NEWCASTLE UNIVERSITY

COUNCIL

10 June 2019

Present: Mr Paul Walker (Chair of Council), Vice-Chancellor and President, Professor Caroline Austin, Mr Neil Braithwaite, Mrs Linda Conlon, Mr Mike Davison, Mr Jonathan Glass, Mrs Teresa Graham, Mr Jonathan Hall (Education Officer, Students’ Union), Mr Jeff McIntosh, Dr Sara Maioli, Mr Raffaello Marioni (President, Students’ Union), Ms Claire Morgan, Ms Dianne Nelmes, Professor Sir Michael Rawlins, Professor Julie Sanders (Deputy Vice-Chancellor), Ms Angela Woodburn and Ms Vicky Wright.

In attendance: Mr Richard Dale (Executive Director of Finance), Dr John Hogan (Registrar), Ms Abi Kelly (Executive Director of Corporate Affairs), Mrs Adrienne McFarland (Executive Director of Human Resources), and Dr Simon Meacher (Governance Manager).

Apologies: Mr David Bird, Professor Nicola Curtin, Dr Stacy Gillis, Mr Stephen Lightley, Mrs Heidi Mottram (Vice-Chair of Council).

Professor Suzanne Cholerton (PVC Education) attended for Minute 104

MINUTES

92. DECLARATIONS OF INTEREST

No declarations of interest were received.

93. MINUTES

Received the draft minutes of the meeting of Council held on 1 April 2019.

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

Resolved that the minutes of the meeting of Council held on 1 April 2019 be approved as a correct record and signed.

94. HEALTH AND SAFETY

a) Annual Health and Safety Report 2018-19

Noted that:

1. Following Council’s discussion at the 1 April 2019 meeting and request to have earlier sight of historical Health and Safety data to address emerging issues, it had been agreed that the Annual Health and Safety Report would be submitted to the December meeting of Council.

b) Quarter 3 Health and Safety Key Performance Indicators

Noted that:

1. There had been a 43% decrease in incidents and 50% decrease in RIDDOR reportable incidents in Quarter 3. A downward trend in the annual numbers had also been observed. Comparison of the annual RIDDOR accident rate with Russell Group universities was not possible due to the data not yet being available. The benchmarking data would be provided in the Quarter 4 report.
2. There had been a 270% increase in near miss reporting compared with Quarter 3 of last year. This increase coincided with the Registrar’s weekly circular email asking for near miss reporting to be carried out.

3. Of the 11 strategic actions that had been agreed for 2018-19, 4 had been completed and 7 were due for completion by the end of Quarter 4. Health and Safety Committee would consider these actions for approval at its next meeting.

95. MATTERS ARISING FROM THE MINUTES

There were no matters arising.

96. CHAIR’S BUSINESS

Noted that:

1. The Chair had invited the Pro-Vice-Chancellor Research Strategy and Resources to attend the next meeting of Council to give a presentation and lead a discussion about the University’s vision for research.

2. The Chair thanked the two student members of Council – the President and Education Officer of the Newcastle University Students’ Union – for the significant contribution they had made this year to the effectiveness of Council.

97. VICE-CHANCELLOR AND PRESIDENT’S BUSINESS

Received the Vice-Chancellor and President’s report. Highlights of this report are discussed below.

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

Noted that:

1. Newcastle University London (Minute 76, 01.04.2019 refers)

On 4 June 2019 the Vice-Chancellor and President, together with other senior colleagues, had attended a formal meeting with representatives from INTO University Partnerships to discuss the future of Newcastle University London. The University had communicated its preferred option, as agreed by Council on 1 April 2019. The University hoped that both partners could arrive at a mutually agreed solution. Council would be asked to consider a final decision about the future operation of Newcastle University London at its next meeting.

2. Fees and Funding

The report from the major review of post-18 education and funding, chaired by Sir Philip Augar, had been published on Thursday 30 May. On the same day, a report by KPMG (commissioned by the Department for Education) on the costs of undergraduate courses had also been published.

As had been expected, the main recommendation in the Augar report had been cut in tuition fees from £9,250 to £7,500 per year for all subjects, which could be introduced for 2021 entry. The lost fee income would be replaced by government in full by increasing the teaching grant, leaving the average unit of funding unchanged at sector level in cash terms. The replacement funding would be used to both rebalance funding towards high-cost and ‘strategically important’ subjects and support disadvantaged students through increased ‘Student Premium’ funding. Alongside the proposed reduction in fees, other main recommendations included a re-introduction of maintenance grants of £3,000 per year for those household incomes of less
than £25,000; government intervention on student number controls if the sector had not improved recruitment practice and student outcomes by 2022/23; and the redirection of £1billion of capital funding from higher to further education.

The KPMG report found that the average unit costs by subject group were all substantially above Augar’s proposed ‘reasonable base cost’ of £7,500. The findings supported arguments that some higher costs subjects were under-funded, but the report could be read as showing a surplus in other subject areas and there was a risk that this would be simplistically interpreted as showing inefficiency.

The estimated gross impact of the proposed fee changes for Newcastle University would be £10m in 2021/22 rising to £31m in 2025/26 onwards. This compared to current/forecast EBITDA of c.£35m-£40m per year. Achieving the recommendation of no change in unit of resource for three years would require efficiency savings of up to £15m per year and the impact of the fee reductions would be in addition to those savings. If, as recommended by the report, the shortfall was made up by additional high cost subject funding and additional student success funding then the net impact would be significantly lower and, as Newcastle taught an above average mix of higher cost subjects, could be fully mitigated.

Institutions had been asked to provide a fast turnaround response on the Augar report to Universities UK. Positive aspects of Newcastle’s response included the focus on lifelong learning and meeting the skills needs of employers, and the prospect of a more joined-up approach to post-18 education, and the recognition of the civic contribution made by universities. The University had expressed concern about the suggestion to remove financial support for foundation years, which could often be a route for Widening Participation students to progress onto their chosen programme, and the potential impact on the institution were the government to reject the recommendation to fully make up a shortfall in funding. In the short term this would involve significant cuts and/or delays to the University’s capital expenditure plans, whilst in the longer term there would be a detrimental impact on the institution’s ability to deliver high quality teaching and learning across all subjects, carrying a risk to less sustainable subject areas which had a close correlation to those with Augar and the government would consider high value, and the amount of money available to support access and participation.

The Newcastle University Students' Union had issued a statement about the Augar review, welcoming the proposed reduction in fees, but calling for the government to make up the shortfall in funding and ensure that all subjects remained appropriately funded, and highlighting the potentially negative impact on students of the recommended changes to student loan payment threshold and repayment periods.

3. Implementing the Vision and Strategy

Two important changes had been proposed to help implement the University’s Vision and Strategy. The first of these would see the Deputy Vice-Chancellor, who has oversight of the implementation of the Vision and Strategy, take on line management responsibility for the Faculty Pro-Vice-Chancellors with effect from 1 August 2019, supporting greater cross-working and implementation of University-wide initiatives. The second was a move to a more devolved model with three major service hubs with three budget post-holders for Professional Services with effect from 1 August 2019. This would allow the University to address some operational challenges in respect of lengthy reporting lines, and challenges in prioritising and focusing on strategic initiatives, and free up capacity and opportunity for creativity. Alongside the Executive Director of Finance and Registrar, a new Executive Director of Academic Affairs post had been introduced and would be added to the membership of Executive Board. All three would act as principal budget holders for the service hubs.

Resolved that Council approve the revised membership list of Executive Board.
4. **League Table Rankings**

The University had been ranked in the Top 100 Universities in the world by the latest CWTS Leiden Ranking, an improvement of 40 places. In the most recent rankings (for the proportion of publications in the top 10% most cited) published on 15 May the University ranked 91st worldwide, up from 131st in 2018. The University was also placed fifth in the UK for the proportion of its publications with female authors – a new Leiden Ranking indicator of gender differences in publication output.

The University had also been ranked 23rd in the world for its commitment to sustainable development in the inaugural Times Higher Education Impact Rankings which recognise 500 global universities for their contributions to issues including climate change action and sustainable consumption. Based around the United Nations Sustainable Development Goals, the rankings assessed universities across three broad areas: research, outreach and stewardship. The University was ranked second in the world under SDG 12 ‘Responsible Consumption and Production’, while the University placed seventh in the world and top in Europe under SDG 13, ‘Climate Action’. It is also ranked 11th under SDG17 ‘Partnerships for the Goals’ and 28th in SDG9 ‘Industry, Innovation and Infrastructure’.

5. **Vision and Strategy**

On 17 May the University had hosted a "Vision in Action" event with over 120 colleagues from the NHS, the business world, and the voluntary and cultural sectors at the Great North Museum. The evening was an excellent celebration of partnership working, with the Deans of Engagement and Place, Culture and Creative Arts, Innovation and Business, Social Justice, and Equality, Diversity and Inclusion each speaking with a significant partner (the Chief Executive of Newcastle City Council, the Executive Director of Northern Stage, the Managing Director for Siemens Energy Management, UK, the CEO of Children NE and our NUSU President respectively).

6. **Confidentiality Disclosure Agreements**

Following the publication of a recent BBC report which revealed that UK universities had spent c.£87m on Confidentiality Disclosure Agreements (or Non-Disclosure Agreements) since 2017, a member of Council had requested that the University clarify its position on the use of such agreements. The University used confidentiality disclosure agreements (CDAs) for a number of reasons, for example, when colleagues engaged in discussions with collaborators and other external parties about matters such as research projects, licencing, research proposals and intellectual property. In the last year 116 CDAs had been issued. The University had not used nor would ever use CDAs to prevent anyone from speaking out about misconduct. All colleagues and students were entitled to a safe experience at university in regard to which the organisation had a duty of care. A CDA did not prevent either colleagues or students from reporting criminal acts to the police.

7. **Race Equality Charter**

The University had become a member of the Race Equality Charter to help to improve the representation, progression and success of minority ethnic staff and students within higher education. Membership of the Charter would go a long way towards supporting the institution’s commitment to recruiting the best students and staff regardless of their background. A key part of this commitment centred on developing more diversified education, and taking steps to reduce attainment gaps between different groups of students.

8. **Climate Emergency**
On 18 April, the University had signalled its commitment to climate change action by joining a number of organisations in the UK and all over the world to declare a climate emergency. This followed a meeting of the Environment and Sustainability Committee on 10 April, where the University committed to further substantial progress in the de-carbonisation of its activities with the aim of achieving net-zero carbon dioxide emissions by 2040.

9. **Athena SWAN**

The Newcastle Law School had been awarded Athena Swan Bronze, taking the number of academic units holding this award to nine. The Faculty of Medical Sciences held a Silver award covering all of its academic units. The University also held a Silver institutional award.

10. **Brexit**

On 28 May, the UK government had confirmed that EU students starting a course in England in 2020/21 would be guaranteed home fee status and remain eligible for financial support for the duration of their courses. The guarantee will apply even in a ‘no deal’ Brexit scenario, and followed extensive efforts by the sector to lobby government to provide certainty for prospective EU students, given the recruitment cycle was already well under way.

11. **Newcastle University Business School**

Newcastle University Business School had received official accreditation from the European Quality Improvement System (EQUIS), the highest standard of achievement in business education, for the fourth time. The school was also accredited by the Association to Advance Collegiate Schools of Business (AACSB) and last year celebrated 30 years of endorsement by the Association of MBAs (AMBA).

12. **Institute of Technology North East**

On 10 April 2019 the government had announced the locations of 12 Institutes of Technology in England, intended to provide high-quality skills training. The locations included New College Durham, where the University would be an anchor partner together with Nissan and ESH Group. The new institute would provide training and apprenticeships in Advanced Manufacturing and the built environment, ranging from A-Level equivalents up to degree level. The University’s involvement would have a research focus offering the FE college delivery partners and students access to expertise and facilities. This initiative dovetailed with the University’s specific aim under Engagement and Place, to “work closely with regional industries and businesses to address their needs”.

13. **Newcastle University Academic Track**

The first round of open recruitment for Newcastle University Academic Track (NUAcT) fellows was almost complete. In excess of 750 applications had been received and, following a thorough shortlisting process, 40 candidates had been invited to interview. The interviews, conducted via five panels for Medicine and Biological Sciences, Engineering and Technology, Physics and Natural Sciences, Economic and Social Sciences and Arts and Humanities, would be concluded on 5 June with final decisions on appointees due to be made soon after. The first cohort of fellows would arrive at the University at the beginning of the 2019/20 academic year.

14. **North East Child Poverty Commission**

It had been announced that Newcastle University was to host the North East Child Poverty Commission (NECPC). The move would create new opportunities for academics, voluntary organisations and local authorities to work together to address the causes of poverty and its
impact on families and communities. The University had a strong track record of leading research on a range of issues relating to poverty and inequalities and how they affected children and young people. The Commission would be housed in the School of Geography, Politics and Sociology, allowing it to benefit from the expertise across the whole University in these areas.

15. Staff Success

It had been announced that Professor Sir Doug Turnbull and Professor Martin Embley from the Faculty of Medical Sciences had been appointed as Fellows of the Royal Society. Professor Turnbull’s Fellowship was in recognition of his research into mitochondrial disease which changed the law to allow an IVF technique known as mitochondrial donation. Professor Embley was an evolutionary biologist who had made significant contributions to our understanding of the origin and evolution of eukaryotes – the group that contained humans.

Noted that:

1. It was suggested that the University should foreground its performance and strategic leadership on environmental sustainability in marketing and promotion as this was thought to be a significant selling point for potential students.

2. A former student of Anglia Ruskin University had recently brought a legal action against the university for misrepresenting the quality of her degree programme and employability prospects. The case had been settled out of court. All higher education institutions had responsibilities under consumer protection law. Newcastle University was compliant with the law and had applied the principles of the Competition and Markets Authority to undergraduate and postgraduate provision. It was suggested that the Director of Marketing should be invited to attend Council for a discussion about how the University exercised its responsibility to provide accurate information.

98. RISK MANAGEMENT

Received the strategic risk register summary report from Dr John Hogan, Registrar, on behalf of Executive Board.

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

Noted that:

1. The risk score for SR11 ‘Failure to accurately create, securely manage, securely store data and protect against cyber risks’ had been reduced to reflect an assertion from the Chief Information Officer that all controls were now in place and working. Council noted that, although an external cyber audit by JISC had been commissioned, the University could not yet be in a position to test the assertion by the Chief Information Officer, so there was insufficient evidence that all controls were in place.

2. Two new strategic risks would be developed regarding the Campus for Ageing and Vitality, where the University would be working in collaboration with Newcastle NHS Hospitals Trust and Newcastle City Council, and the National Innovation Centre for Ageing, which had a revised strategic plan for which strong leadership and governance were required. Council confirmed that it had received sufficient assurance that the risks facing the University were being managed appropriately.
Received a paper from Mr Richard Dale (Executive Director of Finance) on behalf of Executive Board.

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

Noted that:

1. The draft budget for 2019-20 had been built in the context of a series of headwinds being faced by the University which included a risk of a shortfall of up to 150 undergraduate students (or £2.0m) which could have an impact on future years; a risk of a shortfall of up to 100 Home/EU students (£0.6m); a potential increase in employer pensions contributions of up to £2.3m; and significant investment needed in key central professional services to address loss of market share, transform the University’s IT capability and address pinch points in capacity such as student wellbeing.

2. Research income was a moderate risk. The timing of growth in awards and conversion into income anticipated in the 2019-20 plan had been overly optimistic with the consequence that research income budget was now £7.7m worse than plan although still a 6% increase from 2018-19. Focused activity on winning new grants would be required in the coming year. Research income had the potential to grow as a risk given the current uncertainty about the future of EU funding post-Brexit.

3. The budget for 2019-20 was based on net income of £549.6m, total expenditure of £513.0m, and a surplus of £10.4m (EBITDA £36.6m).

4. For 2018-19 the level of perceived risk led to contingency being increased to 1.5% of income (£8.4m). From early in the year it was clear that very little contingency would actually be required to be allocated. For the 2019-20 budget Executive Board had concluded that while risks clearly still exist within student recruitment and USS pension costs, a contingency of 1.0% of income (£5.5m) would be sufficient. This would be carefully reviewed for future years.

5. The draft budget plan included provision for further borrowing of £50m to support capital development and an options paper would be brought, via Finance Committee, to the July meeting of Council. A five-year financial and spending forecast would also be brought to the next meeting of Council.

Resolved that:

2. Council approve the proposed subvention to the Students’ Union in 2019-20.

100. REPORT FROM FINANCE COMMITTEE

Received a paper from Mr Richard Dale (Executive Director of Finance).

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

Noted that:

1. Operational performance as good and ahead of budget. Budget holders had recorded a surplus of £23.8m compared to a budget of £16.9m with a full year forecast of £24.9m surplus, £12.7m better than budget. Better than budget performance was in all areas other than SAgE where performance was down as a result of a shortfall in research income.

2. It was suggested that it might be more prudent for the University to budget for the alternative scenarios, were UCU and the Pensions Regulator to reject the option favoured by the Russell Group and Universities UK. Whilst the university was confident that
employer contributions could be managed within the contingency agreed, the position would be kept under review as stakeholder positions became clearer.

3. Finance Committee had been concerned about the performance and approach to environmental, social and governance factors of one of the university’s investment managers. Council was supportive of the University’s direction of travel in divesting from fossil fuels. Further discussions on the University’s investment position in relation to the work of the Carbon Advisory Group would take place at the July meetings of Finance Committee and Council.

4. Finance Committee had approved an insurance strategic plan and noted that the visions, aims and objectives remained unchanged. The University was currently out to tender for its insurance policies. Alongside the tender exercise, discussions had taken place with UMAL, the universities’ mutual which provides insurance cover for the sector and which was a ‘captive’ assurance operation seeking membership from Russell Group universities. Further information on the potential placing of insurance with UMAL would be reported to Council by the committee in July.

5. Editorial amendments had been made to the Finance Committee terms of reference to clarify the membership.

Resolved that Council approve the revised terms of reference for Finance Committee.

101. REPORT FROM AUDIT, RISK AND ASSURANCE COMMITTEE

Received a report from Mr Jonathan Glass.

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

Noted that:

1. The Committee had considered a number of internal audit reports, including Information Security which had highlighted the absence of a single composite asset register and suggested that the proposed implementation date of December 2019 for conducting vulnerability scans across all University-owned devices and networks was inappropriately long.

2. The audit report on Use of Agents had led the Committee to the conclusion that the control environment was not strong enough to mitigate the risk of using agents not working and ask that the University keep this activity under review.

3. Given the instances of a weaker internal control environment highlighted in the various internal audit reports, the Committee had requested that this matter be a separate item on the agenda for its next meeting on 17 July.

Resolved that Council approve the audit fee for the 2019 year end of £86,489.

102. REPORT FROM UNIVERSITY/STUDENTS’ UNION PARTNERSHIP COMMITTEE

Received a report from the meeting of University/Students’ Union Partnership Committee held on 21 March 2019.

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

Noted that:
1. The Committee had noted that the University’s sports teams had achieved a provisional 9th place in the British Universities and Colleges Sport league table, as well as Newcastle University Students’ Union’s divestment from fossil fuels.

103. **REPORT FROM REMUNERATION COMMITTEE**

Received a verbal report from Ms Vicky Wright.

Noted that:

1. The committee had reviewed the salary position for the Executive Group and had agreed a number of changes on the recommendation of the Vice-Chancellor.

2. There had been an agreement to made a payment adjustment to the Vice-Chancellor in lieu of pension payment in line with a policy previous agreed by the committee.

3. Merit Awards Committee had met and agreed awards but these had not yet been reviewed by Remuneration Committee. Further information on the outcome of this year’s process would be reported to the next meeting of Council in July.

104. **REPORT FROM STUDENT FINANCE COMMITTEE**

Received a report from Professor Suzanne Cholerton (Pro-Vice-Chancellor Education), on behalf of Executive Board.

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

Noted that:

1. Faculties had done a great deal of work over the past two years to make fees more consistent within and across subjects and to place them at the median point of Russell Group institutions.

_Resolved that Council approved the recommended minimum fee levels for 2020-21 and the Fees Schedule for 2019-20._

105. **REVIEW OF STUDENT RENTS**

Received a report from Dr John Hogan (Registrar), on behalf of Executive Board.

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

_Resolved that Council approve the proposed changes to student rents for 2020-21._

106. **SUMMARY REPORT FROM SENATE, 30 APRIL 2019**

Received a report from the meeting of Senate held on 30 April 2019.

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

107. **PREVENT ACCOUNTABILITY AND DATA RETURN**

Received a letter from the Office for Students.

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

108. **FINANCIAL SUSTAINABILITY OF HE PROVIDERS**

Received a letter and a report published by the Office for Students.

[Circulated with the agenda as Document N. Copy filed in the Minute Book.]
109. **INFORMATION SECURITY IN THE HE SECTOR**

Received a report published by the Information Commissioner’s Office.

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

110. **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

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

Received a report on deaths recently announced by the University.

*Council recorded its deep regret and sympathy for the relatives concerned.*