

Minutes

Meeting title:	Council	
Date:	Wednesday 15 November 2017	Time 2.30pm
Location:	Room 1017, Building 28, Highfield	
Present:	Ms F Barnes, Mr G Berruyer, Mr P Greenish (Vice Chair), Mr G Hobbs, Dr B Lwaleed, Dame J Macgregor, Professor R Mills, Ms F Noble, Dr D Price, Mr A Reyes-Hughes, Professor P Reed, Mr W Shannon, Professor Sir C Snowden, Professor M Spearing, Professor J Vickers and Dr A Vincent.	
In attendance:	Mr L Abraham (Clerk to the University Council & Senate), Ms J Arkell, Ms C Atkins, Mr I Dunn (Chief Operating Officer), Professor C Grant (Vice President – International), Professor N Madise, Dr J Markey, Professor A Neill (Vice President – Education) and Ms S Pook (Executive Director, Finance & Planning).	

16 Apologies

Council noted apologies for absence from Mr Peter Hollins and Dr Gill Rider.

In the absence of the Chair, Dr Rider, the Vice Chair informed Council that due to a prior engagement he would be leaving the meeting before the close of business and proposed that the Treasurer, Dr David Price, chaired Council for this meeting.

Council resolved accordingly.

---Dr David Price in the chair---

17 Presentation – Quality Assurance in Higher Education

Prior to consideration of the agenda, Council received a short training presentation from the Academic Registrar which set out the national quality assurance context, Southampton’s quality, monitoring and enhancement framework and the measures in place to ensure effectiveness and scrutiny.

The presentation set out the parts to the Quality Code and set these against the internal context of university regulations, quality frameworks and governance. Council noted the procedures that were in place for designing, developing, approving and validating programmes.

It was further noted that scrutiny was in place to ensure that quality testing and validation of systems were operating successfully by using a number of measures

including benchmarking, external examiners and advisors together with annual reviews and working in partnership with students.

Council were pleased to note the work surrounding the quality framework and thanked the Registrar and team for their continued efforts.

18 Minutes

RESOLVED that the minutes of the meetings held on 20 September 2017 be confirmed as a correct record and signed.

19 Actions and Matters Arising

Council noted the Annual Calendar of Business.

20 Declarations of Interest

It was noted that in relation to the PASNAS Pension item, Mr Bill Shannon was a PASNAS trustee and would not be taking part in discussion or voting thereon.

21 Publication of unrestricted papers

RESOLVED That the papers circulated that were not deemed “Commercial in Confidence” or Restricted be published on the open access SUSSED site.

22 President and Vice Chancellor’s Report

The President & Vice Chancellor presented his report to Council highlighting the following:

- Student tuition fees;
- HE regulation – The Office for Students
- REF 2021
- World University rankings
- Progress with PREVENT
- The next steps for TEF 2018
- Pensions

RESOLVED that the report be noted.

23 Research and Enterprise Strategy and REF Progress

Council considered three linked reports and a presentation from the Vice President (Research and Enterprise) on the subject of Research and Enterprise Strategy. The first report provided an update on research performance over the past 12 months. Council was reminded about the contribution that research and enterprise made to the 10 Year Plan strategy levers; contributing to quality and financial sustainability. It was noted that setting aside the National Infrastructure Laboratory research income remained essentially flat and continued to represent a key challenge. Council was pleased to note that research publications and field weighted citations compared well with peer institutions and that enterprise income showed steady growth.

The second report focused upon providing an update on the actions and progress made against the Research and Enterprise Strategy that had been presented to Council in January 2017. Council noted that the university was having success with funding for research especially in high impact areas such as engineering and ocean & earth sciences. It was noted that there were areas within the institution that had little or no research culture and these areas required support and direction. It was noted that while the majority of research funding came from the UK Research Councils, there was a good mix of other funding sources which the university would continue to develop. While it was recognised that work was required to improve the overall competitive position, aspects such as interdisciplinary research, enterprise funding, publication success and overhead recovery all showed improvement.

The final report set out initial decisions for REF 2021, provisional results of the 2017 outputs assessment exercise, and an overview of the University's preparations to deliver a successful outcome. Council noted the provisional results from the 2017 outputs assessment exercise and briefly discussed the University's preparations for REF2021 and the potential threat and consequences of a lower REF power ranking. It was noted that various activities were underway including benchmarking and the preparation of faculty action plans.

Council noted the key research and enterprise activities for 2017/18:

- Continued preparation for REF 2021 according to plan
- Continued focus on improving research income and overhead recovery
- Implementing results of RIS review (Jan 2018)
- Establishing University-wide Enterprise Strategy by end Q2 2018
- Continued development of R&E strategy with 10YP People workstream
- Maintaining lobbying on Brexit through UUK, RG
- Ensuring focus on R&E strategic imperatives through resizing and reshaping of University

RESOLVED that the reports and presentation on the Research and Enterprise Strategy be noted.

24 **Projects W and H**

Council received a presentation from the President & Vice Chancellor which set out the project for shaping the University for the future.

Council noted that within the ever-changing environment the university should move towards bringing coherence and shape to the faculties and it was proposed to move from eight faculties to five. This would strengthen research and bring benefits from scale, balance student and staff numbers as well as bring better financial balance and would also improve external presentation, perception and clarity. Council then noted the key principles of the reorganisation:

- Minimise adverse impact on staff and students;
- Alignment to strategy;
- Improve structure, clarity, productivity and collegiality;
- Maximize impact of subjects by grouping in Faculties;
- Minimise number of new structures and minimise change/disruption;
- Learn from previous reorganisation and restructuring;

- Purposeful, effective and easily communicated;
- Structures would work with a principle of subsidiarity, with responsibility, authority and accountability; and
- Retain academic freedom as a core principle.

The proposed common structures for the new senior teams was set out and the establishment of Academic Faculty Boards which would, notably, include student representation.

The proposed new faculties were:

Faculty of Arts and Humanities
 Faculty of Engineering and Physical Sciences
 Faculty of Environmental and Life Sciences
 Faculty of Medicine
 Faculty of Social Sciences

It was noted that subjects and schools under each faculty had been largely agreed, but there were still some outstanding subjects to be assigned. It was noted that Multi-disciplinary and interdisciplinary activities would continue to be developed.

There would also be changes to Professional Services with faculty admissions, most of recruitment, marketing and communications, Health and Safety and RIS becoming more centralised but with dedicated resources for each Faculty working with the Dean, Associate Deans and Faculty Managers. It was hoped that the reorganisation would bring improvements to university governance:

- Deans continue as members of UEB with executive responsibilities for Faculties and wider University;
- Specific defined responsibilities for all Faculty Board Members;
- Student representatives on Faculty Boards (UG and PG);
- Closer operational coupling of Faculties to University;
- Embed theme of responsibility + authority + accountability; and
- Senate and Council operate as now.

Council then noted the timeline for implementation with a date of 1 August 2018 to implement the new faculty structure.

It was further noted that in addition to the faculty reorganisation, there was a separate project looking at reducing the cost of staff across the university. It was recognised that due to the many external pressures and with a view to becoming more financially sustainable, staff costs needed to be reduced by 7% (£20m). A targeted voluntary severance scheme was to be rolled out in order to identify the 7% with minimal disruption.

RESOLVED that the presentation be noted.

25 Finance Committee Update

Council received a verbal update from the Chair of the Finance Committee regarding the meeting of the Finance Committee that had taken place on 1 November 2017.

The update provided Council with context and background ahead of consideration of the next agenda item.

RESOLVED that the update be noted.

26 Finance Report

Council considered a report by the Executive Director, Finance & Planning which presented the University Financial Statements 2016/17, Business Analysis of the Financial Statements, Annual Audit Report, HEFCE Annual Accountability Returns, Final Budget 2017/18 and September Management Accounts for Council approval.

(i and ii) Financial Statements and Business Analysis of Financial Statements 2016/2017

The financial statements were presented to University Council for approval. The external auditor was to produce a management letter which had been discussed in draft with University officers and the Treasurer prior to presentation to the Audit Committee on 8 November 2017. The Audit Committee was satisfied with the content of the letter and the presentation of the external auditor. The financial statements contained an unqualified audit opinion.

Council was pleased to note the performance and thanked the Executive Director, Finance & Planning and the finance team for their excellent work.

RESOLVED That:

- the financial statements for 2016/17 be approved.
- minor changes requested by the external auditor following the meeting are delegated to the Treasurer for approval.
- the issuing of a letter of support from the University of Southampton committing the University's financial support for a period of 12 months from signing the accounts to the following subsidiaries be approved:
 - Southampton Innovations Limited
 - Southampton Asset Management Limited
 - University of Southampton Malaysian Campus Sdn Bhd (USMC)
 - University of Southampton Holdings Limited

(iii) Annual Audit Committee Report 2016/17

Council considered a report by the Chair of the Audit Committee which provided an annual update on its work for the University Council for the period 1 August 2016 to 31 July 2017 along with its opinion the adequacy and effectiveness of the University's arrangements for risk management, control and governance, value for money and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies. The report was submitted as part of the control documentation to HEFCE. While the report was based on work undertaken during 2016/17, it also covered scrutiny of the University's 2016/17 Financial Statements in November 2017.

RESOLVED that the report be noted as the Annual Report of the Audit Committee.

(iv) HEFCE Annual Accountability Returns – Financial Commentary

The University was required, by the Financial Memorandum with HEFCE, to provide certain data returns and forecasts which together enable HEFCE to form a judgement on the risk profile of the University. As in previous years, Council was asked to approve the suggested forecasts and commentary.

RESOLVED that the 2016/17 return and commentary submission to HEFCE be approved for submission to HEFCE.

(v) Final Budget 2017/18

Council considered a report which provided an update to the 2017/18 budget presented to Council in July 2017. The budget in July was approved with the knowledge that a final budget would be submitted in November, following the results of student recruitment being known in October. The volatility of student recruitment resulted in material impacts to the income levels of the University. The final budget incorporated the impact of actual recruitment together with further faculty cost savings and a number of other material changes, and provided additional funding for Ten Year Plan initiatives. The final 2017/18 budget, explained key variances to the original budget and updated the risk assessment.

RESOLVED that the Final Budget for 2017/18 be approved resulting in a surplus of £10.1m. This is a reduction of £1.6m from the July 2017 budget but includes an additional £5.0m investment to deliver Ten Year Plan change initiatives and sustainability savings.

(vi) September Management Accounts

Council received a report which set out the management accounts up to and including September 2017.

RESOLVED that the September Management Accounts be noted.

27 Approval of 10 Year Plan Project Budgets

Council received a report from the Chief Operating Officer which set out that the 2017/18 plan included an assumption that £50m would be spent on the Estates TYP strategy and £8m on the ICT strategy. Both of these cohorts of expenditure were originally deemed to be capital items. The following specific drawdowns against these budgets have been considered by Finance Committee for approval at Council:

- The Executive Director of Estates to drawdown £2m of spend in order to conduct initial assessments of the estate ahead of making significant decisions about the future build programme.
- The Chief Information Officer to drawdown £3.0m in 2017/18. £1.5m of which relates to staff costs of which £579k is a revenue item which will negatively impact the bottom line in 2017/18. The remaining £1.5m relates to 'pump priming' activities aligned to the ICT TYP strategy.

RESOLVED that the pump priming budgets for the Estates strategy and ICT Transformation Programme be approved prior to the plans being presented to Council at the January awayday:

- £1.95m 'kick start' funding for the Estates TYP strategy
- £2.0m pa ICT Transformation core team costs, of which there will be £1.5m of costs in 2017/18 with £579k of this amount having a direct impact on the bottom line
- £1.5m of ICT Transformation 'pump prime' costs.

28 Annual Equality, Diversity & Inclusion (EDI) Report

Council considered a report by the Equality, Diversity and Inclusion Champion and Equality, Diversity and Inclusion Manager which provided an update on EDI activities including progress against the 2016-17 objectives and asked Council to endorse the equality objectives for 2017-18.

Council agreed that as the faculty reshaping work progressed, it was important to support the EDI work and it was recognised that the gender gap at senior management level was fragile.

Council was pleased to note the continued work of promoting engineering in schools with an emphasis on encouraging female students into the subject.

RESOLVED that

- (i) the University continue to embed the new EDI Governance structure to ensure progress against ongoing objectives;
- (ii) the University apply for a Gold Athena SWAN award when its Silver Award is due for renewal in 2019;
- (iii) the University attain an Athena SWAN Gold award for at least one department, Silver for another 2 and a first AHSSBL (Art Humanities Social Sciences Business and Law) Bronze award by 2019;
- (iv) the University become a member of the ECU's Race Equality Charter and apply for accreditation within the next three years; and
- (v) the following aspirational equality objectives be endorsed, which will ensure that there are comparable benchmarking frameworks in place to allow systematic progress on other protected characteristic groups:
 - Attain Disability Confident Leader status in December 2017 and consider the business case for signing up to the Disability Standard with the aim of attaining a Bronze, Silver or Gold Award; and
 - Consider the business case to attain a place amongst the Top 100 Employers on the Stonewall Workplace Equality Index.

29 Annual Education Assurance Statement

Council considered a report by the Academic Registrar which provided the relevant and appropriate information to allow Council to confirm in the Annual Assurance Statement that:

- It has received and discussed a report and accompanying action plan relating to continuous improvement of the student academic experience and student outcomes. This included evidence from the provider's own periodic review processes, which fully involve students and include embedded external peer or professional review.
- The methodologies used as a basis to improve the student academic experience and student outcomes are, to the best of its knowledge, robust, and appropriate.
- The standard of awards for which the University is responsible have been appropriately set and maintained.

RESOLVED that

- (i) the report be noted; and
- (ii) the requirements of the Annual Assurance Statement be confirmed and approved.

30 Update on PASNAS Pension Project

Council considered a report by the Executive Director, Finance and Planning which provided an update on the progress of the PASNAS Pensions Project. The Executive Director declared that she was a PASNAS trustee and recognising a potential conflict of interest had withdrawn from PASNAS decision making on this subject but as a University Executive Director, was able to advise Council.

Since the July meeting, where Council approved the move to future accrual of benefits for PASNAS to a Defined Contribution (DC) basis subject to a formal consultation with members and eligible members, work has been underway to further define the documents required for the consultation. External legal advice had been received suggesting that it may be possible to break the link to final salary for accrued benefits in the scheme through a rule change with the consent of PASNAS trustees. Pensions Steering Group, UEB and Finance Committee had met with our external advisors, Mercer and had contributed to the development of a draft future scheme.

The recommendation to break the link to final salary should not be progressed at the current time, following feedback from Pensions Steering Group on the complexity of the work involved for both trustees and the University. It was noted however, that this aspect could be reviewed in the future as part of a wider review of contracts and reward in general.

RESOLVED that the following actions be approved:

- (i) Cease accrual in PASNAS as at 31 July 2018 subject to a formal consultation with members and eligible members;
- (ii) The introduction of a Defined Contribution (DC) pension arrangement for all staff previously eligible for PASNAS from 1st August 2018 subject to a formal consultation with members and eligible members;
- (iii) Request consent from PASNAS Trustees to a change in the PASNAS rules to affect the closure subject to a formal consultation with members and eligible members;

- (iv) Approve the DC contribution structure for the new DC arrangement with a default contribution rate of 6% for members, 10% for the employer;
- (v) Approve the risk benefits for the new DC arrangement with a death in service factor to 5 times pensionable salary and group income protection for members of 50% of salary, no pension contributions, 5-year limited payment terms;
- (vi) Delegate the final sign off of the members and eligible members consultation documentation to the Chief Operating Officer; and
- (vii) Undertake a formal consultation with members and eligible members, starting in early December 2017.

31 Nominations Committee Matters

Council received a verbal update from the Treasurer which summarised the discussions from the meeting of the Nominations Committee held earlier in the day.

It was noted that Ms Hannah Pawlby had been proposed as a suitable alumni Council lay member. Ms Pawlby had met with Chair of Council, Vice Chair, Treasurer and President & Vice Chancellor and had demonstrated that she possessed the required skills and experience from her work both as a former government adviser and recent work in public relations. It was suggested that her experience would bring an alternative view.

Discussion then focused upon the Appointment of Council Chair process. The Treasurer outlined that he had been leading the process and that since the last meeting one lay member candidate had expressed interest in the role. It was suggested that a Selection Committee* comprising of the Treasurer, two lay members, one Senate Council member and the Students' Union President meet to discuss the candidate, using the assessment criteria agreed by the Nominations Committee that was based on the role description that had been issued. As only one candidate had come forward it was reminded that the process of benchmarking that candidate against the market be undertaken by an external executive search firm. The candidate would be invited to meet the Selection Committee for interview. The Committee would then form a recommendation for Council to consider.

Several members suggested that in light of only one candidate coming forward, a more appropriate course of action would be to open the entire process to external competition. It was clarified that at the last meeting held on 20 September 2017 the benchmarking process was proposed and noted by Council.

(*Post meeting it was agreed that the lay members on the Selection Committee be Ms F Barnes and Mr W Shannon and the Senate Council member be Professor P Reed).

RESOLVED that

- (i) Ms Hannah Pawlby be appointed as a class 2 lay member of Council from 16 November 2017 until 31 July 2020; and
- (ii) the update be noted.

32 Audit Committee Recommendations

Council considered two reports by the Executive Director, Finance and Planning. The first report set out the appointment of the internal auditor. PWC were re-appointed as the University's internal auditors by Council in March 2015 for a three-year period from 2015/16 with the option to extend for a further two years. The current year 2017/18 is the last of the initial three years and the Audit Committee recommended to Council to extend.

The second report set out the appointment of the external auditor. The report provided an update on the outcome of the external audit tender which led to a recommendation from the Audit Committee to award the external audit contract to Deloitte LLP for a period of four years subject to satisfactory performance and annual reappointment by Council.

RESOLVED that

- (i) the reappointment of PWC as internal auditors for 2018/19 as a one-year extension of their existing contract be approved; and
- (ii) the appointment of Deloitte LLP as external auditors for the audit of the 2017/18 financial statements be approved.

33 TEF Update

Council received a report from the Vice President (Education) which provided an update on TEF – the University's rating, actions post rating and the reasons therefor, and next steps.

RESOLVED that the report be noted.

34 Risk Register

Council received a report by the Director of Health, Safety and Risk which provided an update on the University Risk Register, University Risk Management Policy and the Risk Management internal audit.

RESOLVED that the report be noted.

35 Outturn Report on 2016/2017 KPIs

Council received a report by the Head of Strategy Development which summarised the University's KPI results for the academic year 2016/17. Council initially approved these KPIs in July 2016.

RESOLVED that the report be noted.

36 Report from the President of the Students' Union

Council received a report from the President of the Students' Union on recent Union activity:

- summarising Freshers week
- impact of and feedback from the pre-sessional programmes
- updates on the work of the Vice Presidents

RESOLVED that the report be noted.

37 Remuneration Committee Update

Council received a verbal update from the Treasurer on the meeting of the Remuneration Committee which had been held earlier that day.

It was noted that the Committee received detailed information from the President & Vice Chancellor to assess executive performance for the past year and examined both base pay and performance pay for individuals.

RESOLVED that the update be noted.

38 Sealing of Documents

Council received and noted a report detailing the documents sealed since the last report to Council.

39 Committee Minutes

Council noted all the Committee minutes from meetings that had been held since the last meeting.

Restricted Items

40 Restricted Matters

(i) Senior Appointments

Council considered a restricted report by the President & Vice Chancellor which set out a senior appointment for Council approval.

RESOLVED that the appointment of Professor Neil Bressloff to the position of Head of Aeronautics, Astronautics and Computational Engineering, in the Faculty of Engineering and the Environment be approved.

(ii) Emeritus Professors

Council considered a restricted report by the President & Vice Chancellor which set out proposals for the conferment of the titles of both Emeritus Professor and Emeritus Fellow for approval.

RESOLVED that the proposed list be approved.

41 Honorary Degree Recommendations

Council considered a restricted report by the President & Vice Chancellor which set out proposals for the conferment of honorary degrees.

Two proposed recipients were queried with regard to the degree coming from the correct discipline or faculty. It was agreed to clarify.

RESOLVED that the proposed list be approved

The meeting concluded at 6.40pm

Actions

Minute No.	Minute Title	Action Summary	Owner	Report Back Date
75	USMC Options	To report back to Council on progress	Vice President (International)	May 2018
79	Staff Mental Health	To report back to Council on progress	Director of Health and Safety	May 2018
12	Standing Orders and Statement of Primary Responsibilities	To add whistle blowing to the Terms of Reference of the Audit Committee.	Executive Director, Finance and Planning	Jan 2018
15(i)	Restricted HR Matters	Summary report of redundancy cases over previous 3 years.	Chief Operating Officer	Jan 2018