Minutes of the meeting held on 25 June 2010

Present: The Chair of Council
The Vice-Chancellor
The Deputy Vice-Chancellor
Pro-Chancellor (Dr R Brech)
Pro-Chancellor (Mrs L Wild)
Pro-Vice-Chancellor (Ms A E M Heaps)

Professor J Bennett
Mr R Huang (GSA)
Mrs M Loffill
Mr T Ngwena (SU)
Ms A Selvaratnam

Professor T Stoneham
Mr D Tecwyn
Ms J Unwin
Professor P Walton
Dr H Wilkinson

In attendance:
The Registrar and Secretary
The Director of Finance
The Director of Facilities Management
Governance Officer, Dr P Evans
Pro-Vice-Chancellor (Students), Dr J Grenville (for M09-10/46)
Director of Human Resources, Mrs P Lofthouse (for M09-10/47)
Director of Health & Safety, Mr T Fleming (for M09-10/48)

Apologies for absence were received from the Treasurer (Mr D Dickson), Mr M Galloway, Mr B Greenwood, Mrs K Harper, Mrs J McAleese and Mr W McCarthy.

09-10/39 Membership

The Chair welcomed Mrs Maureen Loffill to her first meeting as a newly appointed lay member.

09-10/40 Declaration of Conflicts of Interest

Members were invited to declare any potential conflicts of interest relating to the business of the meeting. As Head of the Department of Chemistry, Professor Walton declared an interest in the item on health and safety (M09-10/48 below refers).
09-10/41 Minutes

The unreserved minutes of the meeting held on 5 March 2010 were approved (C.09-10/35). Council also noted the action schedule based on the minutes (C.09-10/36).

09-10/42 EIB Loan Facility

Further to M09-10/21, Council received a report from the Treasury Group on the European Investment Bank loan facility (C.09-10/37). It was noted that the University had signed a contract for a facility of £45m, with a 28-year pay-down period. The Director of Finance reported the intention to draw down an initial £15m before July 2010. Council offered its thanks to the Director of Finance and his team for securing the loan on favourable terms.

09-10/43 Redundancy Committee

Further to M09-10/23, the Registrar reported that the appeal under statute by a former member of staff against notice of dismissal had not been upheld. The matter would now be the subject of an employment tribunal.

09-10/44 Higher Education Funding

Further to M09-10/24, Council received a further update on HEFCE grant funding and implications arising from the budget on 22 June 2010 (C.09-10/38). The Director of Finance drew attention to the following:

- 2.5% increase in HEFCE grant settlement for the University in 2010/11 (cf. average sector increase of 0.4%);
- 0.4% reduction in the teaching grant for current year 2009/10 (non-material in relation to financial forecasts);
- government announcement in May 2010 of intention to make £6.2 billion savings, with confirmation of 25% cuts across all government departments in the June budget announcement;
- 2.5% rise in VAT to 20% from January 2011.

Council noted that the comprehensive spending review in the autumn would confirm further details of government funding. With regard to the VAT increase, the Director of Finance reported several mitigating actions that would be taken, including contractual negotiations with suppliers.
Key Performance Indicators

Further to M09-10/ 30, it was noted that a briefing-note had been circulated regarding staff costs. Council approved the recommendation that for consistency with other submissions and external benchmark data, the KPI in respect of staff costs be amended to show consolidated staff costs as a percentage of consolidated income (excluding one-off distortive items).

Executive Report: Pro-Vice-Chancellor for Students

Council received the annual executive report from the Pro-Vice-Chancellor for Students, Dr Jane Grenville (C.09-10/39).

During discussion the following points were noted:

a) With regard to improving healthcare provision for students, monitoring was undertaken by the Student Services Committee and negotiations were currently underway to define appropriate service standards.

b) Despite increasing expenditure over recent years on sports facilities (ca. £5m), further investment was required to meet the expectations of students in this area, with demand for a swimming pool emerging strongly in student satisfaction surveys (M09-10/ 51 below also refers).

c) Despite a degree of initial concern among some Provosts about the effect on the student mix of providing catered accommodation packages in CLASP residences, enthusiasm for this new offering seemed to be growing, with the hope that it would enhance college spirit.

d) With the strong government emphasis on provision of a high-quality student experience (which would also be a factor in the Browne Review of the financing of HE), Council welcomed the fact that the University had introduced a specific Pro-Vice-Chancellor role that concentrated on this area.

e) York students traditionally demonstrated a high level of engagement and expressed their opinions forcefully, often through the student media. A healthy dialogue was maintained and it was normally possible to achieve an appropriate accommodation between student demands and institutional priorities.

Council thanked the Pro-Vice-Chancellor for her report.
Executive Report: Director of Human Resources

Council received the annual executive report from the Director of HR, Pat Lofthouse (C.09-10/40).

During discussion the following points were noted:

a) With regard to the reported metrics, it was noted that having a single target for staff turnover was deemed inappropriate due to the considerable variances in this area between different staff groups (e.g. research staff on fixed-term contracts, casual catering staff etc).

b) With regard to recruitment targets, it was suggested that comparison with other HEIs through benchmark data might be more informative than raw numbers.

c) Noting the number of posts filled per year (ca. 400), it was reported that the move to a web-based system had helped to ease the burden on central HR Services and recruiting departments.

d) In terms of future HR strategy, the two main areas for development were performance management and workforce planning.

e) Regarding the ratio between academic and support staff (1:1.33), it was noted that many support staff were ‘front-line’ in that they dealt directly with students. A recent benchmarking exercise by external consultants had confirmed that the University’s expenditure on support staff was lower than elsewhere in the sector.

f) In the context of the ‘employer of choice’ strand of the HR Strategy, it was reported that analysis of exit questionnaires confirmed that staff rarely left for reasons relating to their terms and conditions. With a rising proportion of international staff, greater attention was also being paid to relocation systems.

g) The next staff opinion survey was scheduled for Spring 2011.

h) Issues related to the long-hours culture at the University, which had been mentioned at an SMG Staff Forum, were addressed in the detailed plans underlying the main HR Strategy.

Council thanked the HR Director for her report, and in particular for the provision of staffing metrics as requested the previous year.
Annual Report on Health & Safety

Council received the annual report on health and safety (C.09-10/41), which was presented by the Director of Health and Safety, Tom Fleming.

During discussion the following points were noted:

a) Further to comments in the report on serious structural issues associated with the single-storey CLASP buildings in Chemistry, it was reported that the Senior Management Group and Policy and Resources Committee had considered a proposal for a possible solution. Although the proposal in question was no longer likely to be brought forward, the condition of the Chemistry Department buildings remained a high priority, with an allocation made to address the problems in the capital programme. A business continuity plan for the buildings in question was also in place.

b) The University had approximately 240 trained first-aiders and in recent years efforts had been made to ensure that they were appropriately spread across the areas of greatest health risk. Signage relating to first-aid was also being improved, providing a direct line to security services (in which all members of staff were qualified first-aiders).

c) The number of reported accidents, incidents and near misses had risen following comments in the staff opinion survey and consequential introduction of an online reporting system. It was expected that reporting levels would decline to a steady-state once use of the new system became more embedded in routine working practice.

Council thanked the Director of Health and Safety and his team for their work over the last year.

Library and Computer Science Buildings

Council considered a recommendation from the meeting of the Policy and Resources Committee held on 11 June 2010 that an additional £1.675m be allocated to ensure full completion of the conversion of the Computer Science building into the Harry Fairhurst Library and refurbishment of the existing JB Morrell Library (C.09-10/42).

During discussion the following points were noted:
(a) The additional funding would be used to address issues with the condition and ventilation of the Computer Science building; to incorporate transfer of the modern media archive from the Music Department; to procure appropriate furniture, shelving and AV equipment for public spaces; and to replace windows in the JB Morrell building.

(b) It had not been possible to access the fabric of the buildings for detailed survey work when cost estimates had first been calculated and brought forward for approval. There had also been a need to start the programme of works as soon as possible to minimise disruption to students.

(c) The Policy and Resources Committee had agreed that the request for additional funds for the two projects should be combined into a single proposal for consideration by Council.

Council approved the recommendation from the Committee.

09-10/50 Biomass Combined Heat and Power Facility

Council considered a recommendation from the meeting of the Policy and Resources Committee held on 11 June 2010 that approval be given for a biomass combined heat and power facility at a total project cost of £7.6m, contingent upon subsequent approval for Heslington East Phase 2 infrastructure works (C.09-10/43).

During discussion the following points were noted:

a) The requested investment would be made in Bardmilne Ltd, a University-owned company that supplied water and heating to the University.

b) The development would allow the University to claim renewable obligation certificates (ROCs) from government. These could be traded to provide an income stream to offset the initial capital cost.

c) The facility would help the University to meet the Heslington East planning requirement of generating 10% of the development’s energy on site. It would also contribute to achieving the University’s statutory carbon reduction commitment target (applicable in 2020).

d) The innovative technology was based on gasification of wood chip and had been proven in Europe and the US. Expert advice
had been provided by specialist biomass consultants in addition to the University’s existing energy management advisors.

e) ROCs were traded on the open market and a market average for their value had been assumed in the business case. With the current government’s strong focus on renewable energy, it was anticipated that ROCs would increase in value as organisations were increasingly incentivised to invest in them.

Council approved the recommendation from the Committee.

09-10/51 Sports Village and Swimming Pool

Council considered a recommendation from the meeting of the Policy and Resources Committee held on 11 June 2010 that approval be given to develop the York Sports Village on Heslington East, with a capital allocation from the University of £5m (C.09-10/44). It was noted that the total project cost was £9m, with £3m funding required from the City of York Council (CYC) and £1m from Sport England.

The Vice-Chancellor reminded Council that an indoor sports centre had been part of the original Phase 1 plan for Heslington East as approved by the CYC Planning Committee in 2005 and subsequent public inquiry in 2006. Plans to share the estimated cost with CYC had then stalled due to ongoing discussions about the Barbican leisure centre and the onset of the economic downturn. More recently the Director of Facilities Management had re-visited the business case and the proposed £9m collaborative project with CYC and Sport England had been developed (to be formally considered by CYC in July 2010).

During discussion the following points were noted:

a) The project would provide facilities for use by students, staff and the local community, with three core businesses: a health and fitness centre, synthetic pitches and a swimming pool. Extensive consultation had been led by a Steering Group over a two-year period.

b) The swimming pool would be publicly accessible while the fitness centre would be run on a membership basis at rates which compared favourably with local private health clubs. The business case relied on the generation of income from health club memberships to support provision of the other sport and leisure facilities on the site. Discounted membership rates for University staff were not currently part of the business plan.
c) Some concern was expressed at restricting the café area to health club members only, with vending machines to be provided in the public areas. It was noted that this aspect of the proposal had arisen from research about the lifestyle choice associated with health club membership and the expectations of members. It was believed this was crucial in marketing/selling membership and maximising the revenue to support the business plan while providing high-quality services for all user groups.

d) With regard to the pricing policy in the context of existing local facilities and demographic factors, it was reported that specialist advice had been taken.

e) The pricing regime would be different to the current University sports centre and an additional charge would be made for membership of both facilities. It was noted that participation in sport and fitness was growing in the University and the local community, and that the health club market generally was growing despite the current recession.

f) Support in CYC for the project was believed to be strong and the proposal would be considered by its executive and full council in July. As CYC was being asked to invest in what would be a University asset, it would seek negotiation of an appropriate public access agreement, and no difficulties were anticipated in this area. The Director of Facilities Management reported that there had been high levels of co-operation with CYC in order to draw up the current proposal.

Following the above discussion, Council approved the project and associated capital allocation of £5m, subject to further consideration being given at the detailed design stage to:

i) provision of suitable catering facilities for the general public, i.e. non-health club users (point [c] above refers);

ii) removal from the indicative design of the proposed unisex shower facilities (in response to comments from the Graduate Students’ Association).

It was noted that the development remained contingent on CYC and Sport England confirming their commitment to part-fund the project.
Council considered a recommendation from the meeting of the Policy and Resources Committee held on 11 June 2010 that approval be given for the sale of Goodricke College to a limited liability company comprising a 50:50 joint venture between the University and Evans of Leeds (C.09-10/45).

The Director of Finance reminded Council that it had been agreed that at least a proportion of future residential accommodation should be built ‘off balance sheet’ in order to increase the University’s capacity to make future strategic investment in its core business. Although Goodricke had been built on-balance sheet, negotiations had been undertaken with Evans of Leeds regarding its disposal, leading to the following proposals:

- the limited liability partnership (LLP) to acquire a long-leasehold interest (125 years) in Goodricke College for an agreed price of £27.5m;
- the University and Evans each to invest £5.5m in the LLP, the remaining £16m being provided by Abbey Santander as a medium-term semi-fixed-interest loan;
- the University to manage the letting of the property on the LLP’s behalf.

During discussion the following points were noted:

a) The arrangement enabled the University to retain a long-term financial interest in the asset whilst ensuring that none of the associated debt appeared on its balance sheet. Advice had been taken from KPMG who had confirmed this accounting treatment.

b) The University’s balance sheet would be progressively strengthened by the arrangement as the asset increased in value and the debt was amortised.

c) Noting that Evans’ commitment to retain their ownership was not guaranteed beyond the first three years and that beyond this period it would be possible for the University to buy back Evans’ 50% share, it was suggested that the implications of this for the proposed accounting treatment should be checked.

d) In terms of rent-setting for the accommodation, guidelines for this would be written into the management agreement. Rents would be set in accordance with the market rate in the context of the University’s other residential accommodation (i.e. the University would be the market-maker). This approach had

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functioned effectively for the University’s other existing off-balance sheet accommodation.

e) With regard to timescale, it was proposed that the transaction would take place on 1 August 2010 (to book the profit in the 2010/11 financial year), with the lease to be handed over on 1 October 2010.

Council **approved** the proposed arrangement.

**09-10/53  Financial Performance Data**

Council **considered** a report summarising the consolidated income and expenditure account and cash flow for the period ended 30 April 2010 (*C.09-10/46*). It **noted** that the positive variance against budget would be sustained to year-end and that it arose from a combination of the following:

- under-spends on core staff budgets (due to a lower than budgeted settlement of the 2009 pay award);
- better performance on research, continuing education/CPD and consultancy work;
- lower depreciation charges and unspent contingency provisions.

**09-10/54  Corporate Governance Review**

Further to M09-10/26, Council **considered** a report from the corporate governance review group (*C.09-10/47*).

Noting that six members of Council were absent, the Chair proposed that initial comment be taken on two aspects of the report, namely the size and constituency of Council and revisions to the committee structure, and that the report then be brought back to the July meeting for further consideration and formal approval of recommendations.

With regard to the comments in the report on the optimum size and constituency of Council, the following observations were **noted**:

a) The previous reduction in the size of Council from 30 to 22 members had been successful in sharpening the focus of its deliberations.

b) The size of Council was connected to the size and shape of the supporting committee structure and the role Council members
played on those committees. The report only commented on those sub-committees where specific change was proposed – the remits of the others would remain unchanged.

c) The recommendation regarding attendance of University officers, specifically the Director of Facilities Management, arose from feedback from new lay members about the number of people present at meetings and also the attention paid by the review group to maintaining an appropriate balance between governance and management.

d) It was suggested that the actual number of Council members was not as important as consideration of the role and purpose of Council and, in the light of this, the capabilities required to ensure fulfilment of its primary responsibilities as the governing body, including assessment of the risks faced by the institution.

e) Unlike the board of a private company, Council also needed to ensure it had appropriate representation from academic and support staff and students for reasons of collegiality and consensus building.

Arising from the above discussion, it was decided that the section of the report on the size and constituency of Council should be re-worked to present more clearly the pros and cons of both the status quo and the smaller alternative model, with reference to Council’s core remit as identified in its Statement of Primary Responsibilities (point [d] above refers).

With regard to the section of the report on the committee structure, the following comments were noted:

a) The proposal regarding discontinuation of the Business & Community Committee was strongly supported.

b) Noting that the current terms of reference of the Planning Committee included ‘to set standard University tuition fees’, Council supported the report’s recommendation that decisions about tuition fees should be made by the SMG and ratified by Council.

c) No change was currently proposed to the Redundancy Committee, although some amendments might be required arising from ongoing work to re-draft the University’s employment-related statutes in consultation with the campus trade unions.
d) The scheduling of Council meetings had been regularly reviewed as part of the annual effectiveness review process and it had been agreed that Friday meetings remained appropriate, particularly with regard to attendance by lay members who were not based in York.

With regard to the recommendation in the report that Council also conduct an annual effectiveness review by means of a questionnaire, the Chair reported that such a questionnaire would shortly be circulated to all members and a report based on the responses submitted to the next meeting.

It was noted that the re-submitted report from the review group would be considered at the next meeting as a matter arising.

09-10/55  
Risk Management Policy and Strategy

Council considered a document setting out the risk management policy, strategy and assurance framework, including the annual cycle of reporting to Audit Committee, Council, SMG and Operations Group (C.09-10/48).

It was noted that the risk management framework had been revised in response to comments the previous year from internal and external audit, and that the Audit Committee had welcomed the updated approach.

The following comments were noted:

a) The previous strategy had not been sufficiently prominent in an operational sense and had not included appropriate levels of dialogue with risk-owners. This had now been addressed.

b) It was suggested that Council would benefit from seeing risk assessment of specific proposals presented to it for consideration.

c) The multi-level approach in relation to corporate, departmental and project-based risks was endorsed.

d) The annual reporting cycle (Appendix 2) would be amended to include submission of the full corporate risk register to Council on an annual basis.

e) The Chair would provide some minor drafting amendments on the oversight role played by Council as set out in the ‘Risk Management Policy Statement’ (section 2).
Subject to the above comments, Council approved the revised risk management framework.

**09-10/56 YUSU Strategic Plan**

Council received for information the YUSU Strategic Plan 2010-13 and a report from the President on achievements since the previous Plan in 2006 (C.09-10/49).

During discussion the following comments were noted:

a) The SU remained committed to becoming 40% self-funded by 2011 and would maintain its increasing focus on marketing and commercial activities.

b) Dialogue was ongoing with the University regarding the options and timeframe for relocating or expanding the current Student Centre. The situation would be clearer by the middle of the following academic year in the context of other pending campus developments.

c) The SU’s core representative function was partly achieved through the role played by the 250 course representatives who brought forward issues at programme and departmental level.

d) The approval of a new Strategy represented an opportune moment to define and articulate the full diversity of the student body to ensure that all categories of student (e.g. international, distance-learning, mature etc) were properly represented. Consultation on this matter would feed into development of an appropriate communication strategy.

The Chair thanked the President for keeping Council abreast of the Union’s development and future direction.

**09-10/57 Business from Committees**

Business from the following committee meetings was noted and/ or approved (C.09-10/51):

(a) Policy and Resources Committee: 11 June 2010  
(b) Audit Committee: 26 February and 28 May 2010  
(c) Nominations Committee: 7 May 2010  
(d) Equality & Diversity Committee: 11 March 2010  
(e) HYMS Joint Board: 3 March 2010

**09-10/58 Unreserved Business from Senate**
Council noted and/or approved the following unreserved business from the meeting of the Senate held on 18 May 2010 (C.09-10/52):

(a) Vice-Chancellor’s report on recent events;
(b) reviews of Admissions Policy and Widening Participation Strategy;
(c) register of validated programmes.

09-10/59 HEFCE Risk Assessment

Council received for information the annual letter from HEFCE to the Vice-Chancellor confirming its assessment of institutional risk (C.09-10/53). It noted the overall assessment that the University was “not at higher risk” and was meeting the accountability obligations set out in the Financial Memorandum.

09-10/60 Use of Seal

Council approved the use of the Common Seal of the University.

09-10/61 Date of Next Meeting

The date of the next meeting was noted as Friday 23 July 2010.