NEWCASTLE UNIVERSITY
COUNCIL
27 October 2014

Present: Mr Mark I’Anson (in the Chair), the Vice-Chancellor, Dr John Appleby, Ms Claire Boothman (President, Students’ Union), Mr Neil Braithwaite, Mr Jonathan Glass, Mrs Jacqui Henderson, Mr Robert Hull, Professor Tom Joyce, Professor Neill Marshall, Mr Jeff McIntosh, Mr David Morris (Education Officer, Students’ Union), Dr Ole Pedersen and Ms Vicky Wright. (Note: Professor Marshall did not participate in any decisions to ensure the meeting was quorate).

In attendance: Professor Suzanne Cholerton, Professor Chris Day, Professor Charles Harvey, Professor Steve Homans, (Pro-Vice-Chancellors), Dr John Hogan (Registrar), Mr Richard Dale (Executive Director of Finance), Mrs Veryan Johnston (Executive Director of Human Resources) and Mrs Lizzie Taylor (Executive Officer (Governance)).

Apologies: Professor Richard Davies, Mr Mike Davison, Mr Stephen Lightley, Mrs Heidi Mottram, Mr Simon Pleydell, Professor Tony Stevenson, Mr Paul Walker and Professor Nick Wright.

M I N U T E S

20. DECLARATIONS OF INTEREST

Ms Vicky Wright declared an interest in relation to item 30 – Strategic Implications of the Proposed USS Reforms – as she and Sir Andrew Cubie, the independent chair of the USS Joint Negotiating Committee, were both trustees of the Royal National Lifeboats Institution.

21. WELCOME

The Chair welcomed Ms Vicky Wright to her first meeting as a member of Council.

22. MINUTES

The minutes of the meeting of Council held on 15 September 2014 were approved as a correct record and signed.

23. MATTERS ARISING FROM THE MINUTES

Date of meeting: 15.09.14
Item: Financial Sustainability
Action: Council to be presented with further information on the University’s market share at a future meeting.
Responsibility: Mr Richard Dale
Status: Received a paper on the University’s market share prepared by Mr Richard Dale, Executive Director of Finance, on behalf of Executive Board.

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

[Minute classified as ‘strictly confidential’. Copy filed in the Minute Book.]

24. HEALTH AND SAFETY
Received an oral report from Mrs Veryan Johnston, Executive Director of Human Resources, on the current health and safety issues affecting the University.

Noted that whilst the Ebola outbreak continued to make headlines and the University continued to offer advice to staff, there were other risks to be aware of which had a more direct impact upon the University. It was reported that one member of staff had contracted viral meningitis but was expected to make a full recovery.

25. **CHAIR’S BUSINESS**

1. **Committee of University Chairs (CUC) Meetings**

The Chair had recently attended a number of CUC meetings including one of the Northern Group at which Sir Alan Langlands, current Vice-Chancellor of Leeds University and former Chief Executive of HEFCE, was present. Sir Alan had informed the group of his view that lay members of governing bodies should be visible within their institution. It was suggested that this could be facilitated by ensuring lay members were invited to events which took place within the University.

Diversity had been a discussion topic at the recent CUC plenary meeting and Newcastle was perceived to be performing well in this area. It was suggested that the University should consider introducing a high-level KPI to measure performance in relation to diversity issues.

2. **CUC Code**

Council members were informed that the revisions to the CUC code of governance had now been approved by the Association of Heads of University Administration (AHUA).

3. **Council Briefing Sessions**

Council members were reminded of the forthcoming Council briefing sessions:

- 6 November 2014, 11am-12noon, room L5.18, King’s Gate Accommodation and Hospitality: overview, delivered by the Academic Registrar and the Director of Accommodation and Hospitality Services.
- 19 November 2014, 9am – 12noon, room L5.15, King’s Gate Meeting of Audit Committee.

Council members were asked to inform Lizzie Taylor if they planned to attend either of these sessions.

Noted that the Briefing Session planned for 8 December 2014 on the Learning, Teaching and Student Experience Strategy would be rescheduled as the Pro-Vice-Chancellor Learning and Teaching was now unavailable.

26. **VICE-CHANCELLOR’S BUSINESS**

Received the Vice-Chancellor’s report. Highlights of this report are discussed below. [Circulated with the agenda as Document C. Copy filed in the Minute Book.]

1. **Deaths**

   Received a report on deaths recently announced by the University.
Resolved that Council record its deep regret and sympathy for the relatives concerned.

2. **Congratulations**

   On behalf of Council, the Vice-Chancellor congratulated the Chair on his recent election as Deputy Chair of the CUC.

3. **Alan Turing Institute**

   The Government had proposed that a research institute which focused on ‘big data’ should be established to be known as the ‘Alan Turing Institute’. The University had agreed to submit an expression of interest. At this stage it was unclear whether the institute would be located at one institution or across several, on a collaborative basis. As was common with most bids for Government funding, the University would be expected to match fund any award received. Should the University be successful, funding for the institute would be taking from the Research Investment Fund.

   It was noted that the University had existing collaborative links with Sage Computing and Siemens and any subsequent applications should emphasise this.

4. **University Deanships**

   Executive Board and Senate had considered a proposal to establish University Deanships in areas such as Diversity, Sport and Development. Members of Council were invited to submit any comments they had on this proposal to the Vice-Chancellor.

5. **[Minute classified as ‘commercial in confidence’. Copy filed in the Minute Book.]**

6. **Science Central: naming of a building**

   It was noted that a fabric structure was to be erected on the Science Central site whilst the Urban Sciences Building was under construction. Council approval of the proposed name for the fabric structure was required.

   **Resolved that the proposal to name the fabric structure ‘The Key’ be approved by Council.**

7. **University Declaration of Interests and External appointments Policy and Procedure**

   The current version of the University’s Declaration of External Interest Policy had been reviewed against funder requirements and a number of revisions had been made.

   **Resolved that the revised Policy be approved.**

8. **Professor Ella Ritchie**

   Professor Ella Ritchie, former Deputy Vice-Chancellor, had been due to lead a delegation to Xiamen University. Unfortunately, a few days prior to her departure, Professor Ritchie had fallen and broken her shoulder. Council sent Professor Ritchie its best wishes for a speedy recovery.

9. **Late News**

   (i) The University Paper
A free newspaper had been distributed to residences in Sandyford and Jesmond entitled, ‘The University Paper’ giving the impression that it was an official University publication. The University had received a number of complaints from the public due to the unpleasant nature of the paper’s content. Investigations had established that the publisher was based in London and it produced customised versions of the paper for a number of university cities using content provided by local students.

The Vice-Chancellor, in conjunction with his counterpart at Northumbria University and the Chief Executive of the City Council, had written to the publisher stating their strong objections to the paper’s contents and its method of distribution. A letter had been sent to the Journal and the Chronicle explaining that this was not an official University publication. The Vice-Chancellor had also written to the residents who had received the paper. It was understood that approximately 1000 copies of the paper had been produced.

This issue was to be discussed further at the meeting of the University/Students’ Union Partnership Committee on 28 October 2014. The Students’ Union’s Scrutiny Committee was also considering the matter and would have questions for the students involved in providing content for the paper.

It was suggested that consideration could be given to the legal position of the publisher’s actions and whether there was any possibility that a case of defamation could be made against it. It was noted, however, that it was important to keep the matter in context and that the publisher had responded to the Vice-Chancellor in a conciliatory manner.

(ii) Northern Powerhouse

In a speech by the Chancellor, George Osborne on 27 October, the Government was expected to announce its support for the development of a High Speed 3 (HS3) railway network to link cities in northern England.

(iii) Xiamen

A delegation from the University had recently visited Xiamen. The Vice-Chancellor expressed his thanks to Mr Simon Pallett, Dean of Undergraduate Studies in the HaSS Faculty, who had agreed to lead the delegation in place of Professor Ritchie. The visit was considered to be a success and the University would now work on preparing a bid for the Ministry of Education in China which, it was hoped, would be ready by March 2015. It was expected that the first cohort of students would begin their studies in September 2016.

(iv) Letter from the Cross-Party Group on Balanced Migration

The Vice-Chancellor had received a letter from the Cross-Party Group on Balanced Migration which, it stated, had been sent to a number of Vice-Chancellors. The letter requested support from University in assisting with the departure of international students from the UK following completion of their studies. Specifically, it proposed that the University should withhold degree certificates from international students until they had left the country. The Registrar had drafted a reply on behalf of the Vice-Chancellor stating that the University would not be willing to support such proposals.

27. **STRATEGIC RISK REGISTER SUMMARY**

Received the Strategic Risk Register Summary.

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

1. This was the final time that the risk register would be presented in its current format as the risk management processes were undergoing a review.

2. There had been one change to the rating of strategic risk SR5D – Failure to respond to severe business disruption event. The likelihood rating for this risk had been reduced to 2 from 3 as it was considered that local arrangements within the University had been strengthened sufficiently to allow it to respond appropriately to a natural or man made event.

28. VISION 2021: INSTITUTIONAL KPI REPORT

Received a report on the Institutional Strategic Objectives and KPIs from Professor Tony Stevenson, Pro-Vice-Chancellor Planning and Resources, on behalf of Executive Board.

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

Noted that:

1. The Institutional KPI report was presented in a revised format, as requested by the Chair of Council.

2. The research KPI had been graded Amber when it was previously Amber/Green as a result of a deteriorating position in relation to world citation impact. The fact that the University had dropped out of the Times Higher World ranking top 200 had resulted in the KPI for profile and reputation being changed from Amber/Green to Amber.

3. The University was performing well in terms of the National Student Survey and this had resulted in the KPI for student satisfaction being upgraded from Amber/Green to Green.

4. It was noted that in the financial and environmental sustainability KPI, it was necessary to update the measure for net surplus to reflect the introduction of EBITDA (earnings before interest, tax, depreciation and amortisation).

Resolved that the new format for the Institutional KPI report be approved.

29. EFFECTIVENESS OF COUNCIL AND MEMBERS OF COUNCIL 2013-14

Received the annual effectiveness report prepared by Dr John Hogan, Registrar

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

Noted that:

1. Audit Committee had reviewed the Council Effectiveness report and had resolved that efforts should be made to reduce the number of ‘don’t know’ responses and to increase the number of fully agree responses by reducing the number of partly agree responses.

2. It was noted that the longer version of the effectiveness questionnaire produced by the Leadership Foundation would be used next year in order to inform the Governance Review which would take place during the 2015 calendar year.

3. One comment in the questionnaire noted that members of Council did not have the opportunity to meet less senior University staff. It was suggested that Council members should be consulted to determine who they wanted to meet. It was understood that other institutions linked lay members with a school or faculty so that they could undertake visits on a more informal basis. Members could also be invited to events to ensure they had the opportunity to be more involved in University life, should they wish to be.
4. It was suggested that, as part of the Governance Review, the governance culture of other sectors should be considered.

5. It was noted that there were a number of comments which suggested that the Estates Special Interest Group should be reconstituted as a committee of Council. It was agreed that this should be considered as part of the Governance Review. Ensuring Council members were notified of issues at an early stage and reconsidering the size of Council were two other recurrent issues identified by Audit Committee.

6. It was suggested that lay members could benefit from increased contact with Executive Board to ensure greater understanding of issues. This was to be facilitated in the near future with an away day for lay members of Council and members of Executive Board.

7. The Chair of Council and the Vice-Chancellor will undertake discussions to determine whether the Governance Review should also include a review of Senate and its sub-committees.

Resolved that:

(i) The responses to the questionnaire be considered further as part of the Governance Review.

(ii) Any members of Council who wish to participate in the Governance Review should inform the Chair.

30. STRATEGIC IMPLICATIONS OF THE PROPOSED USS REFORMS

Received:

(a) A report from Mr Richard Dale, Executive Director of Finance, and Mrs Veryan Johnston, Executive Director of Human Resources, on behalf of Executive Board.

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

(b) A presentation from Mr Richard Dale, Executive Director of Finance, and Mrs Veryan Johnston, Executive Director of Human Resources, on behalf of Executive Board.

[A copy of the slides filed in the Minute Book]

Noted that:

1. Failure to maintain a financially robust pension provision remained the top net risk in the University’s strategic risk register.

2. Following the 31 March 2013 actuarial valuation, the Universities Superannuation Scheme (USS), was found to have a deficit of £11.5bn. Universities UK, which represents employers in USS pension negotiations, subsequently prepared a series of changes designed to address the deficit. UCU was opposed to the changes and had balloted its members who had voted in favour of industrial action.

3. The industrial action would result in a boycott of assessment from 6 November. The Joint Negotiating Committee was due to meet in November and the boycott was timed to affect its meetings.

4. The proposed changes to the scheme would present a communications challenge. The University was to offer open sessions to be delivered by an independent provider and there were also plans to launch a video blog.
5. It was important to ensure the University's pensions provision remained competitive as there could be difficulties in recruiting staff if the pension scheme was perceived to be less attractive than those offered in other countries.

6. Oxford University was understood to be challenging the actuarial assumptions and was also understood to be unhappy with the proposal to introduce a £50,000 threshold up to which all members of USS would continue to received defined benefits on the existing Career Revalued Benefits (CRB) scale of 1/80 of salary each year, plus tax-free cash of three times pension. Beyond the £50,000 threshold, benefits would be provided in a new Defined Contribution section.

7. In final salary pension schemes lower paid staff often ended up subsidising higher paid staff and this position was unsustainable. It was suggested that, in the longer term, the University should consider the possibility of withdrawing from the requirement to enter staff into the USS.

8. As yet no modelling had been undertaken to determine the impact of sectionalisation of the USS. All institutions had contributed to the stresses placed on the scheme through the implementation of above inflation pay rises. The University would be reluctant to commit contingent assets into a mutual scheme as this would have consequences for the local scheme, the RBP. Borrowing would also be more difficult if contingent assets were tied up.

9. It was considered that low interest rates could last for a number of years and the financial position could deteriorate further before it improved. It was considered that the case for reform of the USS was overwhelming and that, should conditions improve more quickly than expected, it would be possible to improve the benefits of the scheme at a later date.

Resolved that the Executive Director of Finance and the Executive Director of Human Resources be thanked for an informative presentation.

31. ANNUAL REPORTS AND FINANCIAL STATEMENTS

Received a report from Mr Richard Dale, Executive Director of Finance, explaining a number of related items on the agenda.

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

32. REPORT FROM AUDIT COMMITTEE

Received a report from the meeting of Audit Committee held on 8 October 2014.

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

33. ANNUAL REPORT OF AUDIT COMMITTEE 2013-14


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

Noted the opinion of Audit Committee that:

“Audit Committee has received and considered assurance on a wide variety of topics from various sources, including the University’s own management, ‘independent’ sources (e.g. the HEFCE Assurance Service, auditors from the funding councils), the University’s Internal Audit service and External Auditors.

On the basis of the information presented to Audit Committee by these assurance providers, and the discussion and review of that information with these groups, it is Audit Committee’s opinion that the University’s arrangements for:
Council, 27 October 2014

- risk management;
- internal control;
- corporate governance;
- economy, efficiency and effectiveness (value for money);
- and the management and quality assurance of data submitted to HESA and to HEFCE and other funding bodies are generally adequate and effective and can be relied upon by Council."

Resolved that Council approve the Audit Committee Annual Report 2013-14.

34. FINANCIAL STATEMENTS 2013-14

(i) Going Concern

Received a report from the Executive Director of Finance.
[Circulated with the agenda as Document L. Copy filed in the Minute Book.]

Resolved that Council approve the following recommendation from Executive Board that:

"Council confirms that it has reasonable expectation that the University has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the accounts."

(ii) Financial Statements

[Minute classified as ‘commercial in confidence’. Copy filed in the Minute Book.]

35. VALUE FOR MONEY REPORT 2013-14

[Minute classified as ‘commercial in confidence’. Copy filed in the Minute Book.]

36. REPORT FROM FINANCE COMMITTEE

Received a report from the meeting of the Finance Committee held on 7 October 2014.
[Circulated with the agenda as Document P. Copy filed in the Minute Book.]

It was noted that:

1. There had been a significant increase in the cost of insurance premiums during the past year which could be attributed to poor performance in relation to student travel and motor insurance claims. The faculties would be asked to reviewed procedures in these areas.

2. Finance Committee had approved the final version of the Financial Strategy as per the delegated authority granted to it at the meeting of Council on 15 September 2014.

37. STUDENT RECRUITMENT

[Minute classified as ‘commercial in confidence’. Copy filed in the Minute Book.]

38. UNIVERSITY RESEARCH INSTITUTES

Considered a report from Professor Charles Harvey, Pro-Vice-Chancellor Humanities and Social Sciences, on behalf of Executive Board.
Resolved that University Research Institute status be conferred upon the Newcastle University Humanities Research Institute (NUHRI) for an initial period of five years from 1 November 2014, with Professor Matthew Grenby (School of English Literature, Language and Linguistics) appointed as Director for the same period.

39. ANNUAL ACCOUNTABILITY RETURN TO HEFCE

Received:

(a) The Internal Audit Annual Report 2013-14 prepared by Mrs Juliet Simpson, Head of Internal Audit.

(b) The Annual Assurance Return 2014.
   [Circulated with the agenda as Documents S and T. Copies filed in the Minute Book.]

40. ANNUAL REPORT ON CHARITABLE STATUS 2013-14

Received the annual report of the Charitable Status for 2013-14.
   [Circulated with the agenda as Document U. Copy filed in the Minute Book.]

41. 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 Chair of Council on behalf of Council, and by other University bodies and Chairs.

42. CHAIR’S CIRCULAR

Noted that there was no Chair’s Circular issued in advance of the meeting.