UNIVERSITY OF YORK

COUNCIL

Minutes of the meeting held on 20 July 2012

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

Professor J Bennett    Mrs M Loffill
Mr M Burton            Mrs J McAleese
Ms K Diaconu (GSA)     Mrs A Selvaratnam
Professor B Fulton     Mr K Taylor (SU)
Mr B Greenwood         Mrs J Unwin

In attendance:  The Registrar and Secretary
Governance Officer, Dr P Evans
Deputy Director of Finance and Commercial
Finance Manager (for M11-12/61)

Apologies for absence were received from Mr M Galloway, Mr R Gregory, Professor M Hallett, Mr W McCarthy and the Director of Finance.

11-12/58     Membership

The Chair thanked outgoing members Professor Judith Bennett and Amanda Selvaratnam for their contribution to Council and welcomed new members Professor Colin Mellors (elected by Senate) and Kallum Taylor (SU President).

11-12/59     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.
Minutes

The unreserved minutes of the meeting held on 22 June 2012 (C.11-12/54) were approved, subject to one minor correction to M11-12/44 (‘25 November 2011’ to read ‘2 March 2012’).

With regard to the action schedule based on the minutes (C.11-12/55), it was noted that a paper would be brought to the next meeting to update Council on a number of matters relating to pension schemes.

Budget 2012/13 and Financial Forecasts to 2015/16

Council considered the budget for 2012/13 and the medium-term financial plan to 2015/16 (C.11-12/56) as presented by the Deputy Director of Finance (Rod Peet) and the Commercial Finance Manager (Gary Sheen) who drew particular attention to the following:

- contextual background to the medium-term planning (MTP) process as regards student number growth, income and cash flow;
- changes in the financial environment since the last MTP round;
- investment of anticipated new fee regime funds;
- MTP targets and constraints;
- forecasts and sensitivities;
- projected cash flow and surplus;
- debt management and capital programme.

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

(a) The surplus unallocated fee income after planned investments (rising to £5.2m by 2015/16) was currently assigned to contingency. It was noted the surplus would be higher if this was added back in to the bottom line, which was a very positive indicator as regards the University’s capacity for future development.

(b) After adopting a cautious budgetary approach the previous year in the light of ongoing uncertainty about the external funding environment, a number of capital investments had been made for 2012/13, with further disbursements to be considered by the SMG over the coming year. The plans for this new expenditure would be shared with Council at its meeting in Spring 2013.
(c) Although certain overseas countries, including China, were rapidly developing their own provision, this was not having a negative effect on the overseas student market for UK higher education which was forecast to increase considerably over the coming decade. The cost of UK higher education also remained competitive relative to international competitors such as the USA and Australia. The main risk in this area remained the government’s continued inclusion of students in immigration figures and the related visa restrictions.

(d) Pension issues had not been identified among the risks in the covering report as it was not currently possible to quantify the potential impact. Uncertainty in this area was, however, one of the factors underlying the proposed level of contingency reserves. It was noted that pensions accounting was technically complex and that considerable financial modelling was being undertaken by the University and its actuaries, which would be reported to Council in due course (M11-12/60 above also refers).

(e) The summer 2012 confirmation and clearing period for student applicants would be different to previous years as a result of changes in student number controls, especially the removal of the limit on recruitment of students with AAB grades or above. Such changes were particularly likely to affect the manner in which applicants took up insurance offers.

(f) The main focus of additional targeted investment in the student experience had been, *inter alia*, 24-hour library provision, improved access to library texts and journals, and measures to improve student:staff ratios. The plan assumed that future development funds would be spent on recurrent activities.

(g) The University’s access agreement had been re-submitted to OFFA as required after the end of the first year of implementation with a couple of minor changes. It remained to be seen whether the heightened focus on widening participation would lead to an increase in the proportion of students from disadvantaged backgrounds entering research-intensive institutions, especially given the barriers prevalent at the pre-university stage. It was noted in this context that aspiration-raising outreach work in schools was a long-term activity.

(h) As regards the projected increase in research grant income between 2012/13 and 2013/14 (from £49m to £55m), it was noted that this was partly predicated on a one-off investment in
research-intensive staff which would be followed by a period of consolidation. Such variable patterns in research income were also partly dictated by the three-year funding cycles of the research councils. Council noted that research income forecasts were constructed via a bottom-up process over several iterations in the MTP process with individual academic departments. It also noted that the contribution element of research grant income only represented a small percentage of total turnover.

(i) In response to a query on the derivation of cash flow figures in Appendix 3 from the trading figures in the consolidated income and expenditure account (Appendix 1), it was noted that there were two apparent discrepancies. The first related to the trading surplus, which in Appendix 3 is provided before endowment income, joint venture profits and minority interest (the latter forming part of the consolidation adjustments line of Appendix 1). The second related to depreciation, some of which is contained within the subsidiaries line of Appendix 1. Taking these into account, the cash flow projections in Appendix 3 reconciled to the consolidated income and expenditure projections in Appendix 1.

(j) The forecast figures for operating cash flow (rising to £31m in 2015/16) had positive implications for the University’s borrowing capacity and related expenditure decisions. The Vice-Chancellor expressed the view that universities would be in a stronger position in five years as regards their general productivity, which highlighted the importance of making appropriate investment decisions in order to enhance competitiveness.

Following the above discussion, the Chair congratulated those concerned for the detailed iterative process which had produced a well-constructed budget that responded to the areas of principal risk over the planning period. The acceleration in cash flow and surplus was noted as particularly critical to the University’s developmental aspirations.

Council approved for submission to HEFCE the budget for 2012/13 and the medium-term financial plan and capital programme to 2015/16, noting that they would only be brought back to Council in the event of major material variances. It was also decided that Council would consider options for future investment of additional fee income at its meeting in March 2013.
Executive Report: Student Experience

Council received the annual executive report from the Pro-Vice-Chancellor for Students (also Deputy Vice-Chancellor), Dr Jane Grenville (C.11-12/57).

Introducing the paper, Dr Grenville drew particular attention to the ‘in principle’ decision by the SMG to construct a third college on Heslington East and also to the comments in the report on graduate employability.

During discussion, the following points were noted:

(a) A formal proposal regarding the new college would be brought to the next Council meeting. The financing model was likely to be similar to the off-balance sheet arrangement with a third party for the construction and management of the new Langwith College.

(b) With regard to students living off-campus and the need to maintain good relations with local residents, it was noted that the SU had developed a Community Strategy which included the appointment of students as “neighbourhood reps”. The proposed construction of a new college would also assist in achieving a better balance of on- and off-campus accommodation available to all year groups. On the broader question of community engagement, it was noted that considerable work had been undertaken through the Higher York partnership to promote the benefits students brought to the city.

(c) On the matter of catered accommodation, which had been successful in community building in Derwent and Langwith, it was agreed that the key factor for students was to provide transparency on the cost implications of different accommodation packages.

(d) Given the sensitivity around a general shortage of housing in the city and the lack of an agreed local development plan, the University would continue to explore different student housing options, including entering into agreements with private providers as necessary.

(e) Council welcomed the fact that 91.5% of the 2011 graduating cohort was in employment or further study six months after graduating (paid internships included in this figure), which
reflected well on York graduates in the current difficult economic climate.

(f) A recent study tour by senior University managers visiting different types institution in the USA had proved useful and thought-provoking on subjects such a differential fee levels, widening participation in a high-fee environment and the risks of over-escalated spending on non-academic service provision.

(g) As well as the welfare service provided by the three denominational chaplains (Church of England, Roman Catholic and Methodist), support and prayer facilities were also provided to other faith groups in a manner commensurate with relative numbers. Such provision was clearly visible to prospective students via the web portal.

(h) The strategy for welfare provision aimed to provide a more supported environment during the first year, with the colleges playing a key role, while also acknowledging students’ growing independence and maturity over subsequent years.

(i) Membership of the new Sports Village was being actively promoted and good progress was being made, although the balance between student and non-student members was not currently known.

Council thanked the Deputy Vice-Chancellor for her report.

11-12/63
Executive Report: Business and Community

Council received the annual executive report from the Pro-Vice-Chancellor (Business and Community), Professor Colin Mellors (C.11-12/58).

Introducing his report, Professor Mellors drew Council’s specific attention to the following:

- the challenging and complex environment for business interaction;
- development of performance indicators for business and community activities (including sector rankings and targets where available);
- support for start-ups provided by lay members of the Business Advisory Group.
In response to comments and queries from Council, the following points were noted:

(a) Further work would be undertaken to integrate consideration of commercial opportunities and knowledge transfer (KT) into the annual MTP process with academic departments. It was noted that the most effective KT was that which connected strongly with departmental research strategy, with the potential linkage between the two being further promoted by the impact aspect of the Research Excellence Framework (REF).

(b) The programme of internships facilitated by the Careers Service provided mutual benefit to student participants, employers and the University. The University was particularly supportive of paid internships and saw a relationship between these and its employability and widening participation strategies.

(c) As regards commercial exploitation of intellectual property, the importance was acknowledged of having experienced business mentors to guide new companies through the early stages of bringing their idea to the market. It was noted that a number of sources of such start-up guidance were available via the Science Park, and that these might be more actively signposted by the Research and Enterprise Office (particularly after the REF submission).

Council thanked the Pro-Vice-Chancellor for his executive report, and in particular for the development of performance indicators to illustrate the University’s relative position in this area of activity.

11-12/64 Annual Feedback Questionnaire

Council considered a report summarising the feedback on effectiveness submitted by individual members via the annual questionnaire (C.11-12/59).

It was noted that the response generally confirmed a high degree of satisfaction with Council’s effectiveness as the University’s governing body. However, noting the relatively low response rate, it was agreed that the questionnaire should be re-circulated to non-respondents.

11-12/65 Financial Performance Data

Council received for information financial performance data for the period ended 31 May 2012 (C.11-12/60).
11-12/66 Business from Committees

Business from the following committee meetings was noted and/or approved (C.11-12/61):

(a) Equality & Diversity Committee: 21 June 2012
(b) Nominations Committee: 6 July 2012

Further to the report from the Nominations Committee, the Chair tabled an additional recommendation from the Committee, namely that Denise Jagger be appointed to Council (to replace Hazel Wilkinson) for an initial period of two years from 1 August 2012 to 31 July 2014. Council approved the recommendation.

11-12/67 HEFCE Assurance Review

Council received for information the final report of the HEFCE Assurance Review visit in April 2012 (C.11-12/62).

11-12/68 Equality and Diversity Annual Report

Council received for information the annual report from the Equality and Diversity Office (C.11-12/63).

11-12/69 Schedule of Business

Council received for information its Schedule of Business for 2012/13, including the schedule of Executive Reports (C.11-12/64).

11-12/70 Unreserved Business from Senate

Council noted the following unreserved business from the meeting of the Senate held on 10 July 2012:

(a) Vice-Chancellor’s report on recent events (C.11-12/65);
(b) report on postgraduate submission rates (C.11-11/66);
(c) Calendar of Meetings for 2012/13 (C.11-11/67).

11-12/71 Use of Seal

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

11-12/72 Dates of Meetings in 2012/13

The dates of meetings in 2012/13 were noted as follows:
Friday 12 October 2012 (Away Day, 2.30pm, in the Lakehouse room in the Ron Cooke Hub, followed by dinner in the atrium)

Friday 23 November 2012
Friday 1 March 2013
Friday 21 June 2013
Friday 19 July 2013