

# Minutes

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<b>Meeting title:</b>	Council	
<b>Date:</b>	Wednesday 5 July 2017	<b>Time</b> 2.30pm
<b>Location:</b>	The Garden Room, Birchwood, Chilworth	
<b>Present:</b>	Dr G Rider ( <i>Chair</i> ); Ms F Barnes, Mr G Berruyer, Mr P Greenish, Mr G Hobbs, Mr P Hollins, Ms S Kumar, Dame J Macgregor, Professor M Niranjana, Ms F Noble, Mr T O'Brien, Dr D Price, Mr A Reyes-Hughes, Professor P Reed, Mr W Shannon, Professor Sir C Snowden and Professor J Vickers.	
<b>In attendance:</b>	Mr L Abraham (Clerk to the University Council & Senate), Mr I Dunn (Chief Operating Officer), Professor A Neill (Vice President – Education), Ms S Pook (Executive Director, Finance & Planning), Professor M Spearing (Vice President – Research & Enterprise)	

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## 86 Apologies

Council noted apologies for absence from Professor C Grant, Dr B Lwaleed and Dr R Rivaz Hons DSc.

## 87 Minutes

**RESOLVED** that the minutes of the meetings held on 10 May 2017 be confirmed as a correct record and signed.

## 88 Actions and Matters Arising

Council noted the Annual Calendar of Business.

## 89 Declarations of Interest

Council noted the following:

Mr Shannon declared that as a Trustee member of PASNAS, he would not participate in discussion or voting thereon.

Ms Pook reminded of her non-voting role at Council and declared that although a Trustee member of PASNAS, her capacity at Council was to advise as Executive Director of Finance.

Mr O'Brien declared receipt of a USS pension.

Ms Noble declared membership of PASNAS.

## 90 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.

## 91 President and Vice Chancellor’s Report

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

- The outcome of the recent UK General Election, ministerial changes and government policy outlook;
- Longitudinal Educational Outcomes Data;
- Teaching Excellence Framework;
- EU Research Funding;
- Centre for Cancer Immunology; and
- Student Recruitment

Discussion focussed upon the Teaching Excellence Framework. The President & Vice Chancellor expressed disappointment in how the framework had operated and the resultant outcome for the University. Council noted that legal advice had been sought and that an appeal against the process used by the Government had been submitted. The financial and reputational damage that could result in light of the outcome for the University was noted. Council was of the view that any plans for further action be circulated for agreement among Council members prior to any action.

**ACTION: Clerk to the University Council & Senate**

To help Council understand the TEF process and outcome it was agreed that the set of FAQs that were used at the recent University Open Days, be circulated.

**ACTION: Clerk to the University Council & Senate**

Following the recent fire at Grenfell Tower in London, a full inspection of all University buildings and residences had been carried out together with a refresh of all fire safety and evacuation policies and procedures. Council noted that the University had no immediate concerns following the inspections but some cladding used on the most recent residency builds would be tested as a precaution to reaffirm initial conclusions. Evacuation and decant plans would also be tested to ensure robustness.

**RESOLVED** that the report be noted.

## 92 Business Planning

Council considered a cluster of reports related to business planning. The Executive Director, Finance & Planning introduced the reports.

(1) Business Planning Outcomes 2017

The report set out the outcomes and next steps from the University’s Business Planning 2017 round. The outcomes formed the basis of the University’s operational plan for 2017/18 and the continuation of faculty and Professional Services delivery against the

10-year plan. The business plan highlighted the areas of delivery and shortfall against the 10 year plan.

**RESOLVED** that

- (i) the outcomes of business planning and the risks identified be noted;
- (ii) the progress that has been made in the planning process to align faculties and Professional Services plans to the 10-year plan be noted; and
- (iii) the University-level targets for our KPIs in 2017/18 be agreed;

(2) Business Plan 2016/17 and 2017/18 Budgets

The report set out the draft budget and financial forecasts from the University's business planning exercise for 2017/18 – 2019/20.

The impact on residences of a reduction in students was clarified, with an expectation that for 2018 and beyond that the institution could manage the impact though renegotiating nominations agreements and marketing rooms early to continuing students. Council recognised the proposal to reduce planned recruitment numbers by 500 to maintain entry tariff based on current modelling from firm acceptances. Council asked that the final budget clearly set out the additional actions which will be taken to achieve sustainability. Council also recognised the degree of uncertainty in the plans pending clearing in August and TEF appeal. Once the outcomes were known, members felt that the plans would need to be revisited and actions taken to deal with likely deficits.

**RESOLVED** that

- (i) Approved the budget for 2017/18. This results in a surplus of £11.7m in 2017/18. The budget and forecasts include a change in student number plans and an associated financial downside provision to recognise a recruitment shortfall against our January plans of 500fte of home/ EU undergraduate students in each of the next three years.
- (ii) the budget and projections for submission to HEFCE as forecasts and to recognise that these will be submitted to our bank lenders as part of the conditions of loan covenant, be approved.

(3) Annual Treasury Management Strategy

The report set out information on the current level of cash balances and future cash flow projections, including the subsequent impact on our financial covenants. Proposals had been included in respect of investment and repayment strategies, with recommendations set out within the report.

The report fulfilled the requirement of the Treasury Management Policy (TMP) to present to Council the Annual Treasury Management Strategy.

**RESOLVED** that

- (i) the Treasury Management Strategy (TMS) be approved;

- (ii) the following areas as approved by Finance Committee at its meeting on the 7th June 2017 be noted:
- An extension to the approval of placement of cash deposits beyond the duration recommended by our current Treasury Management Advisors to 31st December 2017;
  - An extension to the approval of counter-party limits over the £50m maximum to 31st December 2017 (to £100m);
  - The progression of a review into investment options, with a view to completing a tender process before the end of 2017; and
  - The 'in principle' separate plans for repayment of both the Bond Issue and the £40m Barclays loan.

(5) HEFCE Annual Accountability Returns

Council considered a report by the Executive Director, Finance & Planning which set out the annual accountability returns to HEFCE, which were completed in two stages. In December 2016, the University was required to submit the financial statements for 2015/16, explain major variances from the July projection and provide an updated forecast for 2016/17. By 31 July 2017, the University must have submitted full financial forecasts for 2016/17 to 2019/20 and an accompanying commentary. In the interim, in support of the request for a higher financial commitments threshold to enable the public bond issue, the University sent HEFCE the five year forecast as agreed by Council in January 2017. A minor revision to wording related to stable student numbers was proposed.

**RESOLVED** that the completed financial forecast tables and financial commentary for submission to HEFCE by 31 July 2017 be approved.

**Action: Executive Director, Finance & Planning**

**93 Regulated Fees**

Council considered a report by the Executive Director, Finance & Planning which set out the tuition fees for regulated students in 2018/19 and beyond. The regulations related to students who had been assessed as eligible for fee support. For the University this could be taken to relate to full-time Home and EU undergraduates.

The President & Vice Chancellor highlighted a recent meeting with Government ministers where it was noted that fee increases for future years would not be automatic, but would go to Parliament each year. It was further noted that the current forecasts assumed inflation uplift on Home/EU Undergraduate fees in each year.

**RESOLVED**

- (a) that:
- (i) Home/EU Students who began their course in 2016/17 or earlier will continue to be charged a fee of £9,000 per year for the duration of their studies. This fee will also continue if the student changes the degree award within the same subject area and can be applied retrospectively;

- (ii) Home/EU Students who begin their course of study in 2017/18 and those who begin their course in 2018/19 will be charged a fee equivalent to the maximum permitted for regulated students. As yet the government have not published information on the inflationary rate or methodology but using internal assumptions this equates to a fee of £9,546 (estimated) for the 2018/19 academic year; and
  - (iii) Entrants from prior to 2017 who transfer to a new course will be charged the maximum allowable under the relevant national regulations.
- (b) In setting these fee levels it is assumed that EU students will be treated in the same category as Home students. This position has not yet been clarified with respect to BREXIT and so careful wording will be required when fee levels are communicated more widely. The current prospectus description addressed this issue.

## 94 Pensions Report

Council considered a report by the Executive Director, Finance & Planning which provided an analysis of University pension provision and set out options to reduce the risk and liability of future pensions.

A review of all pension schemes across the University undertaken by independent consultants, Mercer, concluded that, whilst risks were present in each of the schemes, meaningful action in response to the risks was almost entirely limited to the PASNAS pension scheme. The PASNAS scheme was in significant deficit which was likely to increase further.

In 2016, the Finance Committee approved technical provisions which had not delivered an improved position.

Taking into account Mercers' advice from its review of all schemes, alongside the current and expected financial position of PASNAS, Finance Committee further commissioned Mercer to undertake an options review of PASNAS pension benefits in advance of the next scheme valuation. The Finance Committee had considered the options and recommended that Defined Contributions and Cash Balance schemes be investigated further. Following discussions at University Executive Board the final recommendation to Council was to pursue formal consultation of moving to a Defined Contributions scheme.

Council stressed the importance of a sensitive and long term communications plan to support the consultation and implementation of any changes. The need to move now to a secure and sustainable pension provision for staff was recognised.

**RESOLVED** that

- (i) the external review of the University's pensions provision, undertaken by Mercer be noted; and
- (ii) the proposal to move future accrual of benefits for PASNAS to a Defined Contribution basis subject to a formal consultation be approved.

## 95 Nominations Committee Matters

Council considered a verbal update report from the Chair on the outcome of the meeting of the Nominations Committee held earlier that day.

**RESOLVED** that

- (i) Dame Judith Macgregor be re-appointed as a Class 2 Lay Member from 1 August 2017 until 31 July 2020.
- (ii) Mr Colin Smith be appointed as Pro Chancellor from 1 July 2017 until 31 July 2024.
- (iii) Ms Francesca Barnes be appointed as lay member of the Nominations Committee from 1 August 2017 until 31 July 2019.

**96 The Education Act 1994 – Report to Council on Code of Practice Monitoring Responsibilities**

Council considered a report by the Director of Student Services which reported on the Students' Union's compliance with the Code of Practice drawn up by the University in response to the requirements of the Education Act 1994. The Code placed a number of annual monitoring responsibilities on the Director of Student Services. An annual review of the Code was also stipulated.

**RESOLVED** that

- (i) the report be noted as closing all recommended actions from the academic year 2015-16, and as discharging the responsibilities of the Director of Student Services for the academic year 2016-17.
- (ii) the job title of the 'Director of Finance' is amended in section 7 of the Code of Practice to 'Executive Director, Finance and Planning' to reflect changes in University Professional Services Leadership during this academic year.

**97 Annual Report of the Operation of the Code of Practice to Ensure Freedom of Speech**

Council received a report by the Director of Legal Services which reported on the operation of the Code of Practice to ensure Freedom of Speech.

Section 43 of the Education (No 2) Act 1986 required the University to have in place a code of practice to ensure freedom of speech within the law. The principal purpose of the code was to establish procedures to be followed by the organisers of any activity which was 'designated' by the Responsible Officer as one where there was a reasonable expectation that freedom of speech within the law may be compromised. This was the annual report to Council on the operation of the Code of Practice.

**RESOLVED** that the report be noted.

**98 April Management Accounts**

Council received a report by the Executive Director, Finance & Planning which presented the management accounts for financial year 2016/17 as at April 2017. A full review and update had been made of income and expenditure forecasts following the initial projections in the January 2017 management accounts. The report focused on variances between the forecasts and the final budget but also considered changes to the forecasts since January.

**RESOLVED** that the report be noted.

**99 Report from the President of the Students' Union**

Council received a verbal report from the new President of the Students' Union on her objectives for the coming year:

- Improvements to student welfare and mental health;
- Making clubs and societies more inclusive to all students;
- Pushing the Students Union out to other campuses;
- Redevelopment of Union buildings; and
- Supporting the TEF process through provision of useful feedback to the University.

**RESOLVED** that the report be noted.

**100 Senior Salaries Committee - Update**

Council received a verbal update from the Chair regarding the discussions at the Senior Salaries Committee held earlier in the day. It was agreed that in future the committee would be known as the Remuneration Committee,

**RESOLVED** that the verbal update be noted.

**101 Sealing of Documents**

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

**102 Chair's Action**

Council noted the following action that had been taken by the Chair since the last meeting:

- (i) Professor Wendy Adams be appointed to the role of interim Head of Psychology from 1 July to 30 September 2017.

**Restricted Items**

**103 Restricted Human Resources Matters**

Council considered a restricted report by the Executive Director, People & Strategy which set out several redundancy cases.

**RESOLVED** that the recommendations be approved.

**104 Restricted Senate Matters**

Council considered a restricted report which set out matters for approval following recommendation from Senate. Council noted the gender imbalance on redundancies, which has been a concern over a number of meetings and asked for some analysis to come back of what appears to be a continuing trend.

**RESOLVED** that the report be approved

**105 Thanks to Departing Council Members**

Council thanked those Council members who were departing having reached the end of their term of office; Professor Niranjana, Ms Seetha Kumar, Dr Ros Rivaz and Mr Turloch O'Brien were all acknowledged for the time, diligence and expert advice they had given throughout the times in office.

**The meeting concluded at 5.53pm**

**Actions**

<b>Minute No.</b>	<b>Minute Title</b>	<b>Action Summary</b>	<b>Owner</b>	<b>Report Back Date</b>
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