NEWCASTLE UNIVERSITY
COUNCIL
18 OCTOBER 2010

Present: Mrs M O Grant (in the Chair), the Vice-Chancellor, Mr N Blezard, Mr N E Braithwaite, Ms E Collingham (Education Officer), Professor M F Cross, Mr T Delamere (President, Union Society), Mr J C FitzPatrick, Dr F Harvey, Ms J Henderson, Mr R Hull, Mr M I’Anson, Sir Miles Irving, Mr S Lightley, Dr L Y J Liu, Professor D A C Manning, Mr S D Pallett, Professor D Parker and Mr S Pleydell.

In attendance: Professor C Harvey, Professor O R Hinton, Professor E Ritchie, Professor A C Stevenson and Professor N G Wright (Pro-Vice-Chancellors), Dr J V Hogan (Registrar), Mr R C Dale (Executive Director of Finance), Mrs V S Johnston (Executive Director of Human Resources) Dr A G Young (Head of Administration, Faculty of SAgE) and Miss E M Niven (Administrative Officer).

MINUTES

1. DECLARATIONS OF INTEREST

No declarations of interest were received.

2. WELCOME

The Chairman welcomed Mr Neil Braithwaite, Ms Elizabeth Collingham and Mr Tom Delamere to their first meeting of Council. Dr Andrew Young was welcomed as an observer.

3. MINUTES

The Minutes of the meeting of Council held on 12 July 2010 were approved as a correct record and signed.

4. HEALTH AND SAFETY

Noted that there were no matters to report.

5. MATTERS ARISING FROM THE MINUTES

(i) Progress of business

Received a business tracking form.

[Circulated with the agenda as Document B. Copy filed in the Minute Book.]

(ii) Higher Education League Tables (Minute 127, 12.7.2010)

Reported that Council, at its meeting on 12 July 2010, had received a paper from Professor Tony Stevenson, Pro-Vice-Chancellor Planning and Resources, on Higher
Education League Tables. Council endorsed the measures proposed in the paper and asked that Senate and UTLC should be asked to consider the systemic and strategic fixes and to present their feedback to Council.

Received responses from UTLC and Senate.
[Circulated with the agenda as Documents C & D. Copies filed in the Minute Book.]

Noted that:

1. The University could improve its position in certain league tables by increasing its published entrance requirements. UTLC had noted, however, that increasing minimum entry requirements could have unintended consequences and it had been decided that further information should be obtained and further discussions should take place before a decision was made.

2. The decision to follow up on responses to the Destination of Leavers of Higher Education survey where graduates had indicated they were unemployed was welcomed.

6. **CHAIRMAN’S BUSINESS**

   (i) **Pensions**

   A period of consultation was to begin on 20 October regarding proposed changes to the Universities Superannuation Scheme (USS). Details of the proposals would be sent to every member of the USS and their representatives. The three campus trade unions would be consulted and the University would hold additional briefing sessions for staff. The USS intended to implement the approved changes by 1 April 2011.

   (ii) **Leadership Foundation Seminars**

   Ms J Henderson and Mr R Hull had attended a Leadership Foundation seminar on 7 October entitled Higher Education Governance in a New Political Climate at which the Chairman had been a speaker. Having listened to the various contributions and comments made during the seminar both Ms Henderson and Mr Hull considered that the operation of our governing structures compared favourably with those in some other institutions.

7. **VICE-CHANCELLOR’S BUSINESS**

   Received the Vice-Chancellor’s report.
   [Circulated with the agenda as Document E. Copy filed in the Minute Book.]

   (i) **Deaths**

   Received a report on deaths recently announced by the University.

   *Resolved that Council record its deep regret and sympathy for the relatives concerned.*
(ii) **Local Enterprise Partnerships**

Five bids for Local Enterprise Partnerships (LEPs) had been submitted from the region, together with a bid for a North East Economic Partnership. It was thought that the Government’s preference was for there to be a smaller number of LEPs in the region.

(iii) **Science Central**

The Board of One North East (ONE) had passed a resolution to sell its share of the Science Central site to the other two partners and to provide the capital investment which had been agreed previously. Due to the moratorium that was in place on the sale or transfer of assets of regional development agencies, approval had to be obtained from Whitehall before this transaction could occur. On behalf of itself and the City Council, the University had written to Mark Prisk MP, Minister of State for Business and Enterprise, confirming its support for ONE’s decision.

(iv) **NUMed and the General Medical Council**

At a recent meeting, the General Medical Council (GMC) had agreed that it should seek a legislative change to end the requirement for it to undertake the quality assurance of medical education and training provided by recognised UK medical schools overseas. This would have implications for the University’s provision in Malaysia. The GMC was proposing to decouple the quality assurance process of the Malaysian degree from the Newcastle degree. This would remove a reputational risk from the Newcastle degree but it was possible that the GMC could refuse to quality assure the Malaysian degree, which would increase the risks for the offshore operation. The University was seeking advice on the proposed changes and would continue to keep Council informed.

(v) **The Browne Report**

Noted that:

1. The changes proposed in the Browne Report suggested that students would be required to pay the majority of the tuition fee and the Government would ‘top-up’ those subjects it considered to be strategically important. This represented a reversal of the current position.

2. It was thought that the changes would result in more private providers entering the sector and more degrees being delivered through further education colleges. The report suggested that the changes would improve the quality and efficiency of higher education institutions.

3. The Vice-Chancellor had written to all staff to reassure them of the University’s position. A working group had been established, chaired by Professor Stevenson, to consider the implications for the University’s fees structure, should the recommendations in the Browne Report be implemented.

4. The Heads of Unit forum on 10 November would consider the ethos of the student experience and, at its meeting on 16 November, Executive Board would give further consideration to the Browne Report and the outcomes of the Comprehensive Spending Review. It was suggested that staff should be given the opportunity to raise their
concerns over the proposals and a series of meetings were to be arranged for University staff.

5. The report recommended that HEFCE should merge with the Quality Assurance Agency (QAA), the Office for Fair Access (OFFA) and the Office of the Independent Adjudicator (OIA) to form the Higher Education Council (HEC). The merger of these bodies would have significant implications for the governance of Higher Education institutions. In the past, HEFCE had provided a voice for the sector on certain issues but it was thought unlikely that the merged body would be able to continue this role.

6. Certain subjects would no longer receive state funding. Institutions would have to bid to teach certain subjects which would continue to be funded. Before awarding student places and the associated funding, an institution’s National Student Survey results, cost effectiveness and the employability of its graduates would be taken into account.

7. The University was considered to be in a strong position to face the challenges which would emerge should the proposed changes be implemented. A number of organisational changes had been made and academic staff were frequently reminded of the importance of providing a good student experience. The principle of parity of esteem between teaching and research had also been established.

8. Executive Board would need to give consideration to the quality of the student experience and would do this in consultation with the student representatives.

9. It was suggested that consideration should be given to differential fees rather than imposing one fee across all subjects.

10. Many students were concerned about the implications of the proposal for themselves, their friends and their siblings. It was suggested that a communication should be sent from the University to current students in order to provide some reassurance.

Resolved that the University should await the outcome of the Comprehensive Spending Review before making a public statement in response to the Browne Report.

8. SOCIETAL CHALLENGE THEMES: SOCIAL RENEWAL

Considered a report from Professor Nick Wright, Pro-Vice-Chancellor Research and Innovation on behalf of Executive Board.

[Circulated with the agenda as Documents F. Copy filed in the Minute Book.]

Received an extract from the draft Senate Minutes on Senate’s discussion of this item.

[Circulated with the agenda as Document G. Copy filed in the Minute Book.]

Noted that:

1. The Social Renewal Societal Challenge Theme would be led by the Faculty of Humanities and Social Sciences. A cross-Faculty Steering Group would be established to develop plans for further scoping and developing the theme.

2. Strong support for the proposed theme had been received from Senate.
Resolved that:

(i) Council support the adoption of Social Renewal as the third Societal Challenge Theme under the leadership of the Faculty of Humanities and Social Sciences.

(ii) The outline plan for the Social Renewal theme, attached as Annex I to Document F, be endorsed.

9. NATIONAL STUDENT SURVEY: 2010 RESULTS

Considered a paper from Professor Ella Ritchie, Pro-Vice-Chancellor Teaching and Learning on behalf of Executive Board.

[Circulated with the agenda as Document H. Copy filed in the Minute Book.]

Received an extract from the draft Senate Minutes of 5 October 2010 on Senate’s discussion of this item.

[Circulated with the agenda as Document J. Copy filed in the Minute Book.]

Noted that:

1. The University had maintained its position from the previous year within the Russell Group and in relation to its comparator group.

2. The scores achieved in relation to the Assessment and Feedback section were beginning to show some improvement. The University intended to hold a series of focus groups in order to determine where further improvements could be made.

3. The Faculty Pro-Vice-Chancellors had been asked to prepare action plans for each subject area which had achieved a satisfaction score of less than 80%. Subject areas which had received satisfaction scores in excess of 90% had received a letter of congratulations from the Vice-Chancellor. The Medical School was commended on having achieved a satisfaction score of 97% for the MBBS which saw it ranked 1st out of the 32 medical degrees in the country.

4. The results in relation to the Access to IT question had witnessed a decline in its satisfaction score from 88% in 2009 to 83% in 2010. The free text comments for this question had been analysed and, as a result, efforts were being made to improve signage, to increase the number of clusters which were open 24 hours and to provide more clusters near teaching areas. IT provision was important for marketing purposes and the University needed to ensure it kept up with its competitors. It was noted, however, that the University had received good scores for its IT provision in the International Student Barometer.

5. It was acknowledged that the NSS was an imperfect tool but it would become increasingly important in future, particularly since the Browne Report implied that it would be used to determine which institutions should receive additional student numbers and the associated funding.

6. The performance of a number of subject areas had declined by over 20%. It was important to try to anticipate problems at subject level and put measures in place to ensure they did not occur.
10. **EFFECTIVENESS OF COUNCIL AND MEMBERS OF COUNCIL 2009-10**

Received a paper prepared by Dr John Hogan, Registrar and approved by the Chairman of Council.

[Circulated with the agenda as Document K. Copy filed in the Minute Book.]

Noted that:

1. The Working Group on Governance had resolved that the questionnaire used to determine the effectiveness of Council and its members should be improved. It had been agreed, however, to await the model questionnaire that was to be produced by the Committee of University Chairs (CUC) and the Leadership Foundation.

2. The free text comments had identified that a number of members of Council were unsure of the effectiveness of Council’s role in testing strategy.

*Resolved that the date at which the Leadership Foundation and CUC’s effectiveness questionnaire would be available should be determined.*

11. **STATEMENT OF PRIMARY RESPONSIBILITIES**

Received Council’s Statement of Primary Responsibilities. This Statement was produced in accordance with the CUC Governance Code of Practice and was agreed by Council in July 2005. It was also published on the University’s governance website.

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

*Resolved that Council approve the following change to paragraph 7:*

*Add (after the first sentence): ‘Council may also delegate authority to other named officers or committees.’*

12. **ANNUAL REPORT OF AUDIT COMMITTEE TO COUNCIL 2009-10**

Considered the Annual Report of Audit Committee to Council for 2009-10.

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

Reported that the HEFCE Assurance Service had recommended that Council should consider the Audit Committee Annual Report before approving the Financial Statements. Audit Committee had resolved that the following opinion be given to Council:

‘On the basis of:
(a) information presented to Audit Committee by University management, Internal Audit, PricewaterhouseCoopers and other sources;
(b) the discussion and review of that information with these groups, it is Audit Committee’s opinion that the University’s arrangements for:
• risk management;
• internal control; and
• corporate governance
are generally adequate and effective and can be relied upon by Council.

The University also has suitable arrangements in place:
- to secure economy, efficiency and effectiveness (value for money); and
- for the effective management and quality assurance of data submitted to HESA, HEFCE and other funding bodies.'

Resolved that:


(ii) The members of Audit Committee be thanked for their work.

13. FINANCIAL STATEMENTS AND COMMENTARY 2009-10

Reported that:

(a) Audit Committee had considered a report prepared by PricewaterhouseCoopers (PWC) for the year ended 31 July 2010, incorporating the Internal Control Memorandum issued by PWC in respect of the year ended 31 July 2010 which included the management response to the issues raised. Audit Committee resolved that the External Auditors’ report be accepted.

(b) Audit Committee had considered:

(i) The audited consolidated Financial Statements of Newcastle University for the financial year ended 31 July 2010, including a corporate governance statement and a statement of internal control.


(iii) An oral report from the Executive Director of Finance on Finance Committee’s consideration of this item at its meeting on 5 October.

Considered:

(a) The audited consolidated Financial Statements of the University for the financial year ended 31 July 2010.

(b) The commentary to the accounts.

[Circulated with the agenda as Documents N.1 and N.2. Copies filed in the Minute Book.]

Noted that:
1. The Financial Statements had been approved by both Finance Committee and Audit Committee. The University’s auditors expected to issue a clean audit opinion.

2. Under the terms of the Financial Memorandum, it was necessary to change the external audit partner when they had completed seven consecutive years in the position. Mr Ian Looker (PricewaterhouseCoopers) had completed seven years as the University’s audit partner and this would be his final audit. Council offered its thanks to Mr Looker for his work over this period.

3. The University had witnessed strong growth in international student numbers which had resulted in significant increases in income from tuition fees. Budget holders were to be commended on their good cost control over the past year.

4. The surplus which the University had generated would be reinvested in order to maintain the levels of capital investment.

5. The University had improved its position in the sustainability index. Previously it had been ranked 10th out the 20 Russell Groups institutions. In 2009, it had improved its position to 5th behind LSE, Cambridge, Birmingham and Queen’s, Belfast.

6. The University’s senior management should be commended on the strong financial performance it had achieved in the current financial climate.

Resolved that Council approve the recommendation of Audit Committee that it approve the audited consolidated Financial Statements of the University for the financial year ended 31 July 2010.

14. FINANCIAL FORECASTS AND COMMENTARY 2010

Considered a report from Mr Richard Dale, Executive Director of Finance on behalf of Executive Board.

[Circulated with the agenda as Document O. Copy filed in the Minute Book.]

Noted that:

1. Each year, the University was required to produce financial forecasts for submission to HEFCE as part of the single conversation. HEFCE had acknowledged that, due to the publication of the Browne Report and the impending Comprehensive Spending Review, it would be necessary for institutions to revise their forecasts and had reserved the right to request an updated document in early 2011.

2. Concern was raised over the Government’s decision to restrict the number of non-EU immigrants and the implications this could have for international student and staff numbers. The University was working with organisations such as Universities UK to lobby the Government over this issue. It was noted that tuition fee income from international students was one of the biggest sensitivities in the model. The immigration caps that had been imposed were already affecting staff recruitment.

Resolved that the Financial Forecasts 2010 be approved and forwarded to HEFCE. Council members noted that these forecasts were subject to revision as a
consequence of the likely future budget arrangements and would then be re-presented to Council.

15. CORPORATE PLANNING STATEMENT 2010

Considered the Corporate Planning Statement 2010.

Resolved that the Corporate Planning Statement 2010 be approved and forwarded to HEFCE.

16. INTERNAL AUDIT ANNUAL REPORT 2009-10

Received, for information, the Internal Audit Annual Report 2009-10 prepared by Mrs J Simpson, Head of Internal Audit.

Reported that Audit Committee had considered the Internal Audit Annual Report 2009-10 and had resolved that the Report be reported to Council.

Noted that the Internal Audit team was a service which Council members could make use of should there be any matters which they felt should be investigated.

17. REPORTS FROM AUDIT COMMITTEE

Received reports from the meetings of Audit Committee held on 23 July and 8 October 2010.

(i) Audit Committee’s Terms of Reference

Reported that the CUC Handbook for Members of Audit Committees stated that ‘to ensure that audit committee effectiveness is maintained and improved, the audit committee and the governing body should review and formally approve the committee’s terms of reference on an annual basis. A robust annual assessment of the audit committee’s responsibilities and its terms of reference should highlight any changes to the institution’s circumstances and any new regulations or leading practices that may affect the committee’s responsibilities.’

Considered the terms of reference of Audit Committee

Resolved that the terms of reference of Audit Committee be approved.

(ii) Value for Money 2009-10

Considered a report on Value for Money 2009-10, prepared by Dr John Hogan, Registrar.
Noted that:

1. The results from the National Student Survey had been included as a value for money indicator of the University’s teaching activities. This measure would be increasingly important in the future. The Transparent Approach to Costing (TRAC) results were included as value for money indicator of the University’s research activities and showed that the University was performing well in relation to comparator institutions.

2. It was expected that the University would achieve better value for money from its procurement activities following the implementation of the Procure to Pay project.

3. A target had been set to keep the increase in administrative staff below the level of increase in academic and research staff, but this was proving difficult to achieve.

4. Car parking had been chosen as the major Internal Audit Value for Money study during 2010-11. It was noted that, since there had been a reduction of car parking spaces in recent years, this might not be appropriate as the major Value for Money study and, instead, it should be one of a number of areas considered by Internal Audit. A Value for Money review of the implementation of the Enquiries To Registration (E2R) process was suggested as an alternative.

(iii) Compliance with Financial Regulations and Other University Procedures

Noted that:

1. The University’s staff was its most important asset and Audit Committee had considered it important for PDR procedures to be closely observed in order to ensure the performance of staff was maximised. It was noted that as well as being a professional development tool, the PDR process was also designed to encourage staff to review their own performance and to set objectives for improvement.

2. The Procure to Pay initiative was considered to be essential for improving the effectiveness and cost efficiency of the University. The project represented a significant business transformation. An e-market place would be introduced which would allow staff to access specific items whilst directing them to the most cost effective option. Currently over 400 members of staff were involved in the procurement process. At the end of the Procure to Pay project, in July 2011, it was hoped that this would be reduced to 5.5 FTEs.

18. ANNUAL REPORT FROM ETHICS COMMITTEE

Received the Annual Report from Ethics Committee, which had been endorsed by University Research Committee, Executive Board and Senate.

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

19. NEWCASTLE SCIENCE CITY

Received a progress report from Professor Nick Wright, Pro-Vice-Chancellor Research and Innovation on behalf of Executive Board.

[Circulated with the Agenda as Document W. Copy filed in the Minute Book.]
Noted that:

1. The public consultation on the plans for the Science Central site would take place in the near future.

2. The City Council was leading discussions with the owners of adjacent sites.

3. The plans for the joint venture vehicle which would take forward the further development of the Science Central site were progressing well.

4. Newcastle had recently been voted the UK’s top ‘green city’ for the second year running by the organisation Forum for the Future. This was considered to be a significant result, in light of the recent launch of the Newcastle Institute for Research on Sustainability.

20. **UPDATE ON PERFORMANCE OF THE INTO JOINT VENTURE**

Received a progress report from Professor Tony Stevenson, Pro-Vice-Chancellor Planning and Resources on behalf of Executive Board.

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

21. **MEMBERSHIP OF COUNCIL**

Received the membership of Council for 2010-11.

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

22. **ANNUAL MONITORING STATEMENT 2010**

Received the Annual Monitoring Statement 2010.

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

23. **ANNUAL ASSURANCE RETURN 2010**

Received the Annual Assurance Return 2010.

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

24. **DOWNINGS NOMINATION AGREEMENT AND DIRECT AGREEMENT**

Considered a report from the Registrar in relation to a Nominations Agreement with Downings for the provision of 256 additional student bed spaces.

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

After noting that:

1. Finance Committee had reported its approval of the proposed agreement to Council in March 2010.

2. Negotiations with Downings had been successfully concluded and the University was being asked to sign two agreements:
• A “Nominations Agreement” with Downings, acting through their subsidiary Central Link 2 Scottish Limited Partnership

• A “Direct Agreement” with Central Link 2 Scottish Limited Partnership and Abbey National Treasury Services plc, which allows the bank to assume the rights of Downings under the Nominations Agreement in the event that Downings becomes insolvent or defaults on its loan.

3. The agreements would be executed as Deeds and would require to be sealed in accordance with the regulations agreed by Court in October 2008

**Resolved that:**

(i) The University should enter into a Nominations Agreement with Central Link 2 Scottish Limited Partnership and a Direct Agreement with Central Link 2 Scottish Limited Partnership and Abbey National Treasury Services plc in relation to the provision of 256 student bed spaces.

(ii) The Executive Director of Finance and a Pro-Vice-Chancellor should be delegated authority to finalise negotiations and execute the agreements on behalf of the University.

25. **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 CC. Copy filed in the Minute Book.]

**RESERVED BUSINESS**

26. **CHAIR OF COUNCIL**

Received an oral report from the Chairman of Council.

Noted that:

1. At the end of the current academic year the Chairman of Council would have completed her third and final term in post and the statutes required a new Chair to be appointed.

2. Council had delegated responsibility for overseeing the process of appointment for new lay members and officers to Nominations Committee. During the summer, Nominations Committee had invited members of Council to submit expressions of interest for the position of Chair to the Honorary Treasurer. Nominations Committee would meet on 22 November and would take a view on whether or not, in light of the strength of expressions of interest, it was desirable or necessary to advertise the vacancy externally.
3. It was considered that the appointment of a Chair should be a decision which Council itself should own and it was proposed that Nominations Committee should recommend an appointment process to Council at its meeting on 13 December.

Resolved that any member who wished to comment on the form the appointment process should take should contact the Chairman of Council prior to the meeting of Nominations Committee on 22 November 2010.