

UNIVERSITY OF LEICESTER

COUNCIL

Minutes of a meeting held on
Tuesday 19 November 2019

Present:

Gary Dixon (Chair)

Janet Arthur	Sandra Dudley
Craig Brown	Mehmooda Duke
Edmund Burke	Cathy Ellis
Nishan Canagarajah	Ian Johnson
Martin Cullen	Azam Mamujee
Sophie Dale-Black	Andrew Morgan
Sarah Davies	Oge Obioha

Carole Thorogood

In attendance: Dave Hall (Secretary); Neil Cox (Assistant Secretary); Martyn Riddleston (Chief Financial Officer); Alex Erdlenbruch (Chief of Staff, President and Vice-Chancellor's Office); Graham Wynn (Pro-Vice-Chancellor, Education); Michael Flanagan (Director of Estates and Campus Services, for item 19/M119d); and Stephen Clark (Partner, Ernst and Young LLP, for item 19/M124).

Apologies for absence were received from Martin Hindle, Alison Goodall, Vijay Sharma and Richard Tapp.

19/M118 **DECLARATIONS OF INTEREST**

There were no declarations of personal interest in any of the items dealt with at this meeting for which individual members were present.

19/M119 **CHAIR'S BUSINESS**

- a. **Welcome and Introductions:** the Chair welcomed the University's new President and Vice-Chancellor, Nishan Canagarajah, who was attending his first meeting as an ex-officio full member of Council since formally taking up his appointment on 4 November 2019. The Chair also welcomed two new lay members of Council, Craig Brown and Sophie Dale-Black, who had both been appointed to serve until 31 July 2022 in the first instance.
- b. **Academic Pairing:** the Chair encouraged the lay members of Council to take advantage of the reintroduction of the Academic Pairing Scheme, which sought to achieve an enhanced awareness and understanding of the academic mission of the University by providing opportunities for lay members to be paired with a school of their own choosing for 1 or 2 years. The Chair invited lay members wishing to take advantage of this opportunity to contact the Council Secretariat (Neil Cox or Vicky Harrison) in the first instance.
- c. **Industrial action:** the Chair confirmed that the UCU would undertake eight days of industrial action between 25 November and 4 December, as part of two separate national disputes on pensions, and pay and conditions. University management was engaging closely with the UCU to try to identify any areas of common ground that might be capable of being progressed and resolved at a local level.

- d. Fire Safety: the Chair invited the Director of Estates and Campus Services to update Council on issues arising from the recent fire at student accommodation at Bolton University. Council was informed that the Secretary of State for Education had requested all universities to confirm, by 30 November 2019, that they would undertake a full review of their compliance with fire safety requirements applicable to their student residential accommodation, including that provided through 'independent' operators such as Sulets. The University of Leicester was in a fortunate position in that it had recently carried out such a review for its own buildings and was implementing the resulting recommendations. In terms of third party lets, it had now begun a further review. In addition, where issues had been identified, the University was of the view that, with appropriate mitigation in place in specific cases, it was already compliant with the Regulatory Reform (Fire Safety) Order 2005. Council was informed that Leicester had entered into a formal partnership with West Midlands Fire Service - and was the first University to have taken this step - which provided further specialist advice and guidance to ensure legal compliance was achieved. **Council noted** that relevant mitigating actions were particularly comprehensive at Nixon Court, where a number of ongoing post-construction issues were being actively pursued with the contractor.

19/M120 **PRESIDENT AND VICE-CHANCELLOR'S BUSINESS**

The President and Vice-Chancellor introduced his first written briefing note for Council, which was intended to provide more scope to reflect on the full range of good work that was being undertaken across the University, and to be more useful to members who were not able to be present at the meeting.

The President and Vice-Chancellor explained that he was currently engaged in an extensive programme of visits and other engagements with key stakeholders, inside and outside the University, most of which would be completed before or just after Christmas, as a prelude to a University-wide strategic conversation to commence early in the New Year. This would seek to build on the University's established position as a research-led institution with comprehensive academic coverage and a global profile, but without overlooking its local civic and community interests. Within this overall theme the President and Vice-Chancellor identified five particular priorities, to:

- improve the student experience
- grow student/staff numbers
- achieve financial improvement, for investment in capital and staff
- enhance research performance
- raise staff morale

in order to secure improvements in the University's league table position and reputation. The President and Vice-Chancellor indicated that he was keen to explore how Council might be able to provide more support for this programme of work, alongside his determination to promote greater agility and empowerment within senior management.

19/M121 **MINUTES OF THE PREVIOUS MEETING**

Council considered the minutes of the meeting held on 1 October 2019. **Council approved** them as a correct record. There were no matters arising that were not dealt with elsewhere on the agenda for this meeting.

19/M122 **AUDIT COMMITTEE**

Council considered a report of a meeting of the Audit Committee held on 24 October 2019, accompanied by the internal auditors' annual report, and the Committee's own annual report, for 2018-19. **Council noted** in particular:

- a. that the Committee had considered in detail the Financial Performance Report and Commentary and the Financial Statements for 2018-19, the external auditors' draft report, and the draft management letter, on the conduct of the 2019 audit. The Committee had raised various detailed comments and queries, and made drafting suggestions where appropriate, but had otherwise noted that no fundamental financial control weaknesses had been identified, and subject to satisfactory completion of any remaining points a clean and unmodified audit opinion would be issued for the year ended 31 July 2019.
- b. the basis for the summary opinions of the Audit Committee, as set out in its annual report for 2018-19, including where applicable details of any areas that would be monitored closely by the Committee as part of its programme of ongoing work. This included in particular any areas that had received a 'partial assurance' rating under internal audit review.

Council approved the Audit Committee's Annual Report for 2018-19.

- c. the internal auditors' opinion that, based on their reviews undertaken during 2018-19, the University had satisfactory arrangements in place from which to provide assurance to Council as to the overall effectiveness and adequacy of its risk management, control and governance processes, and the arrangements to promote economy, efficiency and effectiveness.

Council noted that the internal auditors' review of previous recommendations raised during 2017-18 had identified one area (IT SITS Vision-Cyber Security) of partial assurance, with improvements required, where High Priority recommendations had not yet been confirmed as fully implemented. This would be pursued by the Audit Committee.

Council approved the Internal Auditors' Annual Report for 2018-19.

- d. that the Committee had held some preliminary discussions around the University's future approach to value for money (VFM), in the light of a new VFM strategy and regulatory focus promoted by the OfS, in which student perception of value for money was a key driver. Examples of strong VFM practice within the sector had not yet emerged, given the newness of the regulatory approach and the inherent difficulty and subjectivity in actually defining VFM, perceptions of which would vary between individual students. This would be a topic for ongoing discussion by the Audit Committee, and the Executive Board, during 2020.

19/M123 **FINANCE COMMITTEE**

Council considered a report of a meeting of the Finance Committee held on 7 November 2019.

Council noted that the Committee had considered in detail and commented upon various aspects of the Financial Performance Report and Commentary and the Financial Statements for 2018-19, as discussed by Council under 19/M124 below.

Subject to various drafting suggestions the Committee had recommended both items for approval by Council. The Committee had also acknowledged the inherent difficulty in presenting stakeholders with a clear and a balanced narrative on the University's underlying financial performance and position, particularly in relation to the complexity of the accounting provision for USS pensions. The Executive Board had requested that a succinct narrative on this be developed, for communications purposes.

With regard to other matters, the Committee had welcomed the introduction of a new format for reports on estates-related projects, and had requested that this be continued. The Committee was disappointed by the delays and projected overspends for the completion of the Brookfield and Percy Gee developments, not least because of the impact on the student experience. But some useful lessons were being learned for project management purposes, and these were already feeding through to the Freeman's Common development.

18/M124 **UNIVERSITY ACCOUNTS AND FINANCIAL STATEMENTS 2018-19**

Council considered in detail a Financial Performance Report and Commentary on the 2018-19 outturn, the Financial Statements for the year ended 31 July 2019, the draft report of the external auditors, and the associated draft management representation letter.

With regard to the detailed Financial Performance Report and Commentary, which had already been considered by the Audit and Finance committees, **Council noted** that the University had achieved a consolidated operating surplus before USS pension adjustments of £2.9 million, which was close to the original budgeted and final in-year forecast outturn. This had been achieved against the background of the challenges presented by a significant shortfall in tuition fee income, with expenditure being tactically restrained throughout the year in order to remain within overall budget parameters. Overall staff costs were £1.1 million favourable to budget, but due to the shortfall in income they were 2.2% above budget when expressed as a % of income. **Council approved** the Financial Performance Report and Commentary for 2018-19.

With regard to the Financial Statements, which already been considered and commented upon by the Audit and Finance committees, **Council noted** that, after an adjustment of £46.5 million for movement on the USS pension provision, these reported a headline deficit of £43.6 million for 2018-19. As also noted by the Finance Committee, the accounting technicalities underlying this adjustment were extremely complex, and a major issue for the HE sector as a whole, and they would need to be explained and communicated carefully to the University and its stakeholders. **Council approved** the Financial Statements for 2018-19.

With regard to the draft report of the external auditors on their conduct of the 2018-19 audit, which had already been considered and commented upon by the Audit and Finance committees, this was introduced and explained to Council by the EY Partner in overall charge of the audit, to provide an additional level of assurance. **Council noted** that, subject to satisfactory completion of a few remaining audit areas, the auditors expected to issue an unqualified opinion on the Financial Statements for 2018-19.

With regard to the draft management representation letter, which had already been considered and commented upon by the Audit Committee, **Council noted** that this would be updated, if necessary, once the external audit process had been fully completed, but there were no outstanding issues at this stage.

Council authorised the Chair of Council, the President and Vice-Chancellor and the Chief Financial Officer, as applicable, to sign-off the relevant documents referred to above, for submission to the OfS by the due date in each case, and subject to any final amendments arising from the completion of the external audit process. Any material changes would be notified to Council by correspondence first.

19/M125 **OfS ANNUAL FINANCIAL RETURN 2019**

Council noted that the OfS had made some changes to the process by which institutions were required to submit their financial forecasts and audited financial statements. In previous years this had consisted of two separate submissions, in July and December respectively, but for the 2019 return there would be a single combined submission, comprising both sets of data, in January 2020.

Council considered a summary of the various components of the financial return and the relevant data sources to support each one. The majority of the data would be taken from the financial forecasts approved by Council in July 2019, and the audited financial statements approved by Council under 19/M124 above.

Council authorized the President and Vice-Chancellor to approve and sign the completed OfS 2019 financial return in January 2020.

19/M126 **OfS ANNUAL ACCOUNTABILITY RETURN 2019**

Council considered the accountability return that it was required to submit to the OfS, to confirm that it had been compliant with their terms and condition of funding during the 2018-19 financial year. **Council noted** that the return consisted of two separate declarations, one each for teaching and research funding, the latter also intended to be shared with Research England and UK Research and Innovation. The return had also been considered by the Finance Committee.

Council approved the 2019 OfS Accountability return (two declarations) for signing by the President and Vice-Chancellor.

19/M127 **PREVENT DUTY ANNUAL REPORT AND OfS DECLARATION**

Council considered a report which set out the necessary information and evidence that it required in order to sign off the Prevent Duty accountability statement for 2018-19, for submission to the OfS as part of the annual accountability return.

Council noted a comprehensive summary of key examples and evidence which demonstrated the University's due regard for the responsibilities of the Prevent duty, linked to a number of suggested questions and indicators provided specifically for this purpose by the OfS.

Subject to the correction of certain typographical errors, **Council authorised** the Chair of Council to sign the Prevent Duty accountability statement for submission to the OfS.

19/M128 **RECOVERY PLAN – UPDATE ON STRATEGIC OBJECTIVES**

Council considered the latest update, from the version presented to Council at its meeting in October, on the strategic objectives set out in the Recovery Plan. Across the Plan as a whole good progress continued to be made in the implementation of agreed strategic initiatives, a majority of which were shown as 'Green'. In many areas - and this was particularly the case, for example, with likely performance in the next

REF – it was still too early to judge the ultimate success of these initiatives in delivering the expected benefits, so the overall status of the Plan was weighted more towards ‘Amber’ at this stage. It was intended that reporting on the progress of the Plan would cease with the agreement of a new Strategic Plan, possibly by Spring 2020, which would have its own implementation, monitoring and reporting arrangements.

With specific regard to the *Staff Morale* component of the Plan, **Council noted** that this had been the subject of detailed discussion at the last meeting of Senate. Senate had subsequently been provided with an update on the work of the Colleague Engagement Group, chaired by Professor Anne-Marie Greene, which was due to report back to the Executive Board before Christmas. Council requested to receive, for information, a copy of this update [ACTION: ASSISTANT SECRETARY].

With specific regard to the *Student Experience and Success* component of the Plan, **Council noted** that this included a specific component on improving student employability, with targets to further embed the Leicester Award and Leicester Award Gold, with an institutional target of 80% of graduates to enter highly skilled employment.

19/M129 **KEY PERFORMANCE INDICATORS**

Council considered an updated KPI report which showed the current status of the performance against all the strategic components of the University’s existing strategic plan. As previously noted by Council, this report referred in part to themes and activities within the Recovery Plan and, as with the Recovery Plan itself, the approach to be taken to KPI reporting in the longer term would need to be reviewed in detail by Council once the University’s new strategic plan had been approved.

With specific regard to the *Reputation and Recruitment* section of the KPI report, Council expressed the hope that the centenary campaign would take maximum advantage of, and benefit from, a planned wider campaign on the University’s brand and reputation. The Chair of Council requested that the latest Centenary Planning Update, as presented to the last meeting of the Centenary Project Board, be circulated for information to all Council members [ACTION: ASSISTANT SECRETARY].

19/M130 **RISK MANAGEMENT**

Council considered the University’s latest risk register report, as updated for the autumn term 2019. This was the first report from the new University Risk Committee (URC), under the new approach to the oversight and management of risks that was being introduced during 2019-20, but it continued to include both the University Strategic Risk Register (USRR) as the set of top level risks, and the Corporate Risk Register (CRR). Following a review of the structure of both registers it had been decided that the same risks should not be on both registers. **Council noted** that any existing duplicate risks had therefore been removed from the CRR, and any risk that was elevated to the SURR in future would automatically be removed from the CRR.

In other format changes, **Council noted** that the column heading description for risk Likelihood, Impact and Rating had been changed from ‘Expected’ to ‘Post-Mitigation’. This was to clarify where the scores and ratings were expected to be once mitigation actions had been implemented and taken effect, rather than imply that they were target levels. **Council noted** that for a small number of risks the post-mitigation risk had been assessed as being at a higher level than the current risk. These assessments

would be fully reviewed as part of the next update, to ensure that they were soundly and consistently based and that any anomalies were corrected.

Council noted the areas of Very High risk on both registers, the specific risks identified within corporate services and the colleges, and that the set of SURR risks would be subject to comprehensive review as part of the next update. Moving forward, this might inform a decision as to the future content and presentation of the risk management updates to Council.

19/M131 **AWARD OF HONORARY DEGREES**

Council considered recommendations from the Honorary Degrees Board for the award of Honorary Degrees to 13 nominated individuals. These had been considered and endorsed in principle by Senate at its meeting held on 6 November 2019, subject to the satisfactory completion of any outstanding due diligence checks. **Council noted** that the award of Honorary Degrees required the approval of both the Senate and the Council.

Following discussion and a formal vote, **Council agreed** that the award of an Honorary Degree to one of the nominated individuals should not be approved. **Council approved** the remaining 12 nominations, subject to the satisfactory completion of any outstanding due diligence checks.

19/M132 **SENATE**

Council considered a report of a meeting of Senate held on 6 November 2019. Council's consideration of recommendations for the award of honorary degrees, which had been endorsed by Senate but required final approval by Council, was dealt with separately under the business recorded under minute 19/M131 above.

Council received and noted an annual assurance statement for 2018-19, prepared by the Learning and Teaching Committee and approved by Senate, regarding the University's compliance with OfS ongoing conditions of registration regarding the management of academic standards, student outcomes and the student learning experience. The statement had been prepared in anticipation of an ongoing requirement for governing bodies to make a declaration to the OfS that they had received and approved such a statement. Unexpectedly this requirement did not feature in the OfS Annual Accountability Return template for 2018-19 (minute 19/M126 refers) but it had been decided to present the report to Senate and Council anyway, as a demonstration of continued good practice in this area.

19/M133 **HEALTH, SAFETY AND WELLBEING COMMITTEE**

Council considered and noted the report of a meeting of the Health, Safety and Wellbeing Committee held on 24 October 2019. There were no matters that required the approval of Council on this occasion.

19/M134 **MEMBERS' REGISTER OF INTERESTS**

Council received and noted the Register of Members' Interests as recently updated for 2019-2020. Members were reminded that any changes to their registered interests should be notified to the Governance Office (Neil Cox or Vicky Harrison) as soon as they occurred, rather than waiting for the annual call for updates.

19/M135 COURSE FEES 2019-20

Council received and noted a summary statement of tuition fees charged by the University in 2019-2020. The setting of course fees at individual programme level was a management process undertaken and approved by the Recruitment and Performance Committee, chaired by the Chief Marketing and Engagement Officer, and based on a comprehensive market analysis including reviews of headline course fees advertised at competitor universities. A 46-point fee scale was potentially available, but in practice a large majority of programmes were priced in the middle third of the fee range.

19/M136 FORWARD BUSINESS SCHEDULE

Council received and noted the outline forward business schedule for its remaining 'Ordinary' meetings and Awaydays during 2019-20.

19/M137 UNIVERSITY SEAL

Council received and noted details of the affixing of the University Seal to documents as listed in Appendix C/19/M137 App, attached to the signed copy of these minutes.

19/M138 DATES AND TIMES OF FUTURE MEETINGS

Council noted the dates and times of its remaining 'Ordinary' meetings and Awaydays in 2019-20, all at 4pm unless stated:

Monday 17 February 2020 - Council/Executive Board Awayday – all day*

Wednesday 18 March 2020

Wednesday 13 May 2020

Tuesday 9 June 2020 – Council/Executive Board Awayday

Wednesday 8 July 2020

*Extra Awayday, added after other dates first confirmed

19/M139 REMUNERATIONS

- a. Council considered the University's first remuneration annual report. As a requirement of the *Higher Education Senior Staff Remuneration Code*, published by the Committee of University Chairs (CUC) in 2018, the report sought to provide assurance to the governing body that the Remuneration Committee had effectively discharged its responsibilities during the 2018-19 financial year. **Council noted** that the *Code* also required institutions to publish a readily accessible annual statement on their approach to remuneration, and stated that ideally this should be the same as the remuneration annual report to the governing body.

Council approved the University's Remuneration Annual Report 2018-19, for publication on the University's website.

- b. **Council received and noted** a report of the Senior Staff Pay Committee containing summary data of the Committee's decisions regarding the remuneration of all Grade 10 professional services staff, professorial staff and heads of department for 2019-20. A more detailed breakdown (including by gender) of the awards would be available for the Council meeting in March 2020.

- c. **Council received and noted** a report of the Remuneration Committee which recorded the Committee's decisions regarding the remuneration of members of the Executive Board (other than the Deputy Vice-Chancellor and the President and Vice-Chancellor) for 2019-20.

All attendees who were not members of Council left the meeting before the commencement of the business recorded under 19/M139c above, and did not return.

- d. **Council received and noted** two separate reports of the Remuneration Committee which recorded the Committee's decisions regarding the remuneration of the Deputy Vice-Chancellor and the President and Vice-Chancellor respectively for 2019-20.

The Deputy Vice-Chancellor and the President and Vice-Chancellor both left the meeting before the commencement of the business recorded under 19/M139d above, and did not return.

CHAIR

Total duration of meeting: 2 hours and 55 minutes

Note to these minutes: supporting papers for some of the business recorded under these minutes were presented to Council on a separate reserved section of the agenda for the meeting, due to the commercial and/or personal sensitivity of their detailed contents.