UNIVERSITY OF NEWCASTLE UPON TYNE
COUNCIL
11 OCTOBER 2004

Present: Mrs M O Grant (in the Chair), the Vice-Chancellor, Professor J B Goddard (Deputy Vice-Chancellor), Professor E Ritchie (Pro-Vice-Chancellor), Dr J C Appleby, Mr N Blezard, Ms R S Currie (Education Officer), Sir Leslie Elton, Mr J C Fitzpatrick, Professor M Goodfellow, Mr T Gorman (Communication Officer), Mr C J Hilton, Mr M I’Anson, Sir Miles Irving, Mr P M Johnson, Mr S Lightley, Mr J D A Ramsbotham, Miss S Underwood, Sir John Willis, Mr G C Wilson and Mr A M Wilton.

In attendance: Mr Langsajo Jadama, Dr J V Hogan (Registrar), Professor P H Baylis, (Pro-Vice-Chancellor Medical Sciences), Professor A C Stevenson (Pro-Vice-Chancellor HASS), Mr H B Farnhill (Bursar), Mrs V S Johnston (Director of Human Resources) and Mr C Magee (Assistant Director, International Office).

Note: Copies of documents are filed in the Minute Book and are normally available on request from barbara.akinhead@ncl.ac.uk or telephone 222 6087.

MINUTES

1. MEMBERSHIP OF COUNCIL 2004-05

Received a list of Council members for 2004-05.
[Circulated with the Agenda as Document H. Copy filed in the Minute Book.]

Reported that the Union Society had appointed the following to serve on Council with immediate effect until 31 July 2005:

Mr T Gorman, Communications Officer
Ms R S Currie, Education Officer

The Chairman welcomed the following new members to the meeting:

Sir Leslie Elton
Mr Colin Fitzpatrick
Mr Mark I’Anson
Mr James Ramsbotham
Mr Tom Gorman (Communications Officer, Union Society)
Ms Ruth Currie (Education Officer, Union Society).

Professor Ritchie was welcomed in her new role as Pro-Vice-Chancellor for Teaching and Learning.
PART A : STRATEGIC ISSUES

2. RISK MANAGEMENT
   (Minute 72.B, 7.6.2004)

Received:

(i) A risk management report prepared by Dr J V Hogan, Registrar.
   [Circulated with the Agenda as Document A. Copy filed in the Minute Book.]

(ii) An oral presentation by Dr Hogan.

After noting that:

1. Council had requested a presentation on the University’s approach to risk management.

2. The Funding Council required all higher education institutions to have an effective policy of risk management which:
   - Covered all risks – governance, management, quality, reputation and financial. However it should be focussed on the most important key risks.
   - Produced a balanced portfolio of risk exposure.
   - Was based on a clearly articulated policy and approach.
   - Required regular monitoring and review, giving rise to action where appropriate.
   - Needed to be managed by an identified individual and involve the demonstratable commitment of governors, academics and officers.
   - Was integrated into normal business processes and aligned with the strategic objectives of the organization.

3. The University’s approach to risk management was to use it to help minimize the chances of things going wrong and maximize the chances of things going right.

4. Council needed to assure itself that the University had a sound system of internal management and control and that specifically there were ongoing processes for identifying, evaluating and managing the risks faced by the University.

5. Audit Committee must assess risk management and advise the governing body on the effectiveness of the risk management strategy.

6. The management of the risk management policy rested with Executive Board and changes had been made recently to clarify the reporting route to Council. In future the reports on risk management would be presented directly by Executive Board and not via Audit Committee.
7. The current risk register had been prepared following advice from PricewaterhouseCoopers. This included a scoring mechanism giving points for the degree of financial impact, on a 3 point scale with 3 being high, and impact on reputation, on a 3 point scale. These two numbers were added together and multiplied by likelihood again on a 3 point scale. This gave a total risk rating in the range of 2-18. However Executive Board had found this rating mechanism rather artificial and, although it had been included on the report to Council on this occasion, Executive Board had previously taken the decision not to include the risk rating score in its routine reports.

8. Although the University’s failure to achieve its recruitment targets for overseas fee paying students had been highlighted as a red risk, it had not produced any significant change to the risk concerning the University’s financial viability. This was partly because, although there had been a significant increase in the number of overseas fee paying students over the last few years, there had been no significant increase in the percentage of income the University derived from this source and other steps had been taken to ensure that the University would not deviate from the financial objective set by Council in July 2004 which was to achieve a budget which at worst showed a modest deficit (under £500,000) in 2004/05.

9. Risk management was a complicated matter and it was unlikely that risks could be assessed on a single scoring mechanism, particularly one which combined financial risk and reputational risk.

10. It would be useful if the risks could be reduced further and Council participate in the process of identifying the key risks.

11. A number of the risks, whilst important for operational reasons, did not appear to have such a high level of significance and might actually obscure some of the issues facing the University.

12. An objective of risk management was to improve the decision-making process.

13. The key risks identified had been mapped from the Business Plan and were not intended to encourage an atmosphere of not taking risks.

14. Arguably, the University had been risk averse during the 1990s but, with the preparation of a new Business Plan, had accepted a higher degree of risk and had become more risk aware. A number of the targets in the Business Plan were deliberately stretching and it was recognized that not all would be met all of the time.

15. Currently the risks focussed largely on internal activities and some further consideration needed to be given to management of the external environment where possible.

16. It was important where problems arising with regard to the key strategic register were identified, that action was taken at appropriate levels throughout the institution to mitigate the risk and to build risk management into ongoing management activity.

17. Executive Board had committed itself to including an assessment of key risks on important policy proposals. It had included risk assessment in the proposal presented to Council in
July 2004 for a large building on the Barras Bridge site. This particular assessment would need to be re-visited in light of the student recruitment numbers achieved in 2004.

18. Within the University there had been a significant change towards staff who wished to spin out companies and this was presented as an example of the University becoming more willing to accept risks.

Resolved that:

(i) Consideration should be given to re-presenting the current risk register in a way which presented the movement on risks more clearly. The use of a matrix with impact on one side and likelihood on another with risks moving between the various categories was suggested and would be considered further by Executive Board.

(ii) In accordance with the guidance from the HEFCE, it would be desirable to reduce the current strategic risks from 34 to a smaller, more manageable number. These could be clustered under appropriate groupings which would again help Council to focus on key strategic risks and their consequences. Executive Board should consider this when it re-considered the presentation of the strategic risk register to Council.

(iii) Any academic or lay member of Council who wished to provide further additional information or advice on the University’s risk management strategy should contact the Registrar.

(iv) Any item highlighted as a red risk or where an amber risk had deteriorated, should be reported directly to the next meeting of Council to help ensure that the risks identified were being addressed in a timely manner.

PART B : GENERAL BUSINESS

3. MINUTES

Resolved that the Minutes of the meeting held on 19 July 2004 be approved as a correct record and signed.

4. MATTERS ARISING FROM THE MINUTES

(a) Progress of business

Received a business tracking form.

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

(b) Council lunches for lay members & dinner following July 2005 meeting of Council (Minute 87(a), 19.7.2004)

   Reported that:
(a) At the meeting held on 19 July, it was reported that briefing lunches for lay members should be held before the meetings of Council in October, December, April and July in the coming academic year.

(b) However, it had been decided that there would be a dinner for all Council members following the meeting on 18 July 2005. As a consequence, the meeting of Council on this day would begin at 3.30 p.m. rather than 2.30 p.m., and there would not be a briefing lunch beforehand.

(c) The lunch in December would be the annual joint lunch for all members of Court, Council and Senate, rather than a briefing lunch for lay members only. [See also Minute 11 below.]

(c) Guardian League Table 2004  
(Minute 89(b), 19.7.2004)

Reported that further correspondence had been undertaken with the Guardian newspaper concerning the methodology behind the Guardian League Table. This had resulted in a meeting on 24 August 2004 with the Executive Editor responsible for the publication of the League Table. The Executive Editor had accepted that there were a number of methodological weaknesses and, though he was unable to make any firm commitment, had agreed that a number of changes would be desirable for the 2005 version.

(d) Lay members of Council appointed by Council  
(Minute 94(a), 19.7.2004)

Reported that there were still two vacancies amongst the lay membership of Council. The Chairman intended to report back to a future meeting of Council with possible names. With the support of Council Nominating Committee, she had identified two individuals whom she wished to approach. She was aware of the desirability of appointing more women to Council.

(e) Membership of Nominations Committee  
(Minute 95, 19.7.2004)

Reported that the Chairman would make a recommendation on the filling of a vacancy on Council Nominating Committee to a future meeting of Council.

(f) Loans : Student Residences  
(Minute 97, 19.7.2004)

Reported that:

(a) Council, at its meeting on 19 July, had given delegated authority to the Bursar and the Honorary Treasurer to renegotiate the student residential long-term loans and execute the necessary documentation, with the objective of reducing the debt servicing costs to the Student Residences account.
(b) This had been achieved with the loans of £17m being repaid out of a new 25 year, £25m fixed interest loan facility, the new facility having provision to draw down up to £8m for the development of new and additional residential places at Castle Leazes.

(c) The new loan facility with Barclays Bank carried interest at 5.9907% and had 100 equal quarterly capital repayments. The effect on the Student Residences account was to reduce debt servicing costs by £300k per annum, this being analysed as interest saving £89k and capital reprofiling £211k.

(d) This would give the capacity to further develop the residential estate as opportunities became available.

5. CHAIRMAN’S BUSINESS

(a) Lay members’ contact details

Noted that the Chairman asked those lay members who were present at the meeting if they would agree to their contact details being circulated to other members of Council. Those present agreed and those not present would be contacted to see if they were in agreement.

(b) Blackboard

After noting that the University had experienced severe problems with its virtual learning environment – Blackboard. This system was now widely used by academic staff and students to help deliver course material and improve the learning experience. The software problem had proved baffling to the manufacturers of the product and staff in the Centre for Academic Development and Information Systems and Services had worked extremely hard to overcome the severe problems.

Resolved that the Chairman of Council be authorized to write on behalf of Council to thank the staff concerned.

(c) Committee of University Chairmen (CUC)

Reported that the Chairman would be attending the meeting of the Committee of University Chairmen to be held in Southampton. In mid November there would be a major launch of a new Code of Governance which had been developed by CUC. Mr Hilton had kindly agreed to again chair the group that looked at the effectiveness of Council in 2001/02. The Chairman would ask for nominations for members of this group and report back to the next meeting of Council.

6. 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) Postgraduate Institute for Medicine and Dentistry
(Minute 93, 19.7.2004)

Senate and Council had previously been informed about the cut in the budget of the Northern Deanery and the implications of this reduction. Since then the BMA had called on the University’s Postgraduate Institute for Medicine and Dentistry to re-think the £2.8m in cuts, claiming that the Institute was in danger of not meeting the criteria for training specialist doctors after study leave had been cancelled for 2,000 North-East doctors. The BMA’s Newcastle office had been overwhelmed with complaints from junior doctors, consultants and GP trainers since the cuts were announced.

The Institute was trying to find a way to reinstate study leave and all study leave was likely to be approved but, in the light of the reduced budget, this would inevitably affect other areas adversely.

(c) Nanotechnology

The University’s nanotechnology facility had received a £3m boost from the Department of Trade and Industry. The facility was among recipients of awards from the Government’s £90m micro and nanotechnology manufacturing initiative.

(d) Sunday Times University Guide 2004

Newcastle University had risen three places in the new Sunday Times University Guide and was now ranked 19th. Perfect scores were recorded for medicine (one of just four UK schools to achieve this), anatomy and physiology, molecular biosciences, pharmacology and pharmacy, psychology and speech. It also stated that the University’s stature was underpinned by an excellent research profile.

(e) University welcomed boost for student enterprise

The University had some of the most entrepreneurial students in Britain, as indicated by the success of one group which had won the national SIFE (Students into Free Enterprise) award recently. This group went on to represent the UK and compete against teams from 37 other countries in the SIFE World Cup in Barcelona held in September where they finished seventh. The University had therefore welcomed the announcement by the Chancellor that the government was setting up a national centre to help students and graduates start up in business.

(f) Stem Cell Research

After noting that the University had received an extraordinary amount of publicity during the summer concerning the decision to grant it a licence to conduct further work on human embryos. The media had concentrated on the use of a technique which could be used for cloning. Most of the media coverage had been extremely favourable recognizing the scientific expertise required and the potential of the process for making a major contribution to the advancement of medical sciences.
The University had prepared its own briefing information and this had been well received. Nevertheless, there had been some complaints many of which were addressed when it was explained that the process did not involve the use of fertilized embryos.

Resolved that the Chairman of Council be requested to write to the key staff responsible for the scientific work to convey Council’s thanks and appreciation for their efforts.

(g) All Saints College

Reported that the University was a partner with the Church of England and the City Council in the work of All Saints College. This was a new college formed from two failing schools. The University was particularly interested in helping to identify barriers to progression to higher education. The new Head of School had decided to make an application for special school status for business and enterprise and required £50,000 in sponsorship. He had been successful in raising £30,000 and the Vice-Chancellor had recently agreed to provide the additional £20,000 required.

Noted that Dr Appleby declared an interest in this item being a governor of the School. He reported that the School would be extremely grateful for the support and that there had already been a marked improvement in the educational attainment of the students.

7. STATUTE CHANGES

Considered:

(a) Proposed changes to the University Statutes.
   [Circulated with the Agenda as Document C. Copy filed in the Minute Book.]

(b) A recommendation from the Chairman that a further amendment be made to statute 12 to permit greater flexibility about the length of appointment of the Deputy Vice-Chancellor.

After noting that:

1. Under current arrangements it was necessary for amendments to Statutes to be approved by Council and then by Court before being submitted to the Privy Council for final approval. The Government had indicated that in future it would wish universities to be able to make minor changes to their own Statutes.

2. The proposed amendments to membership of Court followed the recommendations of a working party and were intended to ensure that Court was able to link more effectively with key stakeholder organizations and bring in key individuals who would help advise the University on its development. The Statutes had previously been clarified to ensure there was no ambiguity about the governing body which was Council.
3. The proposed change to the Visitor arose from the Government’s decision to abolish the Office of Lord Chancellor.

4. The proposed amendment relating to excluding Pro-Vice-Chancellors from membership of Council arose from the increased number of Pro-Vice-Chancellors and followed the recommendations of the Working Party on the Effectiveness of Council which had recommended that not all members of Executive Board should be members of Council.

5. The proposal relating to whether or not a Deputy Vice-Chancellor should be appointed was intended to increase the degree of flexibility. Professor Goddard had indicated that he would be willing to serve for one more year and the Chairman of Council had consulted the Vice-Chancellor about another meeting of the Committee responsible for making recommendations on the appointment of a new Deputy Vice-Chancellor.

6. The Deputy Vice-Chancellor would still be subject to Statute 57 governing the disciplinary and redundancy procedures for academic staff.

7. Changes to Statutes 25 and 26 clarified and expanded the financial powers available to the University, and followed legal advice.

8. The amendment to Statute 46 concerning membership of the alumni was based on a recommendation from a working group which had considered how best to make the Alumni Association more inclusive.

Resolved that:

(i) Council approve the proposed changes to the University Statutes set out in Document C.

(ii) Council approve the further amendment to statute 12:

Sentence 1, delete: who shall hold office for such period, not exceeding five years, as the Council shall on the occasion of each appointment determine.

Insert new sentence 2:

‘The Deputy Vice-Chancellor will hold office for such period as may be determined by Council.’

(iii) Statute 20 should be amended to read “the Deputy Vice-Chancellor (if appointed”).

8. REPORT FROM EXECUTIVE BOARD

Considered a Report from Executive Board on the budget setting process for 2004/05.

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

Noted that it was desirable for operating units to be allocated their budgets as soon as possible before the start of a new financial year. However the Funding Council’s allocation of the University’s block grant in February made it difficult to bring forward the timescale significantly from that outlined in Appendix A.
Resolved that the budget setting process as outlined in Appendix A and the Constitution and Terms of Reference for Budget Setting Group and the amendments to the Constitution and Terms of Reference for Financial Monitoring and Budget Scrutiny Group be approved.

9. REPORTS FROM AUDIT COMMITTEE

Considered:

(a) Reports from the meetings held on 23 July and 14 September 2004.
   [Circulated with the Agenda as Documents E & F. Copies filed in the Minute Book.]

(b) Subject to Council’s approval of the revised constitution and terms of reference of Audit Committee, oral recommendations from the Chairman for the appointment of members to serve on Audit Committee with immediate effect until 31 July 2007.

(i) Procedures with regard to Internal Audit Reports

Noted that it had been extremely unusual for the senior management not to accept recommendations from the internal audit reports which were rated of high importance. Nevertheless, it would be helpful if a mechanism was in place to take account of such a possibility.

Resolved that the recommendation in the Report be approved.

(ii) Research Activity Survey

Noted that:

1. The HEFCE had asked Audit Committee to consider a problem which had arisen with the University’s Research Activity Survey. Due in part to difficulties arising from extracting data from the new student records system, Campus, there had been an over-reporting of the number of research students in December 2003 and these problems needed to be addressed prior to the next data return.

2. Council had received a number of reports on difficulties arising from the strategic overview and implementation of IT projects and it was important for it to be assured that such matters were appropriately managed within the University.

3. In September 2003 the University had appointed a new Director of the new combined Information Systems and Services (ISS). This pulled together the former University Computing Service and the Management and Information Development Service. Professor Goddard, as Deputy Vice-Chancellor and Professor Young, in his new role as Pro-Vice-Chancellor, both had some responsibility for overviewsing the development of the University’s IT strategy working with the Director of ISS.
In the late 1990s Sir John Willis had chaired a review group on the implementation of the first phase of SAP concerning the delivery of Finance and HR. Amongst the concerns raised by the report of that group were problems in producing adequate reporting from the new systems. It was therefore disappointing to learn of continuing problems of extracting data from a new part of the SAP suite, that concerning student records.

(iii) HEFCE Code of Practice: ‘Accountability and Audit’

After noting that:

1. The HEFCE’s Code of Practice was not mandatory and on the whole was helpful in identifying the key roles for Audit Committee including reviewing the institution’s mechanisms for risk management and value for money.

2. The new Code of Practice made a number of recommendations concerning the membership and activity of audit committees. Specifically it recommended that audit committees should not normally include internal members of staff. This had created some difficulty for Audit Committee since previously there had been three members of internal staff who served on Audit Committee, and in the Chairman’s view, had performed an extremely valuable role. Nevertheless Audit Committee had agreed to recommend changes to its constitution to have a membership of four members appointed by Council, all of whom must not be academic staff or salaried officers of the University. However it had recommended that the category of co-opted members should still be preserved for occasions when Audit Committee felt the need to appoint someone with particular expertise. Audit Committee envisaged that circumstances might arise where such an individual might be an internal member of staff although this would be exceptional.

3. Some concern was expressed that the HEFCE was straying into issues of governance and it might be necessary to review the proposed membership of Audit Committee in light of the new CUC guide on governance.

4. The Chairman had written to the HEFCE to complain about the new Code’s proposal that Audit Committee should be the primary body with responsibility for value for money implementation. The Chairman had pointed out that this was a management function and Audit Committee would be shortly considering a proposal from Executive Board to ensure that Executive Board took ownership of value for money issues with Audit Committee in an oversight capacity. After an exchange of correspondence the Funding Council eventually acknowledged that management of value for money should be an executive function.

Resolved that:

(i) The revised Constitution and Terms of Reference for Audit Committee be approved with immediate effect (Annex I of Document F) subject to the following amendments:
2(b): after ‘particular expertise’ add the words ‘from inside or from outside the University’.

3b: Delete ‘However, it may not incur direct expenditure in this respect in excess of £5,000 without the prior approval of Council’ and replace with ‘However, it may not incur direct expenditure in this respect in excess of such sum as may be determined by Council from time to time without the prior approval of Council.’

(ii) The initial limit for Audit Committee in respect of the above be set at £5,000.

(iii) The following be appointed a member of Audit Committee with immediate effect until 31 July 2007:

Mr C Fitzpatrick

[Noted that one further appointment would need to be made and a recommendation would be made to a future meeting of Council.]

Noted the remaining items in the Report.

(iv) Internal Audit Reports

Noted.

(v) EU Framework 6 Certification

Noted.

(vi) Progress Reports

Noted.

(vii) Internal Audit Annual and Strategic Plan and revised Terms of Reference

Noted.

10. REPORT FROM SENATE

Considered a Report from the meeting held on 21 September 2004.

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

(a) Revision of Governing Structures for the Regional Clinical Teaching on the MBBS Programme

Resolved that the four regional Divisions of the Faculty of Medical Sciences be disestablished with immediate effect.
(b) **Dignity at Work and Study Code of Practice**

> Resolved that the revisions to Appendix 1 of the Dignity at Work and Study Code of Practice be approved with immediate effect.

11. **ANNUAL LUNCH FOR MEMBERS OF COURT, COUNCIL AND SENATE**

Reported that, in accordance with tradition, Council invited members of Court and Senate to join it for lunch on the day of the last meeting of Council before Christmas. The lunch would be held on 13 December 2004.

12. **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.

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

**PART C : RESERVED BUSINESS**

13. **MATTER ARISING FROM THE MINUTES**

**Postgraduate Institute for Medicine & Dentistry**

(Minute 93(b), 19.7.2004)

Received a paper on the current position regarding the Postgraduate Institute for Medicine & Dentistry.

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

Noted that:

1. No compulsory redundancies were now expected as a result of the retrospective cuts to the budget for the Postgraduate Institute for Medicine and Dentistry.

2. It was intended to transfer responsibility for all of the staff employed by the Postgraduate Institute for Medicine and Dentistry to the Strategic Health Authority under TUPE. The practicalities of this transfer were currently being investigated and costed. This transfer would not occur until early 2005.

3. The move to a single employer would help clarify lines of responsibilities and in general postgraduate deaneries had now become the responsibility of the NHS.

4. Whilst those responsible for redeployment had done well to avoid the need for compulsory redundancies, it was to be regretted that the University had been involved in a considerable amount of management time solving problems not of its own creation. While the NHS had picked up the additional voluntary severance costs the sequence of events had been highly undesirable and had been a matter of considerable complaint by the British Medical Association.
14. **PRO-VICE-CHANCELLOR (MEDICAL SCIENCES)**

Considered a recommendation in the Report from the Committee on the appointment of a Pro-Vice-Chancellor (Medical Sciences), approved by the Vice-Chancellor on behalf of Senate. [Circulated with the Agenda as Document L. Copy filed in the Minute Book.]

After noting that:

1. Professor Baylis now intended to remain in his current post until the end of December.

2. It was regretted that, despite the paper being marked ‘Strictly Confidential’ the outcome of the appointment process had been known within the Medical Sciences Faculty within 48 hours of the interview. This raised a number of serious procedural issues concerning the best way of authorizing the appointment of new senior posts whilst recognizing the need to inform candidates in a reasonable period of time of the outcome of the Committee’s deliberations.

**Resolved:**

(i) *That Professor O F W James be appointed Pro-Vice-Chancellor (Medical Sciences) with effect from 1 November 2004 until 31 July 2008.*

(ii) *That the Director of HR be requested to consider the problem raised at the meeting concerning the process of senior staff appointments and make recommendations to a future meeting of Council concerning the authority to appoint, the mechanism and the issue of confidentiality of outcome until the due process had been completed.*