

UNIVERSITY OF LEICESTER

COUNCIL

**Minutes of a meeting held on
Wednesday 16 November 2016**

Present:

Dr B Towle

Mrs J Arthur
Professor P Boyle
Mr G Dixon
Ms M Duke
Mr M Hindle
Ms R Holland
Mr I Johnson
Mr P Lawson
Dr D Lockett

Dr S Macleod
Mr A Morgan
Professor P O'Brien
Professor M Peel
Professor E Raven
Dr N Reed
Ms C Thorogood
Dr V Sharma
Mr L Trotman

In attendance: the Registrar and Chief Operating Officer (Secretary), Mr N Cox (Assistant Secretary), and the Director of Finance; and Mr G Green and Mr N Harris (for the business recorded in minute 16/M80).

Apologies for absence were received from Mr D Moore and Professor J Schwabe.

UNRESERVED BUSINESS

16/M78 **DECLARATIONS OF INTEREST**

No personal interests were declared in relation to any items of business to be transacted at this meeting.

16/M79 **AMENDMENTS TO TERMS OF BANK LOANS**

Council considered proposed changes to the terms of the University's three loan funding facilities with Barclays Bank. The changes were set out in three Amendment Letters from the Bank, designed to allow the University's exceptional restructuring costs to be excluded from loan covenant calculations for one year only ending on 31 July 2017. Without such exclusions the University would breach its Debt Service Ratio in that year, and this could lead to a qualified audit opinion in the 2016 Financial Statements. A similar issue had arisen with the terms of the University's loan funding facility with the European Investment Bank, but the EIB had indicated that it would waive the testing of the covenant for the year ending 31 July 2017.

Council resolved to:

- a. **approve** and authorise the terms of and the transactions contemplated by the Amendment Letters;

- b. **confirm** that the University had taken the advice it considered necessary and had made its own independent decision to enter into the Amendment Letters;
- c. **approve and authorise** Martyn Riddleston (Director of Finance) and David Hall (Registrar and Chief Operating Officer) to execute the Amendment Letters on its behalf; and
- d. **confirm** that Martyn Riddleston and David Hall were the officers of the University whose instructions (jointly or solely) Barclays Bank was authorised to accept in all matters concerning the 2005 Facility Agreement, the 2010 Facility Agreement, the 2013 Facility Agreement and the Amendment Letters and confirmed specimens of the signatures of those officers.

The full resolution as signed by the Chair of Council is attached to the signed copy of these minutes as Appendix C/16/M79App.

16/M80 **TRANSFORMING THE STUDENT EXPERIENCE**

Council received a presentation on the progress of a major programme of largely IT-based initiatives, linked to the student record system, designed with the dual objectives of both enhancing the student experience and achieving administrative efficiencies. Consistent with the University's 'digital by default' ambitions the programme sought to make the student journey, from first application to graduation and beyond, as seamless as possible.

Council welcomed and was encouraged by the breadth and scale of the programme. Although some elements of work were remedial in nature, other features such as the launch of the *MyUoL* student App were innovative and distinct, and had been received very positively by students.

Council indicated that it would welcome a follow-up presentation, in due course, on the pastoral care provided to students.

16/M81 **MINUTES OF THE PREVIOUS MEETING**

Council considered the unreserved minutes of the meeting held on 16 September 2016. **Council approved** them as a correct record.

16/M82 **CHAIR'S BUSINESS**

The Chair made reference to the expanding volume of business that was required to be dealt with by Council, and to the impact this was having on the typical duration of Council meetings. This raised the question as to whether four 'ordinary' Council meetings per year was sufficient, particularly as many other universities were known to have five or six such meetings each year.

Council agreed that from 2017-18 the number of ordinary Council meetings would be increased from four to five, with the extra meeting being scheduled for late September. Any other practical issues relating to Council meetings, such as possible changes to the 4pm start time, could be dealt with as part of the next Council effectiveness review, provisionally planned for the first half of 2017.

16/M83 PRESIDENT AND VICE-CHANCELLOR'S BUSINESS

The President and Vice-Chancellor drew Council's attention to:

- a. some evidence of a hardening in other EU member states' attitude towards the possible terms of the UK's Brexit negotiations, and the impact this could have on the university sector;
- b. the range of measures being cited by government to reduce the number of overseas students allowed to study in the UK;
- c. encouraging progress made by the University in improving its performance in the latest NSS survey;
- d. the University's decision to exceed its planned Home/EU undergraduate recruitment target had been achieved with some compromise on the intake tariff. This was likely to have been replicated at many other institutions and it was not expected to have a major adverse impact on Leicester's league table position.

16/M84 COUNCIL ADVISORY COMMITTEE

Council considered the unreserved reports of meetings of the Council Advisory Committee (CAC) held on 7 October and 3 November 2016.

Council confirmed the CAC's terms of reference for 2016-17, and **noted** that the CAC had discussed in detail the report prepared for Council on the quality assurance of the student experience and outcomes (minute C/16/M90 refers).

16/M85 IMPLEMENTATION OF THE STRATEGIC PLAN AND KPIS

Council considered a comprehensive set of reports on the University's implementation of the Strategic Plan. These reports comprised a covering progress overview and commentary; a one-off full list of all projects delivered or in progress over the last two years; a single page Performance Assessment Dashboard covering all eight strategic themes; eight detailed KPI reports (one for each strategic theme); three short updates from the academic colleges; and a paper on measuring performance in the Corporate Services.

Council noted that the above material represented the first consolidated report from senior management on progress against the Strategic Plan, and work was ongoing to ensure that the most appropriate indicators were being used.

Council indicated that it would be appropriate for it to receive the single page Performance Assessment Dashboard, with a brief covering commentary, twice a year. The eight detailed KPI reports were likely to be more useful as a management tool and Council would be content to receive these once a year. The College updates would in future be delivered in the form of occasional presentations to Council by the Heads of College, and Council hoped that these would start to feature some specific KPIs, alongside the written commentaries.

Council welcomed the progress made to date in developing the new approach and format for strategic reporting and KPIs, and acknowledged that a period of

adjustment would be required to ensure a good balance between the frequency, length and usefulness of the reports, and the preparation time involved. Council would prefer to consider major performance issues as separate discussion items, or as awayday topics, rather than by continuous expansion of the KPI reports.

16/M86 **UPDATE ON INSTITUTIONAL TRANSFORMATION**

Council received a comprehensive update and progress report on the transformation measures that were being taken, with the support of Council, to help address the financial challenges facing the University, arising in particular from the challenging prospects for international student recruitment.

Council noted details of the transformation outcomes achieved to date, which had delivered staff cost savings of some £5.175m against the target of £8.191m set in March 2016, leaving a gap of £3.016m. The University Leadership Team was engaged in ongoing work to close this gap, most of which would be delivered through the bringing together of Economics and Management into a new school of Business. This would be the subject of a presentation to Council at its next meeting.

Council welcomed the fact that, although essential to dealing with the University's immediate financial and strategic challenges, the transformation programme was serving as a precursor to the adoption of continuous challenge and cultural change. Credible alternatives to redundancies would be explored where possible – as in a recent agreement on a changed plan for the Department of Mathematics – but a fair and more flexible approach to staff change was required for the longer term. A proposal on this would be presented to Council at its next meeting.

16/M87 **AUDIT COMMITTEE**

Council considered reports of meetings of the Audit Committee held on 22 September and 28 October 2016.

Council noted the contents of the report of the meeting held on 22 September 2016, none of which required approval by Council.

With regard to the report of the meeting held on 28 October 2016:

- a. **Council noted** that the Audit Committee had considered in detail the *2015-6 Financial Statements* and the external auditors' final report, including management letter points, on the conduct of the 2016 audit. The audit process had operated smoothly and cleanly and no fundamental financial control weaknesses had been identified. Subject to confirmation of the arrangements under 16/M79 above a clean and unmodified audit opinion was expected to be issued for the year ended 31 July 2016.
- b. **Council noted** the Head of Internal Audit's opinion that, based on the reviews undertaken during 2015-16, and with the specific 'exceptions' referred to under c) below, the University had satisfactory arrangements in place from which to provide assurance to Council as to the overall effectiveness and adequacy of the risk management, control and governance processes, and the arrangements to promote economy, efficiency and effectiveness.

Council approved the report for submission to HEFCE.

- c. Council considered the Annual Report of the Audit Committee on its programme of work during the financial year 2015-16 and the three-month period leading up to the preparation of the report.

With regard to the 'exceptions' to the opinion of the internal auditors (referred to in b) above), **Council noted** that these were in relation to two Partial Assurance items where some progress had been made and further improvements were being implemented, but were not yet completed.

The Chair of the Audit Committee drew Council's attention to the Committee's summary opinions as set out in the report, including where applicable details of any areas that would be monitored closely by the Committee as part of its programme of ongoing work.

Council approved the report, for submission to HEFCE.

- d. **Council approved** a recommendation for the 'annual re-appointment' of the external auditors to conduct the audit of the 2016-17 accounts. A decision was expected to be taken during the coming year as to the timing of the next tendering process for the external audit contract.

16/M88 **FINANCE COMMITTEE**

Council received reports of meetings of the Finance Committee held on 14 September and 7 November 2016.

Council noted the contents of the report of the meeting held on 14 September 2016, none of which required approval by Council.

With regard to the report of the meeting held on 7 November 2016, Council:

- a. **approved** changes to the terms of reference and membership of the Finance Committee;
- b. **approved** proposed changes to the authorised signatory mandates for the University's bank loan facilities and related agreements as set out in Appendix C/16/M88aApp attached to the signed copy of these minutes;
- c. **noted** that the Finance Committee had reviewed in detail the *2015-16 Financial Statements* and year-end outturn report, and had recommended the *Financial Statements* for approval by Council;

16/M89 **UNIVERSITY ACCOUNTS 2015-2016**

Council considered in detail the University's financial statements for the year ended 31 July 2016, including a financial overview of the year prepared by the Finance Office, and the external auditors' final report, including management letter points.

With regard to the financial overview of the year **Council noted** that the final result had delivered a surplus of £3.2 million (1.1% of income), which was £1 million lower than the July 2016 forecast but in line with the original 2015-16 budget. Council noted the underlying variances and highlights of the budget outturn report.

Council then considered the University's draft financial statements for 2015-16. **Council noted** that the financial statements included a public benefit statement, in line with HEFCE requirements, and a statement of Council's primary responsibilities. The draft financial statements had been examined in detail by the Audit Committee (alongside the external auditors' report, minute 16/M87a refers) and Finance Committee, and recommended for approval by Council.

Council approved the University's financial statements for 2015-16 for submission to HEFCE (subject to the satisfactory completion of the agreements referred to under 16/M79 above, until which point the Statements would not be signed off), and authorised the Chair of Council to sign the external auditors' representation letter.

16/M90 **QUALITY ASSURANCE OF THE STUDENT EXPERIENCE AND OUTCOMES**

Council considered a report prepared by the Pro-Vice-Chancellor (Student Experience) on HEFCE's new quality assurance framework. The purpose of the report was to set out for Council the necessary information and evidence that it required in order to sign off the quality assurance statement required by HEFCE as part of the annual accountability return.

Council noted that the paper had been discussed in detail by the Council Advisory Committee, with the PVC (Student Experience) in attendance to answer questions as required. The CAC had recommended the report for approval by Council, as providing a very comprehensive statement of the assurance available in this area, and had also identified some additional evidence for inclusion in the report as presented to Council.

Council authorised the President and Vice-Chancellor, as accountable officer, to sign off the quality assurance statement for submission to HEFCE as part of the annual assurance return. This was a new requirement for 2016.

16/M91 **PREVENT DUTY ANNUAL REPORT**

Council considered a report which outlined the University's continuing activity in and effective implementation of the Prevent duty. The purpose of the report was to set out for Council the necessary information and evidence that it required in order to sign off the Prevent Duty Declaration required by HEFCE as part of the annual accountability return.

Council agreed that the report provided comprehensive evidence of the University's continuing activity and effective implementation of the Prevent duty, including planned improvement work and examples of good practice.

Council authorised the Chair of Council to sign off the Prevent duty declaration for submission to HEFCE as part of the annual accountability return. This was a new requirement for 2016.

16/M92 **ANNUAL ASSURANCE RETURN 2015-16**

Council received a copy of the University's Annual Assurance return for 2015-16, to be signed by the President and Vice-Chancellor as the accountable officer, for submission to HEFCE. It was a HEFCE requirement that this document should

normally be presented for approval by the governing body, alongside the financial statements.

Council approved the annual assurance return for submission to HEFCE.

16/M93 **ANNUAL SUSTAINABILITY RETURN**

Council received a copy of the University's Annual Sustainability Assurance Report (ASSUR) for 2016, which formed part of the Annual Assurance Return to HEFCE.

Council noted that the ASSUR had been discussed in detail and endorsed by the Finance Committee. **Council approved** the ASSUR for submission to HEFCE.

16/M94 **SENATE REPORT – CHANGES TO STATUTES AND ORDINANCES**

Council considered a report of a meeting of Senate held on 9 November 2016. **Council noted** that Senate had endorsed proposed amendments to the Statutes and Ordinances that were necessary in order to give effect to the removal of the Chancellor and Pro-Vice-Chancellors from the constitution of Council, as considered and provisionally approved by Council in July 2016.

Council confirmed its approval for the necessary amendments to be made to the Ordinances, and for a submission to be made to the Privy Council for approval to make the necessary amendment to the Statutes.

16/M95 **STUDENTS' UNION SABBATICAL ELECTIONS 2017**

In accordance with Ordinance 22(8), **Council approved** the appointment of Professor Mark Peel, acting in his capacity as Provost, to oversee the conduct of the Students' Union sabbatical elections with effect from 1 January 2017.

16/M96 **EQUALITY AND DIVERSITY COMMITTEE**

Council received a report of a meeting of the Equality and Diversity Committee (EDC) held on 5 October 2016.

Council approved the constitution and terms of reference of the EDC for 2016-17, noting that this would be the subject of a review later in the year as part of the launch of the new Equality and Diversity Strategy.

16/M97 **HEALTH AND SAFETY COMMITTEE**

Council considered a report of a meeting of the Health and Safety Committee held on 26 October 2016.

Council approved minor amendments to the Committee's terms of reference and membership for 2016-17.

16/M98 **STANDING COMMITTEE OF THE ALUMNI ASSOCIATION**

Council received a report of a meeting of the Standing Committee of the Alumni Association held on 30 September 2016.

Council noted that the Committee was starting to explore ideas and suggestions from the new Director of Development and Alumni Relations.

16/M99 **PUBLIC REPORTING OF COUNCIL MEMBERS' ATTENDANCE AT MEETINGS OF COUNCIL AND KEY COMMITTEES**

Council considered a recommendation from the Nominations Committee that the attendance record of members of Council at meetings of Council, and certain key committees, should be published within the University's Financial Statements.

Council noted that there was no current obligation or instruction on the University to publish this type of information, although it was published quite widely in the corporate sector and there were a few examples of universities starting to adopt the practice.

Council agreed that the attendance record of members of Council at meetings of Council and its four key 'compliance' committees* would be published within the University's Financial Statements, starting with the Statements for 2016-17.

(*Audit, Finance, Remunerations and Nominations committees.)

16/M100 **NOMINATIONS COMMITTEE – TERMS OF REFERENCE**

Council approved the terms of reference of the Nominations Committee for 2016-17, noting that this included a new responsibility to make recommendations to Council with regard to naming opportunities for University buildings, rooms, open spaces and other facilities.

16/M101 **UNIVERSITY SEAL**

Council noted the affixing of the University seal to the documents listed in Appendix C/16/M101App attached to the signed copy of these minutes.

CHAIR

Duration of meeting (Reserved and Unreserved Business): 3 hours and 15 minutes