported in this context that the Appointments Committee was currently considering the proposed creation of a ‘Senior Independent Director’ role within the lay membership, with the role-holder undertaking appraisal of the Chair and also playing an intermediary role in the event of conflict or dispute between members.

Following the above discussion Council approved Mr Carpenter’s proposal that the recommendation regarding Mrs Jagger’s re-appointment be approved in principle, subject to a period of one month during which other current lay members could express an interest in standing as candidates for the position. The Registrar & Secretary noted that in the event no candidates were forthcoming, Mrs Jagger’s re-appointment would be confirmed at the next meeting in July.

18-19/93 Executive Report from the Acting Vice-Chancellor
[FOI exempt/commercially confidential]
Further to M18-19/73 (USS 2018 Actuarial Valuation), Council received a presentation from the Registrar & Secretary and Finance Director on the three contribution options USS had recently proposed to protect current benefits and avoid the larger increases due to be introduced in October 2019 and April 2020. Members noted the details presented in respect of:

- history of the current situation, including the 2017 triennial valuation, industrial action in February 2018, subsequent establishment of a Joint Expert Panel (JEP) and imposition of contribution increases under cost-sharing rule 76.4-8;
- consultation in February 2019 on the Trustee’s contingent contributions proposal;
- different features and contribution rates of the three options currently subject to consultation (Upper Bookend, Lower Bookend and a new third option with an earlier valuation in 2020);
- reports that the Russell Group (RG) was coalescing around support for Option 3;
- internal analysis of the three options confirming that Option 3 would be lower cost than the current rule 76.4-8 contribution schedule, although it had been reported in the media that this option was not favoured by the Pensions Regulator (TPR);
- additional proposal from USS that employers’ debt levels be monitored against agreed metrics with institutions wishing to grant security to lenders being required to grant pari passu security to the Trustee;
- Trustee concerns that strong employers withdrawing from the scheme might downgrade the sector covenant rating from “strong” to “tending to strong”;
- confirmation from UUK pension experts that Option 3 was the most preferable, a view shared by University management.

During discussion of the report the following points were noted:

(a) Option 3 seemed the best pragmatically, but was also acknowledged as merely the 'least worst' of the three. Some concern was expressed about the implications of TPR not supporting this particular option, which still represented a risk as the outcome of the new valuation proposed under this option remained unknown.

(b) Any requirement to grant pari passu security to the Trustee would make raising new debt or restructuring old debt more expensive for the University.

(c) With the Trustee attempting to assess the strength of the covenant on a sector-wide basis, the outcome of the Augar Review was likely to have an impact on this assessment.
(d) The University had not received any detailed commentary on the matter from TPR.

(e) Staff in many post-92 institutions were not members of USS but rather the Teachers’ Pension Scheme (TPS), in which contributions were also increasing substantially, which added further complexity to the pension landscape across the sector.

(f) Even though the financial cost to employers of leaving the scheme would be significant, the potential weakening of the covenant as a result of large employers leaving the scheme was noted as a risk.

Following the above discussion Council approved the recommendation that Option 3 was the best of the three options, an opinion which, as in previous consultations, would be conveyed back to USS in the Chair of Council’s name as part of a general response to the consultation as well as being published to staff on the University website.

18-19/95 Appointment of External Auditors
[FOI exempt/commercially confidential]

18-19/96 Office for Students: Financial Viability
[FOI exempt/commercially confidential]

18-19/97 Financial Stress Testing
[FOI exempt/commercially confidential]

18-19/98 Access and Participation Plan

Council considered the University’s updated Access and Participation Plan (C.18-19/82), noting that it had to be re-submitted to the OfS by 24 May 2019.

Attending the meeting to present the plan, the Pro-Vice-Chancellor for Teaching, Learning and Students confirmed that since the University’s initial registration with the OfS in April 2018 further work had been undertaken to enhance the plan with greater detail about its longer term targets and the methodology for evaluating its success (in the format required by the OfS). It was noted that the third section of the plan provided the key strategic objectives and evaluation strategy while the second part listed the inter-linked strategic projects and associated targets.

During discussion the following points were noted:
(a) While access and widening participation at postgraduate level was an interesting topic that was increasingly the subject of academic research, no equivalent plan for postgraduates was currently required by the OfS regulatory framework.

(b) Minor corrections would be made to the percentage figures in section 2.3.1 (p12) as in some cases these had been inaccurately rounded up. It was noted that a target of 10% for young, full-time entrants from Low Participation Neighbourhoods (POLAR4 Q1) represented about 1,000 students.

(c) Whilst nevertheless seeking to satisfy the OfS’s ambitious long-term targets for the sector in respect of closing unexplained gaps (i.e. differences between demographic groups which cannot be explained in terms of prior attainment or other factors), there was ongoing debate in the sector about the extent to which universities could be held responsible for closing absolute gaps in outcomes, regardless of what the contributing factors might be.

(d) In addition to the strong focus on target-setting and work to develop contextual admissions, consideration was also being given to a broader range of approaches that might support improved access, including those employed in other sectors (e.g. name-blind or school-blind recruitment methods in the civil service).

(e) While emphasising that the University’s targets were ambitious and stretching, the Pro-Vice-Chancellor noted that the University’s plan was likely to be subject to an iterative process with the OfS, with opportunities to re-submit if required.

Following discussion Council approved the University’s updated Access and Participation Plan for submission to the OfS and decided to delegate authority to the Chair to approve on its behalf any further minor amendments/additions.

18-19/99  In-Year Financial Performance
[F0I exempt/commercially confidential]

18-19/100  Business from Committees

Business from the following committee meetings was noted and/or approved (C.18-19/84):

(a) Audit and Risk Committee: 22 February 2018
(b) Urgent Decisions Group: 11 February and 22 March 2019
(c) Ethics Committee: 5 March 2019
(d) Equality, Diversity and Inclusion Committee: 13 March 2018
18-19/101  **Office for Students: Prevent Duty**

Council received for information the annual monitoring outcome letter from the Office for Students in respect of the Prevent Duty [April 2019] (C.18-19/85).

18-19/102  **Unreserved Business from Senate**

Council noted the following unreserved business from the meeting of the Senate held on 7 May 2019:

- contingency framework for assessment and examinations (C.18-19/86)
- amendment to University Ordinance 6.7 (C.18-19/87)
- register of the University’s current collaborative provision (C.18-19/88)

18-19/103  **Use of Seal**

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

18-19/104  **Date of Next Meeting**

The date of the next meeting was noted as Wednesday 24 July 2019 (11.00am).