UNIVERSITY OF NEWCASTLE UPON TYNE

COUNCIL

23 May 2005

Present: Mrs M O Grant (in the Chair), the Vice-Chancellor, Professor J B Goddard (Deputy Vice-Chancellor), Professor T F Page and Professor E Ritchie (Pro-Vice-Chancellors), Dr J C Appleby, Mr N Blezard, Miss R Currie (Education Officer), Mrs B Dennis, Sir Leslie Elton, Mr J C Fitzpatrick, Professor M Goodfellow, Mr T Gorman (Communications Officer), Mr C J Hilton, Mr M I’Anson, Sir Miles Irving, Mr P M Johnson, Mr S J Lightley, Professor P J W Olive, Ms K Priestley, Professor P Sen, Mr G C Wilson and Mr A M Wilton.

In attendance: Professor O F W James and Professor A C Stevenson (Pro-Vice-Chancellors), Dr J V Hogan (Registrar), Mr H B Farnhill (Bursar), Mrs V S Johnston (Director of Human Resources), Mr R J C Burrow (Assistant Director of Human Resources) and Mrs D A Michie (Senior Assistant Registrar).

Ms C Rogers (Director of Estates) and Mr L Heslop (Head of Estates Planning) attended for item 71(a).

The student members were not present for items presented under reserved business.

M I N U T E S

PART A : STRATEGIC ISSUES

65. TACKLING THE PROBLEMS AND CHALLENGES IN SCIENCE AND TECHNOLOGY

Received an oral presentation from the Vice-Chancellor, together with an accompanying paper.

[The slides used in the presentation given by the Vice-Chancellor are attached. The paper, which was circulated with the Agenda as Document A, is filed in the Minute Book.]

Note: Members were reminded of the continued confidential classification of the paper until further notice.

After noting that:

(The slide number to which notes 1 to 12 refer is given in brackets at the end of the note.)

1. The government had developed a 10-year strategy for science and innovation and wanted there to be a clear structure for taking this forward. The introduction of Science Cities
formed part of this. The University would need to be able to adapt to meet the challenges now emerging from science and technology (slide 1);

2. The award of Science City status to Newcastle had been made at a time when a number of strands were coming together in the North East. The Strategy for Success, which had originally been based on five centres of excellence and an exploitation company (NStar), was now being refined to concentrate on three areas – health, chemical engineering and energy – which mapped well with certain research strengths within the University (slide 3);

3. The structure of the three sets of Groups had been designed by the Regional Development Agency (RDA). The Leadership Group had representation from all partner organisations and the Vice-Chancellor represented this University. Professor Goddard represented the University on the Task Group (slide 5);

4. One of the key areas which had been identified, stem cell biology and regenerative medicine, was one of the University’s major research strengths. Discussions on collaboration in this area had begun and, if the institutions named came together, an international focus could be developed on this topic. Currently there was little funding for this area but it was hoped that, with the award of Science City status, there could be opportunities for major investment. It was also hoped that the proposed combination of separate subject areas to develop molecular engineering would make areas which were already strong even stronger (slide 9);

5. The schools in the Faculty of Science, Agriculture and Engineering mapped closely onto the centres of excellence in the Strategy for Success so the basis already existed for the development of a new vision for bringing science and industry together (slide 10);

6. It would be necessary to relocate the Institute for Human Genetics if the development of stem cell research was located in the International Centre for Life (slide 11);

7. At the first meeting of the Science City Steering Group the issue of branding had been discussed. It would be important to stress that Newcastle had not just recently become a city of science. A great deal of scientific work had been carried out in the North East, as exemplified by the first successful demonstration of electric light by Joseph Swan 125 years ago. It would also be important to ensure that Science City was not regarded as being elitist and people in the region should be informed and made to feel involved in the project, as York had done successfully previously. People had become involved in the Capital of Culture bid and efforts should be made to recreate this sense of involvement. The amount of publicity generated over the stem cell research illustrated that cutting-edge scientific work was taking place in the region and this should be capitalised. The launch of a regional marketing strategy would assist with this (slide 14);

8. The point made by Sir Richard Sykes in the Financial Times on 11 March 2004 was important and the University must stress that the work it was doing was based on excellence and quality, not on the exploitation of geography (slide 16);

9. Ageing and health was a major research strength in the University and had been successful for some time. This had recently been acknowledged by the award of £6 million to Professor Tom Kirkwood and his colleagues when their bid to become one of three centres in the UK for Systems Biology was successful (slide 17);
10. The North of England Science Initiative needed to be viewed in the context of Science City (slide 18);

11. The North of England Science Initiative involved the eight research-led universities in the North and it was interesting to note that while the annual turnover of these universities was the same as Oxford, Cambridge, Imperial, UCL and the London School of Economics, the research income of the southern universities was £200 million higher and they taught nearly 50% fewer students. This smaller teaching load would allow them to be more research productive. It would therefore be important to address this research gap (slide 20);

12. The research themes of the North of England Science Initiative were in general similar to those of Science City, apart from the theme of water, and played to this University’s strengths (slide 21);

13. People of a high calibre would be attracted to work in the University if the University had clarity of vision and purpose. The headroom funding had attracted candidates of a high quality and it was hoped that this would consequently attract funding as it would demonstrate that work was taking place in which it was worth investing. In addition, it was important that the University collaborated with people outside the region as this would help to attract creative and innovative people to the North East. However, it was also important that the clarity of vision and purpose was made clear within the University itself, not just externally, and this had begun to be addressed through a series of workshops with schools;

14. In order to achieve success in building a new economy in the North East it would be necessary to bring together teaching and learning, research and the development of skills. As the University was involved in all of these areas it should assist with this, particularly the development of the public understanding of science which was a workstream under Science City and a strand of the Northern Way;

15. It was hoped that the Northern Way project would help to gain capital funding for projects within Science City;

16. The Singapore project was being proposed as a means by which third strand activity and academic activities which could not be developed on campus could be taken forward;

17. Items 7 to 11 in the Vice-Chancellor’s paper were related to the need to strengthen the senior management team. Senate, at its meeting on 7 June 2005, would be asked to approve recommendations from the Vice-Chancellor for the creation of a fourth Pro-Vice-Chancellor (Strategic Development) post under Statute 13 and the appointment of a named person to the post, subject to the approval of Council;

18. If the above recommendations were approved, there would be a vacancy in the post of Pro-Vice-Chancellor/Provost (SAgE) under Statute 43.

Resolved that:

(i) Council delegate authority to the Chairman to approve the proposals from the Vice-Chancellor for the creation of a fourth Pro-Vice-Chancellor post under Statute 13, and
the appointment of a named person to the post, on behalf of Council, following the agreement of Senate to the proposal on 7 June;

(ii) The proposal that the resulting vacancy in the post of Pro-Vice-Chancellor/Provost (SAgE) under Statute 43 be filled following the agreed procedures, be approved.

PART B : GENERAL BUSINESS

66. MINUTES

Resolved that the Minutes of the meeting of Council held on 4 April 2005 be approved as a correct record and signed.

67. MATTERS ARISING FROM THE MINUTES

(a) Financial Overview
   (Minutes 32, 7.2.2005 & 48, 4.4.2005)

   Received an oral statement on plans to develop further the Vice-Chancellor’s matrix of projects.

   Noted that a further iteration of the matrix of projects would be discussed at an Away Day for the senior management at which the Chairman of Council would be present;

(b) Progress of business

   Received a business tracking form.
   [Circulated with the Agenda as Document C. Copy filed in the Minute Book.]

68. CHAIRMAN’S BUSINESS

(a) Honorary University Fellowships

   Reported that it had been agreed that the University would introduce Honorary Fellowships which would be awarded by Court to recognise exceptional or important contributions to the work of the University and/or long and meritorious service to the University. It had also been agreed that these Fellowships would be awarded at a dinner the evening before the meeting of Court in the autumn term, to which members of Court, Council, Senate and other guests would be invited. The first such dinner and ceremony would be held on Monday 10 October 2005, as the meeting of Court had been rescheduled to allow the ceremony to take place. Members of Council were therefore requested to note the date of the dinner and further details would be circulated once the programme had been finalised.

(b) Key Performance Indicators

   Reported that the development of key performance indicators for the higher education sector was of growing importance and the Committee of University Chairmen had been asked to take this matter forward. This University would need
to begin to give consideration to the development of ones which were relevant to
this institution.

69. VICE-CHANCELLOR’S BUSINESS

(a) Deaths

Received a report on deaths recently announced by the University.
[Details filed in the Minute Book.]

Resolved that Council record its deep regret and sympathy for the relatives concerned.

(b) National Student Survey

Reported that the National Student Survey, which aimed to generate feedback
about the quality of students’ courses, help inform the choices of future applicants
to higher education and contribute to public accountability, had come to a close in
April. All final-year undergraduate students had been asked to provide feedback
on the quality of their courses. The preliminary results were expected in July and
the final results, which would be published on the Teaching Quality Information
website (www.tqi.ac.uk), were due in September. The response rate from
Newcastle students had been high, at approximately 65%, and discussions were
currently taking place on how best to prepare for the publication of the results.

(c) Guardian League Table

Reported that the University had been placed 43rd in this year’s Guardian League
Table. The position had improved from last year, but the result was still
unsatisfactory. It would be necessary to look at the issues involved to try and
identify if there were any areas that could be improved. As much of the data in the
League Table was based on the HESA returns, a review would be undertaken of
the way in which the University’s HESA return was submitted as it could be that
the methodology currently used might not be the one that was most to the
University’s advantage. It would be important to ensure that the data was
presented in its optimal form. A report on the issues involved and how they might
be addressed was circulated as Annex I.
[Copy filed in the Minute Book.]

(d) Devonshire Building

Reported that the Devonshire Building, which housed the University’s Institute for
Research in Environment and Sustainability, had won a Green Gown Award for
Sustainable Construction.

70. REPORT FROM SENATE

Considered a Report from the meeting of Senate held on 26 April 2005.
[Circulated with the Agenda as Document D. Copy filed in the Minute Book.]
(a) Chair of Music

Resolved that the recommendations for the filling of the established Chair of Music and the appointment of the Council-appointed member on the Statutory Committee be approved.

(b) Chair of Speech and Language Pathology/Science

Resolved that the recommendations for the filling of the established Chair of Speech and Language Pathology/Science and the appointment of the Council-appointed member on the Statutory Committee be approved.

(c) Newrail Research Centre

Noted.

(d) Director of the Clinical Research Centre in the Faculty of Medical Sciences

Noted.

71. REPORTS FROM EXECUTIVE BOARD

Considered Reports from the meetings of Executive Board held on 19 April and 10 May 2005. [Circulated with the Agenda as Documents E & F. Copies filed in the Minute Book.]

(a) University car parking

After noting that:

1. Council, at its meeting on 4 April 2005, had approved the University’s Transportation Strategy, which included a commitment to reduce the number of surface car parking spaces and replace a proportion of them with a multi-storey car park. It had also authorized the scoping study for a possible location of a car park. It was now necessary for Council to consider the business case for a car park and its possible location;

2. The creation of a multi-storey car park (MSCP) formed a key part of the Estates Masterplan and the University now had the potential to achieve the vision of linked quadrangles. The University was keen to make the campus a more attractive place to work and so there was now a need to focus on the development of the elements required to achieve this;

3. The City Council had raised concerns about developing a MSCP on the Porter Cowen site as access would be from the Leazes conservation area to which they were trying to reduce traffic. Fewer concerns had been raised concerning the development of the Herschel site, with the only significant one being the need to develop screening of the MSCP from the Haymarket;

4. The University had hoped to be able to submit an outline planning application but the City Council required a detailed application including proposals for any screening. It was therefore proposed to refine the proposals, in discussion with the
City Council, into a preferred option which would then be brought to Council before going to stage C designs;

5. It seemed likely that it would cost approximately £8 million to develop the Herschel site for a MSCP but the costs needed to be checked. Council would be presented with the costs once this work had been completed, together with the proposed charge for a parking permit;

6. The MSCP would provide allocated parking spaces. Currently the University issued more permits than there were parking spaces and staff were required to search for a space. The restriction suggested could prove controversial. There would therefore need to be extensive consultation with staff and this had been recognised by the transportation group;

7. It would be essential that disabled people were not denied access to parts of the campus when changes were introduced;

8. It would be useful to have evidence on the uptake of high-cost reserved places. Northumbria operated this type of scheme and data was available which could be included in the final report.

Resolved that:

(i) Information on the uptake of high-cost reserved places be included in the next report to Council;

(ii) Council approve that proposals for a multi-storey car park be progressed to the next stage and that these be brought to a future meeting before a planning application was submitted.

[See also Minute 72(a).]

(b) Risk management

After noting that:

1. Council, at its meeting on 11 October 2004, had resolved that consideration be given to representing the current risk register in a way which presented the movement on risks more clearly. It had also resolved that the number of risks should be reduced as it was important that it could focus on a limited number. Following consultation, a revised format had therefore been developed which showed graphically the likelihood and impact of a reduced number of risks, together with any movement;

2. Risk 2 had increased in possible impact owing to the uncertainty of the implications of the introduction of home fees in 2006 for student applications and the failure to achieve planned international student numbers in the current year which, although work to address this was taking place, could not be addressed in time for next year;

3. Risk 3 had increased in both likelihood and impact since, as the rules for the next Research Assessment Exercise gradually emerged, it did not appear that the structures at this University worked well with them;
4. Executive Board considered proposals for projects, together with estimates of their costs, but did not audit the detailed calculations which produced the estimates. It might be useful, particularly in view of the overspend on Medspan, for a system of auditing to be developed to check that the model used for calculating costs was robust;

5. It was important that the University could be assured that controls for a risk were in place and any issues were being dealt with. The colour coding referred to the status of controls not to the impact or likelihood of a risk;

6. The revised presentation of risks was a great improvement. However, there was a danger that the arrows could distract attention so that people only concentrated on risks which had moved. It was important that other risks, which could be more likely to occur and might have a greater impact but had not moved, were also kept under consideration;

7. Risks were interfaced with the financial system. Issues such as Medspan had been identified through the financial system and actions on how to address any issues identified were then agreed;

8. The role of Audit Committee with regard to risk was to check that systems for risk management were in place and were being followed. Its role was not to audit risks, which was a task for management. However it was not always clear where responsibility lay and what Council’s role was in this matter and Executive Board should be asked to investigate this.

Resolved that:

(i) The Bursar be asked to bring proposals for a system of auditing estimates for proposed projects to a future meeting of Council;

(ii) The revised format for presenting risk was an improvement but Executive Board should consider reducing the number of risks reported to Council and ensuring that appropriate controls were in place for the strategic risks reported.

[See also Minute 73(b).]

(c) Union Society funding

After noting that:

1. The Review of the Relationship between the Union Society and the University had proved helpful and, in the light of its recommendations, this would be last of this style of subvention submission;

2. In the past the allocation had been divided into a number of streams as well as the general subvention but the Union Society had requested the consolidation of a number of these streams into a single grant in order to provide greater flexibility;
3. An error had been made in the calculation of the funding required to pay for the
salaries of some four to five staff for the coming year which had not been discovered
before the amount had been decided. A change in the method for calculating those
salaries supported by the University had revealed a shortfall in the amount included
in the overall sum. The consequence of this was that the increase in funding for the
Union was smaller than had been originally identified. Further discussions on this
matter would take place;

4. The allocation to the trustees was primarily to assist with much-needed work on the
fabric of the building. The allocation had been increased substantially from the
previous year as major work was required on the building. Executive Board had
resolved, however, the Estates Office must be involved in the direction of the
programme of work and that the University’s financial regulations and procedures
for the procurement of contracts should be observed in order to ensure that good
value for money was obtained in the expenditure of public funds;

5. The subvention to the trustees was not made from funds allocated to the University
by HEFCE. This needed to be made clear to Council and it would be helpful if, in
future, the source of funding was stated when proposals were being made;

6. Concern was expressed that, by charging low prices for alcohol in the Union, the
Union Society could be encouraging drinking. However, the Union Society wished
to provide a safe social environment for its members and none of the subvention was
used to support the commercial services.

Resolved that Council delegate authority to the Chairman to approve a revised
subvention allocation following further discussions between the Union Society and the
Union Society Subvention Group.

(d) Medical Sciences proposal for a foundation school

After noting that:

1. The proposal to create a foundation school was a direct result of the national
Modernising Medical Careers initiative;

2. Registration with the General Medical Council (GMC) would be at the end of the
first foundation year. Responsibility for this first year lay with the University and
the GMC. Responsibility for the second foundation year lay with the Northern
Deanery and the Postgraduate Medical Education and Training Board, with the
Foundation Board and the Postgraduate Dean being accountable to the NHS
authority and not to the University for this second year. The responsibilities for the
University and the liabilities arising remained largely unchanged from those under
the current arrangements;

3. While this was a national agreement, with the University being unable to change it,
one member registered his view that it was an unsatisfactory arrangement with
regard to accountability;
4. With regard to recent staffing difficulties in the Postgraduate Deanery, these had now been resolved and the University would shortly have no employer responsibilities for staff there.

Resolved that Council approve the proposal to participate in the establishment of the Northern Foundation School.

(e) Tuition Fees

After noting that:

1. The Fees Sub-Committee currently only met once per annum which meant that there was too much routine business to allow members to look at the wider strategic issues. It was therefore being proposed that the terms of reference and membership be amended to allow the Sub-Committee to meet more frequently, be more effective and to link fees more closely into the planning process;

2. The current structure of the Fees Schedule was complex and it was intended to revise it for the future;

3. One area of concern for the Sub-Committee was the fee to be charged to students on placements or on a year abroad. Many students considered that this was a cost free exercise and so no fee should be charged, but in reality it was not cost free. It was therefore being proposed that the fee should be reduced from 50% to 25% from 2006 onwards and greater efforts made to demonstrate what students received in return.

Resolved that:

(i) The revised terms of reference and membership of the Fees Sub-Committee be approved, subject to any comments from Senate;

(ii) Council delegate authority to the Chairman to approve the Fees Schedule for 2005-06, including the reduction in the fee for students undertaking a full placement year outside the UK, following the meeting of Senate on 7 June 2005.

(f) Barras Bridge development : Stage C

After noting that:

1. Council, at its meeting on 19 July 2004, resolved that a scheme for the development of Barras Bridge could be worked on up to RIBA Stage C (Outline Design) in order that the precise requirements for the building and associated costs could be determined. Since then architects had been appointed and discussions had been held between them and the potential inhabitants of the building. The stage had now been reached when detailed designs needed to be drawn up so that an application for planning permission could be made;

2. Discussions had been held with City planning officers and their concerns had been taken into consideration, particularly with regard to the proposed five-storey height of the building. Plans had been adapted and further discussions were taking place to
ensure a building was created which both met planning office requirements and the needs of the University. However, under these circumstances, the University was constrained in making public any pictures of the proposed building at present;

3. As lay members of Council were not as familiar as staff with the layout of the campus, they had been given a presentation so that they could see the location of the building, how disabled people could gain access etc;

4. It would be important to have a building which was congruent with adjacent buildings as it would be a key interface with the public realm. In addition, the interface with King’s Walk and Eldon Place would need to be addressed, but these costs had not been included in the estimates as developments here would be a form a separate issue to consider;

5. Council had previously expressed its concern that costs of this project should not rise above £44 million. The Steering Group was therefore aiming to reduce this to £40 million, with £28 million being construction costs. However, these costs needed to be viewed against a background of predicted major inflation in the building industry and each year the project was delayed was predicted to cost an additional £2 million. It was therefore important that the University applied for planning permission as quickly as possible, particularly as there was always a risk that it would be turned down, despite the involvement of planning officers in the development of the project, which could lead to delays;

6. In order to try and ensure that the City Council’s Development Control Committee was aware of the issues and benefits relating to the Barras Bridge development, a presentation had been made of the Estates Masterplan which stressed the need to develop this site. Once the planning application had been made the University would be able to seek a meeting and a presentation, which presented illustrations of the proposal, and a physical model would be developed to assist with this;

7. The building was being designed to be flexible in its use. Therefore, if the projected student numbers were not reached alternative uses would be made of the space, for example more of the support services could be moved into the building. However, the Business School was confident that, even under the very worst case scenario, the project would produce a positive net value and a positive cash flow;

8. The proposals had the support of the University Executive Board.

Resolved that Council approve that the project proceed to the tender stage as outlined in the proposals submitted by the Barras Bridge Development Steering Group and accepted the risk involved in making that decision.

(g) SRIF3/4PCA

After noting that:

1. In paragraph (e), Dove Marine Laboratory should read ‘Jones Laboratory in the School of Marine Science and Technology’;
2. The Science Research Investment Fund (SRIF) and the Project Capital Allocation (PCA) allocations were made by HEFCE on a formula basis. The allocations had not been known until 31 January with bids being required by 30 May. The University had therefore asked the SRIF/PCA Advisory Group to undertake a process by which bids for the third round of SRIF funds and the fourth round of PCA could be prioritised in advance of notification of the allocations;

3. All allocations were made on the understanding that University would provide 10% of the total cost in matched funding. However, it did not have to be 10% of each project but of the total programme, which was important for the University as it meant that the funding earmarked for the Barras Bridge development could form the University’s contribution;

4. Executive Board had resolved that the allocation of SRIF funding should be shared by the Faculties of Science, Agriculture and Engineering and Medical Sciences, in proportion to their research income, as Humanities and Social Sciences would benefit from the development of Barras Bridge;

5. It had been agreed that the total cost of a project could not exceed the allocation unless additional funding had already been secured;

6. The details of the SRIF 3 and 4PCA programmes and the macro project groups for submission to HEFCE were set out in Annexes 1 and 2 of the paper and came to a total of approximately £33 million. These projects would assist the University support teaching and research, so making it more competitive;

7. The main risk was that, if the Barras Building project either did not go ahead or did not go ahead on schedule, the University would be out of time to draw down funding from SRIF/PCA for this project. This would result in £7 million unspent funding allocations and the University not having provided any matched funding for the entire programme. It had been agreed that, in this event, the University could seek to transfer the available HEFCE funding to further strategic research and teaching and learning projects and to provide the matched funding from the additional external gap funding sources already identified;

8. The Medical School Atrium project did not have full costs secured but the Advisory Group had been reassured by the Faculty that a funding programme was underway to raise money for this and it was optimistic that the amount would be raised;

9. A contingency fund of 12% was to be managed by the Faculty Pro-Vice-Chancellors to ensure that project creep did not occur and an additional 6% was to be retained by the Estates Office to cover any estates-related issues. Any unused contingency funds would be spent on equipment;

10. The project at the International Centre for Life would include the transformation of laboratories;

11. It was important that the City Council fulfilled its obligation to work with its key partners. Relations were good between the University and the Council at officer level but there were some issues at other levels. The Chairman of Council and the
Vice-Chancellor would discuss the importance of a good working relationship to both bodies with senior members of the Council at a forthcoming dinner.

*Resolved that:*

(i) *Council approve the recommendations contained in the SRIF/PCA Advisory Group Report;*

(ii) *Council approve in principle the Medical School Atrium project, submitted as part of the SRIF expenditure, subject to it proceeding only if the University succeeded in raising an additional £2 million to cover the costs.*

72. **REPORTS FROM FINANCE COMMITTEE**

Received Reports from the meeting of Finance Committee held on 21 April 2005. [Circulated with the Agenda as Documents G & H. Copies filed in the Minute Book.]

(a) **Multi Storey Car Park**

Noted.

(b) **Financial Strategy**

Noted.

(c) **Investment Management arrangements**

Noted that in A, point 5, there was a suggestion that it might prove beneficial to establish an Investment Committee/Forum and to use all the available expertise within the University, however the intention would be to involve a much wider range of people than just those within the University and would include members of Court and the Development Trust.

[Members were reminded of the continued confidential classification of this item.]

73. **REPORT FROM AUDIT COMMITTEE**

Received a Report from the meeting of Audit Committee held on 25 April 2005. [Circulated with the Agenda as Document J. Copy filed in the Minute Book.]

(a) **External Audit**

Noted.

(b) **Risk Management**

Noted.
(c) **Internal Audit reports**

(a) **Networks**

Noted.

(b) **Reimbursed expenses**

Noted that:

1. At the end of 2003, an internal audit report highlighted a lot of weaknesses in the operation of reimbursed expenses. Since then, largely owing to the efforts of the Finance Office, a great deal of progress had been made to address these. However, there were still some issues which ought to be addressed;

2. In order to address these, Audit Committee recommended that management should ensure that the specific recommendations made in the report from Audit Committee to Council be implemented to guarantee the proper and consistent use of public funds. It might therefore be useful if Audit Committee could discuss with Executive Board how to take this forward.

(c) **Transparent Approach to Costing (TRAC) and Full Economic Costing**

Noted.

(d) **Purchasing cards**

Noted that:

1. Audit Committee recommended that, as the use of purchasing cards was being pilot tested at the moment, the scheme should not be extended until all the problems identified had been addressed;

2. Resolution (d)(ii) in the Audit Committee report to Council should be reworded to read ‘The use of purchasing cards should not be extended to include the use of the cards for restaurants and overnight accommodation’.

(d) **Internal Audit Plan and Performance Indicators 2004-05**

Noted that, if it was not possible to complete all the planned audits by the end of the year, audits would be prioritised in order to ensure that Internal Audit would be able to express an opinion on internal controls to HEFCE.

(e) **SAP Security and Program Change Control**

Noted.
74. **PAY MODERNISATION**

Received a paper from Mrs V S Johnston, Director of Human Resources.  
[Circulated with the Agenda as Document K. Copy filed in the Minute Book.]

After noting that:

1. The current pay structures and associated policies had been in place for several decades and there were a great many variables between those for different categories of staff. This issue was being tackled nationally within the higher education sector and funds were being made available to assist with this. However, one condition of an institution receiving some of those funds was that it should move to the single pay spine and the use of a single job evaluation scheme;

2. This University had selected the Hay job evaluation system, in common with a number of other Russell Group universities, and this was being applied to over 4,000 staff. Union representatives were being included in the process and it was hoped that the work would be completed by the end of June;

3. The proposals for the pay structures had been under discussion since February and negotiations were continuing. They had now reached a detailed level and it was hoped that agreement would be reached in the near future, particularly now that the Association of University Teachers had rejoined discussions following their withdrawal;

4. There were significant costs associated with the introduction of the new system. The cost of assimilation was estimated to be £1.3 million and the cost of moving people onto the new grade structure was estimated to be approximately £2 million. These estimates did not include the annual pay award and the increase in pension costs. In the light of these costs, Staff Committee and Financial Monitoring and Budget Scrutiny Group had agreed that implementation of the new system should be postponed from 1 August 2005 until the end of November 2005;

5. A series of meetings had been held with managers last year in order to keep them informed of progress and it was intended to repeat this process to explain the detail once it was finalised. However, it would not be possible to let managers know the impact in their own area until the process had been completed;

6. While working hours were to remain undefined for levels F to I under the new system, the Association of University Teachers had requested that some wording should be included regarding the existence of the EU limit to the working week. (The member making this point declared an interest.)

7. It would be important for the University to have payscales which would be attractive to staff at all levels if it was to remain competitive in the sector and there was currently a perception that Newcastle’s scales seemed likely to be lower than that of some other universities. However, the University had been monitoring the position and it was thought that Newcastle’s scales would be close to the agreements which had already been reached at Leeds and Southampton. Emphasis should be placed on stressing the positive aspects of the final system to staff;
8. It was important that the scheme was affordable as, if it was too generous, the only way to afford it would be to reduce the number of jobs. There would not be large amounts of extra money from the introduction of top up fees as much of that funding was committed to additional expenditure such as bursaries and upgrading of facilities. So, while the University wished to be as generous as possible to its staff, it had to act responsibly.

*Resolved that the Director of Human Resources should report the details of the final agreement in October, before the proposed implementation in November.*

75. **ESTATES PROPERTY : ACQUISITIONS/DISPOSALS**

Reported that the Chairman of Council, on behalf of Council, had approved three property transactions, details of which were circulated with the Agenda.

[Circulated with the Agenda as Document L. Copy filed in the Minute Book.]

76. **REPORTED BUSINESS**

Received a report of action taken in accordance with agreed procedures, approved where necessary by the Vice-Chancellor on behalf of Senate and/or the Chairman of Council on behalf of Council, and by other University bodies and Chairmen.

[Circulated with the Agenda as Document M. Copy filed in the Minute Book.]

**PART C : RESERVED BUSINESS**

77. **REPORT FROM REMUNERATION COMMITTEE**

Considered a Report from Remuneration Committee.

[Circulated with the Agenda as Document N. Copy filed in the Minute Book.]

Noted that the Chairman of Council had asked the Director of Human Resources to investigate the implications of the new pension act since a large number of staff were likely to be affected.

*Resolved that the recommendations in the Report be approved.*