UNIVERSITY OF YORK

COUNCIL

Minutes of the meeting held on 24 July 2015

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

Mr R Armitage  Mr J Lister
Mr M Galloway  Mrs J McAleese
Mr R Hide  Professor P Sells
Mr B Leatham (SU)  Professor L Stewart
Mrs M Loffill

In attendance:  The Registrar and Secretary, Dr D Duncan
The Director of Finance, Mr J Lindley
Governance Officer, Dr P Evans
Student intern, Ms Anjali Fordington (for M14-15/86)

Apologies for absence were received from the Pro-Chancellor (Mrs L Wild), the Treasurer, Ms J Horvatic (GSA), Mrs D Jagger, Professor R Taylor and Ms J Unwin.

14-15/76  Presentation on Quantum Technology

Council received a presentation from Professor Tim Spiller (Physics) on quantum technology developments at the University.

14-15/77  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.

14-15/78  Membership

On behalf of Council the Chair welcomed the new SU President (Ben Leatham) and also thanked those outgoing members attending their last meeting. Particular thanks were offered to the Deputy Vice-Chancellor (Dr Jane Grenville) who was retiring from the University after 27 years’ service.
14-15/79 Minutes

The unreserved minutes of the meeting held on 12 June 2015 were approved (C.14-15/69). Council also noted the action schedule based on the minutes (C.14-15/70).

14-15/80 Discussion of Departmental Performance

Further to M13-14/52 (Executive Report: Pro-Vice-Chancellor/T&L), the Chair reported verbally on discussions held with the Vice-Chancellor and Registrar regarding appropriate protocols for discussion of individual departmental performance in Council meetings.

The following were agreed as general guiding principles:

(a) Council members should feel free to comment on the performance of individual academic departments in a constructive manner consistent with Council’s top-level governance role;

(b) Heads of Departments who were also members of Council should remain in the meeting during discussion of performance issues relating to their departments;

(c) If a serious issue arose in a specific department, such that this would be formally included on the agenda for consideration, the relevant Head of Department should not normally be present, unless the Vice-Chancellor recommended otherwise.

14-15/81 Piazza Building  
[FOI exempt/commercially confidential]

14-15/82 Statement of Primary Responsibilities

Further to M14-15/62 (HE Code of Governance), Council considered an assurance map identifying how each of its newly agreed areas of responsibility was fulfilled in practice through reporting or formal delegation (C.14-15/72).

Welcoming the document as a useful clarification of its role and operational practice, Council agreed that the reference to its consideration of performance indicators should be moved from the first to the second area of responsibility, in order to capture how it would monitor implementation of the new University Strategy. It also agreed that the section relating to safeguarding the University’s reputation and values should be enhanced by
reference to its ethical investment policy. A minor amendment to the wording of the thirteenth area of responsibility was also agreed for greater clarity regarding endowments and bequests.

Executive Report from the Vice-Chancellor

Council received an Executive Report from the Vice-Chancellor in respect of University Strategy implementation and the Government’s Summer Budget announcements relating to higher education (C.14-15/73).

The Vice-Chancellor also reported verbally on a meeting held earlier that day of the Board of the York, North Yorkshire and East Riding Local Enterprise Partnership (the LEP). It was noted that, following a vote, the Board had decided not to approve the University’s application for funding for the Biovale project (M14-15/12 refers) on the grounds that the marketing component was not strong enough to demonstrate sufficient demand for the space provided in the proposed new building. Council shared the Vice-Chancellor’s frustration at this disappointing outcome. Noting that the failure of the bid did not affect the University’s overall budget and financial projections, Council offered its support to the Vice-Chancellor and the Pro-Vice-Chancellor (Research) in their consideration of possible alternative funding options or a re-submission of the proposal to the LEP.

As regards the information provided in respect of progress to date with strategy implementation, Council decided that, rather than receiving the more detailed operational documents underlying the implementation plan, it would be assured by receipt of exception reports from the Vice-Chancellor identifying any areas in which implementation was proving problematic or falling behind schedule. The Vice-Chancellor confirmed that currently there were no such issues to report and that priorities and resourcing across the three Key Objectives would be considered in detail by the SMG at its Away Day in September. Council also noted that a report on KPIs for evaluating delivery of the strategy would be submitted to its next formal meeting in November and that any issues arising from changes in the external political environment (e.g. affecting the planned growth rate) would be factored in to further reports.

The Vice-Chancellor also drew attention to the announcement in the Summer Budget, and subsequent reference by the Minister for Universities (Jo Johnson), to the planned introduction of inflation-linked rises in tuition fees for those institutions “offering high quality teaching”. It was noted that the assessment of teaching quality was
likely to be undertaken through the introduction of a ‘Teaching Excellence Framework’ (TEF), on which a Green Paper was expected to be published in autumn, with a White Paper towards the end of the year and possible enabling legislation by Spring 2016.

Council also noted the government’s planned conversion of undergraduate maintenance grants to loans for new students from 2016/17, which was intended to save the government £2.5bn per annum. Together with the announcement of additional savings from the Resource Accounting and Budgeting (RAB) discount rate (i.e. the estimated cost to Government of borrowing to support the student finance system), this was expected to reduce the likelihood of large-scale cuts in the Department for Business, Innovation and Skills (BIS) budget, at least in the short-term. It was generally agreed that the possible impact of such measures on application rates from the least well-off students would need to be carefully monitored, with University intervention if necessary to maintain its commitment to access and widening participation. It was reported in this context that a similar conversion of grants to loans had been shown to have a negative effect on the social make-up of students entering Further Education.

As regards the budget announcement relating to the living wage, it was noted that a strategy would be developed to counter the possible negative effect on the profitability of certain Commercial Services outlets, although this was not material to the University-level accounts.

In response to a query about the future balance of resourcing between teaching and research, especially in the context of the significance of the new TEF, the Vice-Chancellor noted that this would be considered when further details were known, although it was not expected at this stage to alter the University’s financial strategy significantly. It was also suggested that the University’s traditional strong emphasis on high quality teaching might provide competitive advantage relative to the Russell Group in this new emerging funding environment.

14-15/84  
Cash Balances and Generation

Council considered a report from the Director of Finance and Registrar & Secretary in respect of the University’s approach to cash balances and generation (C.14-15/74).
Presenting the report, the Director of Finance commented that the University’s historical approach of holding low cash balances (32 days net liquidity cf. sector mean of 122 days) was inconsistent with sector practice and posed material risks in the current financial environment. Council noted in particular how this issue related to the limits imposed by HEFCE on the University’s debt capacity and also the need to generate higher surpluses to invest in core academic activities and the student experience. The Director also drew attention to the establishment of a working group chaired by the Vice-Chancellor to consider options to address this situation, informed by a number of sub-groups looking at surplus generation, addressing loss-making activities, improving operational efficiency, potential disposal of non-core/under-utilised assets and re-shaping the capital programme. The working group would report on progress to the Finance and Policy Committee in October.

During discussion the following points were noted:

(a) Although not a formally approved KPI at this stage, the overarching intention in the longer term was to achieve a minimum of 90 net liquidity days.

(b) Given the potential impact on the student experience of the options being appraised by the working group and its sub-groups, it was noted that student representatives would have the chance to comment through their membership of the Finance and Policy Committee.

(c) As regards the potential disposal of investment in student residential accommodation, the University would ensure that this was not to the detriment of students housed in such accommodation.

Following the above discussion, Council endorsed the general approach as an appropriate means to mitigate against unforeseen risks in an increasingly uncertain environment. The Chair also emphasised the parallel need to generate enhanced surpluses to underpin capital expenditure.

**Budget 2015/16 and Financial Forecasts to 2018/19**

Council considered the budget for 2015/16 and the medium-term financial plan to 2018/19 (C.14-15/75) as presented by the Director of Finance, who drew particular attention to the following:
• approval of the budget by SMG and Finance and Policy Committee;
• contingency adjustments in respect of moving the Piazza building off-balance sheet (*M14-15/81 above refers*) and responding to the Summer Budget;
• reduction in tuition fee (and therefore surplus) assumptions;
• contingency provision in relation to student recruitment targets and related factors (e.g. immigration curbs on overseas students and changing demographics of under-18s in the UK);
• risks in respect of research grant income;
• general assumptions in respect of inflation and pay costs;
• summary of planned capital programme expenditure;
• contingencies and development funds.

The Director referred to two potential additional risk areas (construction inflation and interest rates), but expressed the view that overall the budget was deliverable. It was also noted that further work would be undertaken over the summer to respond to changes in BIS funding levels (via HEFCE or research council grants), with a view to bringing an update to Council in November if necessary.

In response to comments and queries, Council noted the following points:

(a) It was suggested that, given the current levels of uncertainty in the sector, the University should not shy away from radical scenario-planning, as such an exercise might prove useful in the event of dramatic changes in the future planning landscape.

(b) Although the key changes in financial projections were negative (*Table 1 of the report refers*), the budget proposals represented a realistic response to the current environment while also providing as much contingency as possible. Further consideration would however need to be given to improving cashflow levels and managing down other operating costs in order to ensure financial sustainability. It was noted that work was ongoing in this area, led by the Operations Managers, to achieve process improvements (including through IT solutions) that would contribute to reductions in operating costs.

(c) A re-forecasting exercise would be undertaken at Q1 in 2015/16 and if substantial material differences emerged, this would be reported to Council for further consideration.
(d) In terms of staff costs, it was noted that these were forecast to reduce as a percentage of income over the period, with the rising total cost increasing in line with income growth. It was suggested that management intervention in this area might impede or demoralise the academic effort which provided the forward momentum of the institution. This was particularly relevant in the research area where high-quality staff were required to deliver against challenging research income targets.

Following the above discussion, Council approved the budget for 2015/16 and the medium-term financial plan and capital programme to 2018/19, noting that these would be submitted to HEFCE as required. On behalf of Council the Chair thanked the Finance Department for the considerable amount of work involved in drafting the budget and revising it several times in response to emerging national and sectoral developments.

14-15/86 Sustainability Strategy

Council considered a report from the Pro-Vice-Chancellor (Research) and the Registrar & Secretary on the Sustainability Strategy (C.14-15/76). [Student intern Anjali Fordington (Environment Department) was welcomed to the meeting as an observer for this item of business.]

Presenting the report, the Registrar commented that the strategy had been in place since 2012, having been drafted with the assistance of a number of academic colleagues, in particular from the Environment Department. It was noted that the strategy was wide-ranging across many University activities and sought to respond to a range of ethical, financial and reputational imperatives. Attention was also drawn to the related guide for HE governors produced jointly by the CUC and the Environmental Association for Universities and Colleges (EAUC). The Pro-Vice-Chancellor (Research) observed that there was already a high level of institutional engagement with the strategy, which would support the current efforts to further raise the profile of sustainability.

During discussion the following comments were noted:

(a) A key area for action was in respect of transport, where the University had made good progress locally through its investments in cycling and promotion of public transport. International travel was understandably more problematic given the high levels of overseas students and research-related
travel by academics, but the Procurement Office was currently exploring carbon offsetting options.

(b) As for energy use, improvements had been made through investment in a biomass boiler and improved CHP plant, but the main challenge related to replacement of the older, energy-inefficient campus buildings. Further developments related to metering of usage by departments so that costs could be allocated in such a manner as to promote energy reduction measures.

(c) It was agreed that the wide range of impressive student initiatives should be promoted to prospective students, including YUSU’s achievement of a Green Impact award and college-based schemes such as the ‘Student Switch Off’ campaign.

(d) Although installation of a wind turbine on Heslington East had been rejected, the University did generate some of its own power and would continue to explore other possibilities (e.g. solar panels fitted to flat roofs).

Council welcomed the wide range of sustainability developments and agreed that the wording of the strategy should be updated to reflect the new University Strategy.

Annual Feedback Questionnaire

Council considered a report summarising the comments on its effectiveness submitted by members via the annual feedback questionnaire (C.14-15/77).

Noting that two of the ten effectiveness criteria had been re-worded to reflect Council’s new Statement of Primary Responsibilities (M14-15/82 above refers), the Chair welcomed the wide range of helpful comments and opinions provided by members. During discussion of the report the following comments were noted:

(a) In response to the suggestion from one lay member that some of Council’s pre-lunch sessions might focus on departmentally specific issues or problems, it was agreed that this would need to be conducted in accordance with the newly agreed protocols (M14-15/80 above refers), while at the same time respecting appropriate distinction between top-level governance oversight and operational management.
(b) Responding to a comment from one lay member about undue special pleading on behalf of academics, the Vice-Chancellor observed that while he accepted and indeed sometimes shared the general point, it was nevertheless important for management and governors to understand the specific cultural assumptions and behaviours of the workforce.

(c) As regards the purpose of the annual feedback exercise, the Chair commented that he was primarily interested in the assessment of the ten effectiveness criteria and related comments in order to steer the drafting of future agendas and ensure fulfilment of Council’s terms of reference. The outcome from the exercise would also be further discussed with the Registrar and Governance Officer, as well as feeding into the formal effectiveness review to be conducted in 2015/16. The following specific suggestions/comments from members were identified for further consideration:

- pre-lunch briefing from Deans on emerging role of faculties;
- reinstatement of the former “two-minute rule” for introduction of papers by University officers (with the exception of the Vice-Chancellor’s executive reports and budget presentations);
- investigation of options for electronic circulation of agendas to members who no longer wished to receive hardcopy papers for meetings;
- more active invitation to members to propose agenda items;
- how Council might gain enhanced assurance regarding “quality in academic and service provision”;
- Chair to hold informal one-to-one annual meetings with lay members in Autumn Term;
- how Council might best discuss and critique fundamental (often ideological) changes to the HE sector.

Following discussion, and noting the 100% return rate of the questionnaire, the Chair thanked members for their helpful input to enhancing Council’s contribution as an effective governing body.

14-15/88 Financial Performance Data

Council received for information financial performance data for the period ending May 2015 (C.14-15/78).
14-15/89  **Business from Committees**

Business from the following committee meetings was noted and/or approved (C.14-15/79):

(a) Finance and Policy Committee: 26 June 2015  
(b) Nominations Committee: 26 June 2015  
(c) Equality & Diversity Committee: 4 June 2015

14-15/90  **Schedule of Business**

Council received for information its Schedule of Business for 2015/16, including the schedule of Executive Reports (C.14-15/80).

14-15/91  **Unreserved Business from Senate**

Council noted the following unreserved business from the meeting of the Senate held on 7 July 2015:

(a) analysis of taught degree outcomes and postgraduate research submission rates (C.14-15/81)  
(b) performance review process for academic staff (C.14-15/82)  
(c) appointment of Associate Deans [Research] (C.14-15/83)

14-15/92  **College Mission Statements**

Council received for information a report on College mission statements (C.14-15/84).

14-15/93  **Use of Seal**

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

14-15/94  **Date of Meetings in 2014/15**

The dates of meetings in 2014/15 were noted as follows:

[Away Day: Thursday 17 September 2015, 2.30pm, followed by dinner, Ron Cooke Hub]

Friday 13 November 2015  
Friday 26 February 2016  
**Friday 20 May 2016** [Note: change from originally published date of 17 June 2016]  
Friday 22 July 2016  
(all 12:00, Yarburgh Room, H/G15, Heslington Hall)