UNIVERSITY OF YORK

COUNCIL

Minutes of the meeting held on 15 November 2013

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

Mr M Burton               Professor L Stewart
Mr B Greenwood             Mr K Taylor (SU)
Ms D Jagger                Professor R Taylor
Mrs M Loffill              Ms J Unwin
Mrs J McAleese             Mr Y Wang (GSA)

In attendance:  The Registrar and Secretary
                The Director of Finance
                Governance Officer, Dr P Evans
                The Director of Estates (for M13-14/9)

Apologies for absence were received from the Pro-Chancellor (Mrs L Wild), Mr R Armitage, Mr M Galloway, Mr W McCarthy and Professor P Sells.

13-14/1  Presentation: White Rose College of the Arts and Humanities

Council received a presentation from Professors Julian Richards (Archaeology) and Judith Buchanan (English) on the new White Rose College of the Arts and Humanities.

13-14/2  Membership/Terms of Reference

Council noted its membership for 2013/14 (C.13-14/1) and the Chair welcomed the following new members:

- Professor Richard Taylor (Head of the Department of Chemistry, elected by Senate)
- Yuan Wang (ex officio as GSA President)

Council also noted its terms of reference and annual schedule of business, including the cycle of Executive Reports.
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 19 July 2013 were approved (C.13-14/2). Council also noted the action schedule based on the minutes (C.13-14/3).

Council Effectiveness

Further to M12-13/71 (Annual Feedback Questionnaire), Council received for information a graphical presentation of the effectiveness assessment made by members of the nine main areas of Council responsibility over the last four years (C.13-14/4).

During discussion the following points were noted:

(a) Although the graph might be easily misinterpreted as the raw numbers in the underlying data were so small, it nevertheless served the function of highlighting broad trends in opinion and providing a snapshot of members’ views on governing body performance. It was hoped that earlier circulation of the questionnaire would in future generate a higher and more considered response.

(b) Recent declines in the scale of assessment for the areas of setting strategy and challenging the executive were noted. It was agreed that the arrival of the new Vice-Chancellor would provide Council with enhanced opportunities to contribute in these areas.

(c) It was suggested that, unlike non-executive roles in other organisations/sectors, it could be difficult for lay members initially to achieve a detailed understanding of the complex nature of University business.

(d) The Chair reported that he had also received some direct feedback on the climate for participation in meetings, which he would be seeking to address.

(e) One planned innovation would be the replacement of the annual report from the Senior Management Group (M13-14/11.
below refers) with a chief executive’s report from the Vice-Chancellor as a standing item at each meeting.

(f) It was generally agreed that, as well as issues about knowledge/understanding and the atmosphere in meetings, the nature of the reports submitted to Council could be a barrier to active contribution and participation in that they were often the outcome of considerable detailed work in advance. As this could give the impression that Council only received “finished” recommendations for formal sign-off, it was suggested that it might more frequently be asked to provide formative input at an earlier stage (e.g. in respect of risk identification, option appraisal, strategic planning etc). It was however noted that one of the key functions of groups like the Senior Management Group and the newly established Finance and Policy Committee was to undertake detailed consideration of specific proposals before they were submitted to Council. Nevertheless, it was acknowledged that the reports from such groups might usefully identify more clearly the various iterations and risk assessments that they had considered, in order to provide Council with an appropriate level of assurance. The Chair suggested that Council could contribute more actively in response to the annual executive reports presented by SMG members.

(g) As regards the excellent rating assigned to financial performance monitoring, the Director of Finance commented that this mainly related to in-year performance and consideration of the budget and forecasts. It was suggested that there were other more long-term financial areas (e.g. sustainability of the University’s financial model, efficiency in the allocation of resources etc) that might also be usefully considered by Council.

(h) The Chair welcomed the improved ratings in the areas of academic quality and reputation monitoring, noting that the more market-oriented environment for higher education under the new funding regime had increased the relative significance of this area of responsibility. It was suggested that an even stronger emphasis might be placed on such themes by considering in greater detail the relevant performance indicators (e.g. the National Student Survey).

(i) It was suggested that clearer communication of Council’s formal role to new lay members (e.g. as defined in the nine areas of responsibility in the annual assessment) might prevent
a negative impression arising from a mis-match of expectations, as well as facilitating the assessment of its effectiveness. It was noted that bodies such as the Committee of University Chairs (CUC) and the Leadership Foundation for Higher Education (LFHE) had produced a considerable volume of research and literature on evaluating governing body effectiveness, some of which had informed the University’s own annual questionnaire (including the nine principal functions rated by members).

Following the above discussion, the Chair thanked members for their comments, noting that efforts would be made to accommodate their views and suggestions in the structure and content of future agendas and papers.

13-14/6 Executive Report: Acting Vice-Chancellor

Council received an Executive Report from the Acting Vice-Chancellor covering the following areas (C.13-14/6):

- student numbers;
- financial performance;
- recent discussions with academic departments about University finances and the implications and consequences of the new funding environment;
- student surveys;
- Research Excellence Framework (REF);
- AHRC grant to establish the White Rose College of the Arts and Humanities;
- University rankings.

As regards student numbers, the Acting Vice-Chancellor explained in detail the complexities of the 2013 recruitment round, with particular reference to the clearing, adjustment and conversion process. Council noted the new features of student admissions arising from changes to the funding environment. In particular it noted the consequences of there being an open market for applicants with grades ABB and above, while at the same time there remained a cap on “core” student numbers (in order to prevent the negative impact on government finances of unrestricted access to funding from the Student Loans Company). Council also noted that more students were applying and gaining entry to university after they had received their A-level results. The Acting Vice-Chancellor highlighted the greater degree of uncertainty that had entered the system and also the consequences of the University’s final position (343 students above target) on its service provision. Particular thanks were offered to the
Accommodation Office, the Students’ Union and the Colleges for their role in accommodating and welcoming new students.

During discussion the following points were noted:

- The different tactics employed by universities represented their understandably self-interested response to the conditions imposed by the artificially constrained market.

- In response to a question related to making representations at national level in order to resolve some of the difficulties raised by the new admissions environment, the University used its membership of UUK and the Russell Group to comment to government (acting through HEFCE) on such sector-wide developments, but the interests of different universities resulted in the transmission of mixed messages.

- HEFCE had confirmed that a fine would be levied on recruitment over the student number cap, but the extent of this penalty was not yet known. Even with the prospect of such claw-back, over-recruitment did not raise any significant problems in purely financial terms.

- The basis of the student recruitment strategy was to seek to ensure that applicants held York firmly as their first choice despite the strongly competitive environment and the possibility of “trading up” during the conversion period.

- The main barrier to the possible introduction of a post-qualification admissions framework was the opposition of schools (as it would require a complete re-structuring of the school year and associated assessment periods).

The Acting Vice-Chancellor also provided further details in respect of the presentations she had given during the current term to all academic departments (in lieu of the usual long-term planning meetings). This had included clarification of the University’s income and expenditure profile, including in respect of tuition fees and staff salaries, and the onus and opportunity for departments to develop and improve their income generation as part of the wider University. Discussion of the new student contract had generated debate about topics such as contact hours, graduate skills, alumni giving etc. It was noted that the presentations had attracted a wide range of responses across the academic departments and would act as a precursor to the annual medium-term planning process in the Spring Term.
In response to a query about the follow-up process with those academic departments who had performed less well than others in the National Student Survey (M13-14/18 below refers), it was noted that the Pro-Vice-Chancellor (Teaching & Learning) held discussions with the relevant departmental management teams to ensure that appropriate action plans were developed and monitored. This activity was supported on the administrative side by the Academic Support Office which was responsible for academic quality assurance, with student Board of Studies representatives also being actively engaged in the action-planning process. Council noted that, while some issues arose in individual departments, in general the University’s performance in the NSS showed steady improvement. It was however the case that there remained departmental variation, often arising from cultural factors and a varying ability to cope with the University’s considerable expansion in recent years. It was agreed that the matter could be discussed further when the Pro-Vice-Chancellor (Teaching & Learning) presented his annual report later in the year, with particular reference to the sort of trends, remedies and sanctions associated with performance in the NSS, in the context of the new high-fees environment.

13-14/7 Annual Report and Financial Statements 2012/13

The Treasurer presented the financial statements for the year ended 31 July 2013 (C.13-14/8), 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.13-14/7).

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

- income growth, retained surplus, operating cash flow, capital expenditure, pension fund improvements and net worth;
- record income and surplus results for the year;
- cash flow break-down, balance sheet figures and operating surplus as a percentage of income;
- gearing ratio and annualised servicing cost as a percentage of income;
- growth over the five years 2009/13;
- projected cash flow over the next four years (in relation to planned capital expenditure over the period of £93m).
The Treasurer identified the key areas of financial risk as maintaining sufficient levels of operating cash flow to support planned capital expenditure; sustaining student numbers in an increasingly competitive market; responsiveness to the wider economic environment; and contingency planning in respect of new financial reporting requirements (specifically in respect of the USS pension scheme liability coming onto the balance sheet). In conclusion the Treasurer commented that it had been another successful year from a financial perspective, which provided a solid basis for further development.

In response to a query on contingency arrangements in respect of the USS pension scheme, the Director of Finance confirmed that it would ultimately be a cash charge, but the magnitude of this was not yet known. The general consensus was that the scheme’s persistent deficit needed to be addressed, most probably through a mix of different amendments, including possible changes to the benefit structure.

Council approved the annual report and 2012/13 financial statements for signature and submission to HEFCE.

13-14/8 Sustainability Assessment

Further to M12-13/72 (Sustainability Assessment Indicators), Council considered a further report on HEFCE’s new requirement for an Annual Sustainability Assurance Report [ASSUR] (C.13-14/5).

It was noted that, following more recent discussions between HEFCE, CUC and the Financial Sustainability Strategy Group (FSSG), the reporting requirement had been reduced to a single indicator, namely the expected average Margin for Sustainability and Investment (MSI), expressed as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). Noting that the ASSUR report also contained a narrative element based on the KPIs considered in March 2013 (M12-13/32 refers) and those contained in the 2013 Annual Report, Council approved the report for signature by the Chair and submission to HEFCE by its deadline of 1 December 2013.

Council also noted that, in order to capitalise on the work undertaken for the original ASSUR requirement, SMG was working to develop a more focused set of KPIs for submission to Council at its next meeting (with a fuller set of contextual data to
be provided to the Finance and Policy Committee as part of its mid-year review).

**13-14/9**

**Campus Redevelopment**

Council considered a report providing a broad outline of plans and priorities for estates developments over the next ten years (C.13-14/9). The Director of Estates attended the meeting for this item of business.

Presenting the report, the Registrar drew particular attention to the following:

- previous estates development in the period 2002-2013;
- the current position and overarching ambitions;
- outline development plans for both campuses;
- criteria for prioritisation;
- estimated cost of major projects;
- planned funding arrangements.

During discussion the following points were noted:

(a) In terms of managing the prioritisation process, it was noted that there was a synergy between the outline plans and the intention to grow the University’s research income, particularly in the sciences where most large-scale grants were available.

(b) As regards management capacity to support the proposed developments, the Director of Estates confirmed that, in addition to engaging external consultants, a number of project methodologies would be employed. In this context, the construction of the new Environment building would provide an exemplar of contemporary building standards which in turn would influence the developments on Heslington West to replace the CLASP buildings and achieve a coherent look and feel across the estate.

(c) With regard to building upwards to remain within the planning constraints on total built footprint, the Director of Estates confirmed that the maximum height would be equivalent to the current Physics/Electronics tower, in order to maintain balance across the site.

(d) Noting the project for further library extension, the Registrar confirmed that this related mainly to provision of study spaces,
as had proved so popular with students in the new Harry Fairhurst building.

(e) On the question of further borrowing to fund expansion, the Chair reminded Council that the University was relatively highly geared by comparison to the rest of the sector and as such remained cautious about additional borrowing until consistently higher levels of cash flow were being achieved. It was nevertheless agreed that, depending on the external economic and political environment, it might become necessary to revisit the question of self-imposed borrowing limits in the future.

(f) With regard to student accommodation, the SU President emphasised the need to provide a range of different types to provide choice at variable pricing levels. The Acting Vice-Chancellor also noted the importance of providing appropriate bursaries to ensure equitable access to all types of accommodation.

(g) The issue of becoming carbon neutral by 2020 was factored into the whole-life costings of new buildings, which required larger up-front investment but delivered energy savings in the future.

(h) The proposed hotel on Heslington East would be an off-balance sheet project that would unleash commercial opportunities while also being a multi-use facility that was available to parents, alumni etc. It was noted that similar facilities were successfully run at a number of other universities (e.g. Lancaster and Nottingham).

(i) As the full Heslington East site was currently only half developed, strategic decisions would be required to maximise its potential, e.g. in relation to expanding research income in the sciences and developing industrial linkages that responded to the impact agenda. It was agreed that further work was needed in this respect.

(j) The Director of Estates reported that the University had been making representations to the City of York Council as regards the York Local Plan, and Council members were encouraged to utilise their personal networks to support the lobbying process for long-term future University expansion beyond the present boundaries of Heslington East towards the A64.
(k) In the general context of University expansion, the SU President highlighted the need to ensure that the Students’ Union remained appropriately funded in order to sustain and develop its work in support of the expanding student population.

On behalf of Council the Chair thanked the Registrar & Secretary and Director of Estates for providing a report which responded to members’ expressed wish for a clearer picture of the overall estates plan over the coming ten-year period. There was broad support for the overall plan for Heslington West, and subject to review with the incoming Vice-Chancellor, the executive were encouraged to bring forward related individual projects on a timely basis. The required additional capital funding would also need to be addressed.

13-14/10 Corporate Risk Register

In order to provide a stronger focus on key risks, as requested in the most recent feedback exercise with members, Council considered the summary corporate risk register (C.13-14/10).

Presenting the register, the Registrar identified the following top-level risk areas:

- outcome of the REF;
- growth in research income;
- student recruitment;
- performance in the NSS;
- reputation as expressed in league tables;
- uncertainty in the national policy/regulatory environment.

Noting the risk in respect of student recruitment (item 6[c] in the register), and following on from discussions of the current complex admissions market (M13-14/6 above refers), Council suggested that the current assessment might in due course need to be revisited.

With regard to risk management processes generally, the Chair drew members’ attention to the positive comments in the annual report from the Audit Committee (M13-14/13 below refers), with particular reference to the active engagement with risk management practices at departmental level as part of the medium-term planning process.
Council noted and approved the summary corporate risk register as a reasonable assessment of the key risks and priority areas for mitigating actions.

**13-14/11**  
**Senior Management Group Annual Report**

Council received the annual report from the Senior Management Group (C.13-14/11), noting that it provided a summary overview of the business transacted in 2012/13 and also details about recent changes to the Group’s modus operandi.

With reference to SMG’s new practice of receiving quarterly reports from the Academic Coordinators, it was suggested that these reports could provide a useful means of monitoring progress to implement actions arising from the NSS (M13-14/6 above refers). Council also noted that the Group’s consideration of “think piece” papers to generate formative thinking about future challenges and opportunities.

Noting the plan to introduce an executive report from the Vice-Chancellor as a standing item at each meeting (M13-14/5 above also refers), Council decided that the annual report from SMG could henceforth be discontinued.

**13-14/12**  
**Senate Annual Report**

Council received for information the annual report from Senate on its business in 2012/13 (C.13-14/12).

**13-14/13**  
**Annual Report from the Audit Committee**

Council received for information the annual report from the Audit Committee (C.13-14/13), noting that it would be submitted to HEFCE along with the other required accountability returns such as the financial statements.

**13-14/14**  
**Financial Performance Data**

Council received for information financial performance data for the period ended 30 September 2013 (C.13-14/14).

**13-14/15**  
**Research Income in 2012/13**

Council received for information a report on the final outcome for research income in 2012/13 (C.13-14/15).
13-14/16  Council Attendance in 2012/13

Council received for information a report on attendance by members in 2012/13 (C.13-14/16).

13-14/17  Business from Committees

Business from the following committee meetings was noted and/or approved (C.13-14/17):

(a) Nominations Committee: 18 October 2013
(b) Audit Committee: 27 September and 25 October 2013
(c) Finance & Policy Committee: 4 and 25 October 2013

From the Nominations Committee report Council noted in particular the members who would be re-appointed from 1 August 2014 and also the recommendation to the University Court regarding the re-appointment of the Chancellor.

13-14/18  Unreserved Business from Senate

Council noted the following unreserved business from the meeting of the Senate held on 22 October 2013:

(a) National Student Survey and Postgraduate Research Experience Survey (C.13-14/18);
(b) Destination of Leavers from Higher Education 2012 (C.13-14/19);
(c) Annual Report of the Special Cases Committee (C.13-14/20);
(d) Amendments to Statutes and Ordinances (C.13-14/21).

With regard to item (d) above, Council formally approved the proposed amendments to Statute 18 (Boards of Studies) and Statute 20 (Congregations), noting that these amendments would be submitted to the Privy Council for approval.

13-14/19  Use of Seal

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

13-14/20  Date of Next Meeting

The date of the next meeting was noted as Friday 28 February 2014. Members were also reminded that the annual away day would be held on Thursday 6 February 2014 (2.00pm, Ron Cooke Hub).