



The  
University  
Of  
Sheffield.

## Minutes Meeting of Council

**Date:** 11 July 2016

**Present:** Mr Pedder, Pro-Chancellor (in the Chair);  
Ms Harkness, Pro-Chancellor; Mr Young, Treasurer;  
Professor Sir Keith Burnett, Vice-Chancellor;  
Professor West, Deputy Vice-Chancellor;  
Professor Labbe, Pro-Vice-Chancellor;  
Mr Belton, Dr Eden, Ms Hague, Mr Kelly, Mr Kind, Mrs Legg,  
Mr Mayson, Professor Phillips, Mr Sykes, Mr Trendall, Professor Vincent  
Dr West

**Secretary:** Dr West

**In attendance:** Mrs Dingle, Mr Lilley, Mr Rabone, Ms Stephens, Dr Strike, Mr Swinn;  
Mrs Ditchburn and Ms Griffiths (Pinsent Masons LLP)

**Apologies:** Mr Bagley

### WELCOME

The Chair welcomed Mr Dominic Trendall (Students' Union President) and Mr Michael Kind (Students' Union Development Officer) to their first meeting. Also welcomed were Mrs Helen Dingle (Director of Finance), Mr Keith Lilley (Director of Estates & Facilities Management) and Dr Tony Strike (Director of Strategy, Planning & Change), who were attending for specific items; and representatives of Pinsent Masons LLP, who were attending as observers in the context of the Council Effectiveness Review.

### AGENDA

#### 1. DECLARATION OF CONFLICTS OF INTEREST

No conflicts of interest were declared.

#### 2. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 25 April 2016, having been circulated, were approved, subject to the deletion of Minute 5(i) which duplicated Minute 5(h), and signed.

#### 3. MATTERS ARISING ON THE MINUTES

Matters arising on the Minutes were noted as follows:

- (a) Minute 6, People Strategy: The meeting of the Human Resources Committee at which approval of the People Strategy would be sought had been rearranged to take place on 13 July.
- (b) Minute 9.2, Sheffield Business Park: Council had received a briefing from the Vice-Chancellor on the development of an Advanced Manufacturing District at its away day on 14 June.

- (c) Minute 11, Council Effectiveness Review: The Review was progressing and arrangements would be made for the Council oversight group chaired by Alison Legg to meet in late September to consider the draft report.
- (d) Minute 21.2, Equality and Diversity Board: Clarification requested by Council concerning aspects of the Board's membership had been provided in the Report of the Council Nominations Committee referred to at Minute 12, below.

#### 4. VICE-CHANCELLOR'S REPORT

Council received and discussed the Vice-Chancellor's report, in which he provided information on key current and forthcoming developments across a range of areas. Points noted in particular included the following:

- (a) EU Referendum (1)- Impact: Although early to assess, the outcome of the 23 June Referendum on UK membership of the EU would likely create a number of significant challenges, especially the availability of public and private funding and the adverse impact on staff and student morale. It had resulted in uncertainty for staff in general but particularly EU staff, whose future status in the UK was unclear. In addition, recruitment of non-EU international staff and students could become increasingly difficult due to the perception that the UK was unwelcoming and potentially could have more stringent immigration rules. It was therefore pleasing to note supportive statements from leaders in the Sheffield City Region about the value it placed on international students. The potential loss of access to EU funding, particularly Horizon 2020, and collaboration with EU partners was a significant threat to the continued success of UK science. Although EU membership would continue until negotiations under Article 50 of the Lisbon Treaty had concluded, there was evidence that partners in other EU countries were already reluctant to include UK HEIs, including the University, in their collaborative activities and funding bids. A further consequence of the Referendum was the downgrading of the University's credit-rating following the downgrading of the UK rating itself, although it was noted that institutional exposure to risks related to leaving the EU was lower than many in the sector.
- (b) EU Referendum (2) – the University response: The University had planned extensively for a UK vote to leave the EU, as a result of which its response had been proactive, consistent and positive. Initial priorities had been to contact all affected students and applicants, staff, and external partners to offer reassurance about the University's unwavering commitment to global scholarships and to provide as comprehensive information and guidance as possible. The University was working with the sector and organisations such as the CBI to lobby on the importance of student and staff mobility, and of EU research funding streams and collaborative activities. The Vice-Chancellor was in regular contact with BIS and the Minister for Universities and Science and was scheduled to meet with Senior Treasury and BIS officials as well as attending a special meeting of the Prime Minister's Science and Technology Council, and the HEFCE Board. In the absence of clarity on a number of key issues, the University would seek to ensure that it was in a position to maximise opportunities by reviewing its activities to ensure that it continued to deliver excellence in teaching and opportunities for world-class scholarship.

It was reported that a Strategy Delivery Group chaired by the Deputy Vice-Chancellor had been established to identify efficiencies and enhance supporting processes. Given that changes to the funding streams available and reductions in income were highly likely, the University would be undertaking a prudent assessment of financial commitments and requests for additional resource, led

by the Vice-Chancellor with support from senior colleagues. Clarity of institutional vision would be vital as the ramifications of 'Brexit' and wider policy changes (see Minute 4 (c)-(e), below) became clearer. Moreover, it would be essential for the University to act to secure areas of opportunity, particularly those which could benefit income diversification and institutional reputation. With respect to wider policy initiatives it was noted that the University would continue to closely monitor the impact of Brexit on the AMRC and, more broadly, the development of the Advanced Manufacturing Innovation District but it was encouraging that the Treasury had requested an impact assessment of Brexit on the Northern Powerhouse.

- (c) Policy (1) – Higher Education and Research Bill: The outcome of the EU Referendum and resulting political upheaval meant that the continued passage of the Bill through Parliament was uncertain. The effect of the Bill as drafted was likely to be the further marketization of the UK HE Sector in two key ways: the proposed creation of an Office for Students, merging HEFCE and the OFFA, of which details were not expected to emerge until the autumn; and the introduction of the Teaching Excellence Framework (TEF). The TEF had been roundly criticised for the proposed use of proxy measures of 'excellence' and for the inflationary increases in Home/EU UG tuition fees that institutions could decide to make, subject to performance in the TEF. It was noted that the first stage of the TEF, with which the University had already complied based on a previous QAA report, would take effect from September 2017. Stage 2 would be introduced from September 2018 but would currently be voluntary. If the TEF was introduced in its current form and in accordance with existing proposed timescales then the University would need to decide whether to participate in Stage 2 and whether to increase its tuition fees during the autumn of 2016. It was agreed that Council would be asked to further consider these matters in due course.
- (d) Policy (2): The University was actively involved in the national and regional response to a number of other key policies, which had the potential to directly impact the institution. It would continue to emphasise and enhance its outreach and engagement activities for example by building on highly regarded innovative work in areas including advanced manufacturing, technical education and PGT student scholarships. It was noted that the recently published Sainsbury report into technical education could have implications for the HE as well as the FE sector.
- (e) Other Regulatory Matters: The University had received feedback from HEFCE on its approach to the Prevent Duty, resulting in two procedural recommendations that had been included in the University's Prevent Action Plan and had now been implemented. The University was fortunate that its Muslim Chaplain was active and influential at national level and his efforts were commended. It was reported that the HEFCE Assurance Service had provided its final report of its quinquennial institutional review in May. The report was positive and concluded that it was able to place reliance on the University's accountability information- the most positive opinion that HEFCE could offer. Despite uncertainty around the future of HEFCE in view of the HE and Research Bill, it was reported that HEFCE had recently published amendments to the Memorandum of Assurance and Accountability, which would be the subject of separate briefings to Council and Finance Committee in due course.
- (f) Human Resources: The University had been awarded a silver institutional Athena SWAN award in recognition of its significant and sustained record in promoting gender equality and addressing challenges in different disciplines, one of only nine universities to hold an award at this level. Council recorded its thanks to

the Gender Equality Committee, chaired by Professor Lorraine Maltby (Animal and Plant Sciences) for its significant contribution to this success. The University-level results of the 2016 Staff Survey were encouraging, a large number of questions receiving a higher positive response than the previous exercise, in 2014, and an increase in the final response rate from 72% to 74%.

## **5. PLANNING AND PERFORMANCE**

### **5.1 Planning outcomes and actions for 2016-17**

Council received a paper confirming the actions agreed by the faculties, cross-cutting Pro-Vice-Chancellors and professional services for the coming year as a result of the 2015-16 planning round. Priorities had been agreed against the themes of the Strategic Plan with a number of shared priorities and other specific faculty and professional services priorities having been identified and agreed. Achievement of the agreed priorities would contribute to performance against the series of institutional, faculty and departmental indicators under the University Strategic Plan, which were presented separately for approval by Council (see Minute 5.2, below).

### **5.2 Assessing progress against the University's Strategic Plan 2016-2021**

Council considered proposed performance indicators to measure and report on success against the new Strategic Plan 2016-21. These had been developed in accordance with the approach agreed by Council during its approval of the Strategic Plan in October 2015. Extensive consultation had now taken place to identify appropriate indicators following a critical appraisal of progress reporting under the previous Strategic Plan. As a result, the use of a large number of institutional level quantitative indicators had been replaced with a hierarchy of indicators. These were intended to provide a clearer line of sight from departments to faculties to corporate level, and varied according to the particular needs and contributions of different disciplines. In addition to quantitative measures, the use of narrative indicators was proposed to capture those elements for which there was no appropriate measurement or meaningful data but which were important to institutional strategy, for example knowledge exchange and external engagement activities. The proposed quantitative measures would use either external comparisons or internal historic trend data, depending on the objective to which the particular indicator related.

It was pleasing to note that colleagues had engaged positively with the wide-ranging consultation and that this had created a stronger sense of ownership of respective indicators. Council also noted that measurements relating to student experience and excellence did not necessarily mirror the metrics proposed for the TEF, but rather they reflected the institutional view of what excellence meant to this University. More broadly, it was intended that the new indicators would enable an effective and open self-appraisal of performance against strategic objectives and identify priority actions, based on more up to date information, rather than relying on data that was effectively 18 months old due to the nature of external returns and reporting requirements.

Council approved the adoption of the proposed measures of success and future reporting and monitoring of progress against the Strategic Plan, subject to the addition of a reference to Council alongside management and executive in section 7. This would be the subject of annual reporting to Council, the first such report to be made in October 2016.

## 6. Financial Forecasts and Operating Strategy

### 6.1 Financial Forecasts 2015-16 to 2019-20 and budgets 2016-17

- 6.1.1 Council approved the Financial Forecasts for the period 2015-16 to 2019-20, noting that the Forecasts for 2015-16 to 2018-19 would be submitted to HEFCE as part of the accountability return due on 31 July 2016, and that the Forecasts for 2016-17 would be used internally for purposes of setting budgets in 2016-17 and to inform indicative budgets in 2017-18.

In presenting the Forecasts, the Treasurer drew attention to the considerable amount of work involved in their preparation and the level of challenge and scrutiny undertaken by Finance Committee, but noted that forecasts for later years would require further consideration to reflect the financial impact of changes to funding streams related to the outcome of the EU Referendum. HEIs would have the opportunity to present revised forecasts to HEFCE in November 2016 and HEFCE had now provided universities with a questionnaire about the expected impact of Brexit at institutional level, which would be provided to Council and Finance Committee for information in due course.

Members noted that although it would be challenging for Faculties and Professional Services to deliver the budget set for 2016-17, it was crucial to institutional sustainability for the forecasts to recognise the importance of reaching the institutional operating surplus target over the forecast period.

- 6.1.2 Clarification was provided as follows:

- (a) Forecast Assumptions: Whilst the underlying forecast assumptions were credible and robust they were by their nature uncertain and necessarily reflected uncertainty across the sector and policies that had not yet been decided. These assumptions would continue to be reviewed and tested as further information emerged and formal decisions made. It was confirmed that the forecasts included sufficient flexibility for targets to be met in a number of different ways, depending on circumstances, and forecast financial performance did not rely on a single assumption or activity.
- (b) Borrowings: Tentative assumptions about the University's borrowing requirements would require review as the estates strategy and capital programme was finalised. It was confirmed that those requirements would be subject to detailed discussions and analysis before any proposals were brought to Council.
- (c) Balance Sheet: Although HEFCE reported high liquidity as a positive, the University only drew down funds from its existing flexible borrowing facility when required as it would not be cost-effective to borrow simply to increase the institutional cash balance.
- (d) Subsidiary Company: Council noted the concerns of one member that Unicus should be referred to as a wholly owned subsidiary rather than a separate company.
- (e) Scenario Planning: Members were reminded of the scenario planning exercise undertaken during 2014-15 to demonstrate the potential impact of changes to certain funding streams on the institution. It was suggested that the University could usefully revisit and update this activity periodically as part of its strategic management of financial risk and to identify opportunities.

## **6.2 Finance Operating Strategy**

- 6.2.1 Council considered and approved the proposed Financial Operating Strategy, including an increase in borrowing capacity. In setting out a high level approach to the long-term financial management of the University the strategy was internally facing, but was also an expectation of stakeholders and funders. A number of aspects with a long-term perspective were relatively unchanged from the previous iteration but it was now timely to undertake other revisions in view of (i) the new Strategic Plan 2016-21; (ii) external changes to operations and financial reporting; (iii) the need for greater focus and a reduction in the number of indicators to measure performance against the new Strategic Plan. It was clarified that Finance Committee received regular reports on performance against the financial indicators.
- 6.2.2 Attention was drawn to adjustments to the operating cash flow measure that had been made in response to revised HEFCE metrics, the value of which HEFCE was yet to confirm. The need to self-finance capital projects in the absence of capital grants had resulted in new measures related to income generation relative to the size of the estate, which was consistent with the Estates Strategy. In noting that the total borrowing capacity was proposed to increase, clarification was provided that the new limit would provide sufficient capacity to borrow all that it might require for the emergent capital plan. Council noted that decisions to borrow would take into account both strategic need and the University's ability to service the resulting debt.
- 6.2.3 Clarification was provided that the revised Operating Strategy took into account the impact of FRS102 on financial statements and year to year fluctuations that might result. The University was currently reviewing its banking covenants to establish which if any might need to be revised to reflect the new accounting standards. It was confirmed that the financial forecasts (see Minute 6.1, above) had been tested to ensure that the University was not at risk of breaching its banking covenants, each of which was subject to in-year reporting to Finance Committee (Investment Group). It was reported that the volatility in the profit and loss account caused by FRS102 meant that lenders would increasingly focus on the institutional balance sheet.

## **7. ESTATES AND CAPITAL**

### **7.1 Estates Strategy**

- 7.1.1 Council considered the Estates Strategy 2016-21, which would be used to inform the management and development of the University estate and had been prepared based on the University Strategic Plan, Faculty planning and estate condition. Five key themes had been developed to represent the challenges and opportunities of managing the University estate within an overall framework that would support delivery of an excellent student experience and the retention and recruitment of world class staff, while ensuring that the University complied with its statutory responsibilities. Extensive consultation had taken place and the draft strategy had been endorsed by both Estates Committee and UEB. It was noted that the strategy included a significant amount of operational details in order to meet HEFCE requirements.
- 7.1.2 During a related presentation from the Chief Financial Officer, Council noted the extent of capital planning that had taken place during the previous two years to create a fifteen year pipeline of actual and potential new projects that took into account particular project interdependencies, and remained subject to available resource and the preparation of business cases that included potential for

income generation.

- 7.1.3 Clarification was provided that management of the maintenance budget had evolved from being reactive to preventative over the period of the previous estates strategy, which had created additional flexibility within the overall capital budget and that cash flow forecasts included all approved projects. Provision for future capital expenditure was provided for through the period of the financial forecasts. Although subject to continuous review, this provision should enable the University to meet the costs of future projects as they developed and were formally approved.
- 7.1.4 It was noted that related work would be required to refresh the related Energy Strategy to support institutional efforts to minimise the impact of a growing of estate on carbon emissions. Although there had been an 18% reduction in carbon per m<sup>2</sup> over the last five years, the 2020 targets were expressed in absolute terms and the size of the estate was growing; and many research activities were energy intensive.
- 7.1.5 Council approved the Strategy and requested that Finance Committee receive regular updates on the development of the capital pipeline and associated costs to support Estates Committee and provide full assurance to Council in the context of a more uncertain and challenging external environment.

## **7.2 Residential Accommodation Strategy**

Council considered and approved the Residential Accommodation Strategy that was based on the seven underpinning strategic principles previously agreed by Council in October 2014 and reaffirmed in October 2015 along with endorsement for the direction of travel following detailed discussions. The strategy focused on requirements for 2016-17 and 2017-18, and a longer term view of expected need from 2018 and beyond; Council would receive annual progress updates.

## **7.3 Capital programme: update and business cases**

Council received an update on progress of projects in the capital programme, noting in particular the business case to support the release of fees for the acquisition of New Spring House that had been approved by Finance Committee on 13 June. Council also approved a business case for the release of additional funds for the development of infrastructure on land at the Sheffield Business Park, noting that further work would be undertaken to recover costs from individual developments but that it was important for the site to be serviced to enable the University to respond rapidly to opportunities for funding new developments.

## **8. IP DEVELOPMENT AND COMMERCIALISATION FUND**

Council received and noted the proposed nature, funding sources and governance of the IP Accelerator Fund that had been approved by Council in November 2014 and followed a refresh to the IP Development and Commercialisation Strategy, which had been undertaken after the change from an exclusive to non-exclusive institutional relationship with IP Group in November 2015. Attention was drawn to a number of positive developments relating to IP and commercialisation, including record IP and licensing fees, a number of new prospects and the creation of a new in-house operating model to generate the commercial relationships and raise the necessary investment to progress and develop IP outside of the IP Group model, with additional and enhanced support for regional SMEs. This would be achieved through the proposed creation of an IP Accelerator Fund at a level commensurate with the existing returns on investment that had been recognised in the financial forecasts. It was

noted that a previous presentation to Council had included external comparators and it was suggested that future reporting could benchmark the University against similar research intensive institutions.

**9. LEARNING AND TEACHING STRATEGY 2016-2021**

Council received the proposed Strategy, which had been approved by the Senate on 22 June, a general discussion of which would take place during the post-meeting dinner.

**10. REPORT OF THE SENATE**

(Meeting held on 22 June 2016)

Council received and approved the Report.

**11. REPORT OF THE AUDIT COMMITTEE**

(Meeting held on 6 June 2016)

Council received and approved the Report including a recommendation that KPMG be reappointed as external auditor.

**12. REPORT OF THE COUNCIL NOMINATIONS COMMITTEE**

(Meeting held on 6 June 2016)

Council received and approved the Report, including the appointment of Stephen Sly to Council from 1 August 2016 and the appointment and reappointment of representatives of Council on other committees.

**13. REPORT OF THE ESTATES COMMITTEE**

(Meeting held on 27 May 2016)

Council received and approved the Report.

**14. REPORTS OF THE FINANCE COMMITTEE**

**14.1 Meeting held on 9 May 2016**

Council received and approved the Report, including a recommendation to approve the delegation of authority for the disposal of IP Group shares to the Chief Financial Officer.

**14.2 Meeting held on 13 June 2016**

Council received and approved the Report

**15. REPORT OF THE HEALTH AND SAFETY COMMITTEE**

(Meeting held on 11 May 2016)

Council received and approved the Report.

**16. REPORT OF THE SENIOR REMUNERATION COMMITTEE**

(Meeting held on 14 June 2016)

Council received and approved the Report.

**17. REPORT OF THE BOARD OF THE ADVANCED MANUFACTURING INSTITUTE**  
(Meeting held on 7 June 2016)

Council received and approved the Report.

**18. ANNUAL REPORT OF THE UNIVERSITIES OF SHEFFIELD MILITARY EDUCATION COMMITTEE**

Council received and approved the Report.

**19. ANNUAL REPORT OF THE PUBLIC VALUE SUB-GROUP**

Council received and noted the Report.

**20. CORPORATE RISK REGISTER**

Council approved the updated Risk Register.

**21. COUNCIL SCHEME OF DELEGATION**

Council confirmed the Scheme of Delegation for 2016-17

**22. CODE OF PRACTICE RELATING TO MEETINGS AND OTHER ACTIVITIES ON UNIVERSITY PREMISES**

Council received and noted the revised Code of Practice

**23. HEFCE ANNUAL ASSESSMENT OF INSTITUTIONAL RISK**

Council noted the outcome of HEFCE's annual assessment of institutional risk.

**24. USE OF THE UNIVERSITY SEAL**

Council noted a summary of the use of the University seal since the February meeting of Council.

**25. PUBLIC AVAILABILITY OF COUNCIL PAPERS**

Council received and approved recommendations concerning the publication on the web of papers presented at the meeting, in accordance with previously agreed proposals on the disclosure of information. It was noted that a number of papers were confidential and would not be made publicly available.

**26. THANKS AND FAREWELLS**

On behalf of Council, the Chair expressed thanks and good wishes to the following members who were coming to the end of their period of appointment:

- Professor Jackie Labbe, who had served as a Pro-Vice-Chancellor on Council during 2015-16.
- Mr Rob Sykes, who had served as a member of Council elected by Senate since 2013 but was eligible for re-election.
- Mr John Kelly, who had joined Council in 2010 and also served on the Senior Remuneration Committee and Honorary Degrees Committee, as well as on the Board of Unicus. As a member of Council and a long-standing member of the Convocation Executive, he had participated in the review of alumni engagement that led to the establishment of the Alumni Board, and had served as its Deputy Chair since its inception. He also chaired a Council review of the University's approach to the award of honorary degrees, which led to the arrangements now in place.

Thanks were also expressed to Professor Jones, whose term of office as Pro-Vice-Chancellor for Research & Innovation would end on 31 August, for his significant contribution in that role.

These Minutes were confirmed

at a meeting held on 17 October 2016

..... Chair