



The
University
Of
Sheffield.

Minutes Meeting of Council

Date: 28 November 2016

Present: Mr Pedder, Pro-Chancellor (in the Chair);
Mrs Harkness, Pro-Chancellor; Mr Young, Treasurer;
Professor Sir Keith Burnett, Vice-Chancellor;
Professor West, Deputy-Vice-Chancellor;
Professor Valentine, Pro-Vice-Chancellor;
Mr Bagley, Dr Eden, Mrs Hope, Mr Mayson,
Professor Phillips, Mr Sly, Mr Sykes, Mr Trendall,
Professor Vincent, Mr Wood (*vice* Ms Hague)

Secretary: Dr West

In attendance: Mr Dodman, Mr Kind, Mr Rabone, Ms Stephens;
Mrs Arnold, Mr Carlile, Dr Edgar, Professor Morgan, Professor Petley;
Mr Sirett (Project Mercury item only)

Apologies: Mr Belton, Dr Eden, Ms Hague

WELCOME

The Chair welcomed Professor Wyn Morgan (Pro-Vice Chancellor, Learning & Teaching), Professor Dave Petley (Pro-Vice-Chancellor, Research & Innovation) and Mr Al Carlile (Student Systems Programme Director), who were attending for specific items, and Dr Christina Edgar and Mrs Ruth Arnold, who were attending as observers. Mr Colin Sirett (CEO, AMRC) would arrive later in the meeting.

AGENDA

1. APPOINTMENT OF PRO-CHANCELLORS

Council approved the recommendation of its Nominations Committee that Mrs Alison Hope and Mr Richard Mayson be appointed as Pro-Chancellors for the period 1 August 2017 to 31 July 2021.

(Mrs Hope and Mr Mayson were absent for discussion of this item.)

2. DECLARATION OF CONFLICTS OF INTEREST

No conflicts of interest were declared.

3. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 17 October 2016, having been circulated, were approved and signed.

4. MATTERS ARISING ON THE MINUTES

Matters arising on the Minutes were noted as follows:

- (a) Minute 4, Vice-Chancellor's Report: Updates on Brexit, the Higher Education and Research Bill and the work of the University's Strategy Delivery Group were provided in the Vice-Chancellor's Report.
- (b) Minutes 5(a) and (d), Student recruitment: Updates on student recruitment were provided in the Vice-Chancellor's Report.
- (c) Minute 7.4, iCAIR project: As indicated at the previous meeting, Finance Committee and subsequently Council members had been consulted by correspondence and approval confirmed for the full budget release for the Integrated Civil and Infrastructure Research Centre (iCAIR) project. It was confirmed that requests for approval by correspondence would be kept to a minimum, and the need for Council to have early sight of options under consideration was noted. A review was being undertaken to ensure that papers on capital matters were refined to give appropriate information in a timely way for their intended audience.
- (d) Minute 7.5, Winter Street development: The outcome of a planning application by developers to construct a 16-storey building providing student accommodation on Winter Street would be announced in late December.
- (e) Minute 12, Council Effectiveness Review: A meeting of the Council oversight group had taken place earlier in the day to review responses to the review's recommendations. Council would receive a report and action plan in February. Members were invited to submit any comments or suggestions to the Council secretariat.

5. VICE-CHANCELLOR'S PRESENTATION AND REPORT

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

- (a) TEF: There was now general acceptance that the Teaching Excellence Framework would, as a manifesto commitment, be implemented, though much detail remained to be worked through. Institutions were focusing their efforts on the still evolving metrics; for example, the University's Director of Strategy & Planning was, in his capacity as Chair of the Russell Group's Directors of Planning Group, working with the Vice-Chancellor of Birmingham University to propose more appropriate measures of public value. The submission date for TEF Year 2 was now 31 January 2017. No final decision had yet been made on the University's participation in TEF; however a submission was being prepared as a contingency.
- (b) International students: Of great concern was the possibility that the Government might seek to control international student numbers through the TEF, with significant reductions mooted and institutional caps based on performance in the TEF. The University continued to play the strongest role it could in relation to international students, highlighting the significance of their contribution to UK HE and to the wider cultural, social and economic life of

the cities in which they were based. The Vice-Chancellor's reflection on the Prime Minister's recent trade visit to India (*Times Higher Education*, 11 November 2016), drawing attention to the negative impact of the Government's policy, had elicited numerous messages of support. A new #WeAreInternational film, featuring the voices of students and academics from around the world, had recently premiered at the annual European Association for International Education conference. It was noted in discussion that, in response to concerns raised at a recent meeting of the Alumni Board, a fact sheet was being provided to assist members in writing to their MPs.

- (c) Student recruitment: The Vice-Chancellor's Report included details of registrations for new full-time students in all categories as at 1 November 2016. Home/EU undergraduate registrations had exceeded target, and there had been a significant increase in overseas undergraduate numbers. Figures for home/EU postgraduate research students were lower than target, due in part to the fact that a number of cross-session students had not yet registered. A number of factors had contributed to below-target registrations for overseas postgraduate taught students, the most significant of which was a large undershoot in the Management School. This had followed several years of significant over-recruitment and action had already taken place to mitigate any recurrence. With respect to Home/EU recruitment, the importance of achieving an appropriate balance between target numbers and entry tariff was noted.
- (d) AMRC: Consideration was being given to the future governance arrangements for the AMRC, to ensure an appropriate level of integration in relation to issues of resourcing and capital spend at a time of greater financial constraints on University budgets. A proposal would be brought to Council in due course.
- (e) Student mental wellbeing: In the context of recent media coverage of three instances of apparent student suicide at the University of Bristol, the University of Sheffield is continuing to review its student support arrangements and is implementing a number of enhancements, including in the area of staff training. The Vice-Chancellor drew attention to a recent letter of thanks from a parent, in response to which, and with Council's agreement, he wished to write a commendation for the security and other staff involved. In the longer term, he wished to work with Students' Union Officers to ensure the best possible support for student mental wellbeing, recognising the challenges faced by young people in an increasingly complex world. The relevance of this issue to the tuition fees and graduate employability agendas was noted. With respect to staff, the Equality, Diversity & Inclusion Committee had identified mental wellbeing as a priority for the year.
- (f) Financial health of the HE sector: HEFCE's annual report on the financial health of English universities, based on financial forecasts for the period 2015-16 to 2018-19, warned of a widening gap between the highest and lowest performing HEIs, and noted that although universities are generally in a financially sound position at present, forecasts to 2018 indicated surpluses that were likely to be 'inadequate', declining cash levels, and an increase in borrowing that was unlikely to be sustainable in the longer term. In terms of the University's position, it was noted that action was already taking place to address the issues raised. Examples included the work of the Strategy Delivery Group, which had initiated a number of projects aimed at

strengthening the University's core research and academic purpose and identifying savings to make sure it remained both globally-leading and financially sustainable. These included a voluntary severance scheme, (Staff Release Scheme), a cost management review; and a review of professional functions, activities and services. The need to review and if necessary reprioritise the University's capital programme was recognised, as was the importance of accurate financial forecasting, particularly in relation to student numbers. In this context, it was confirmed that action was being taken to understand and address the dip currently being experienced in applications for 2017-18.

6. RESEARCH AND INNOVATION

6.1 Council received a presentation from Professor Dave Petley, who had recently taken up post as Pro-Vice-Chancellor for Research & Innovation. In his presentation, Professor Petley drew attention to the rapidly changing research landscape, noting in particular:

- the significance of the Research Excellence Framework (REF) as the quality-based mechanism that distributes QR funding (Sheffield received £43.1m in 2016-17) and is an important driver of reputation;
- a forthcoming HEFCE consultation on the next REF (anticipated submission date 2021), key elements of which are expected to be (a) a move from selectivity to a requirement that all academic staff with research in their contract are included; and (b) more limited portability of outputs, which will belong to the institution from which they were published;
- the impact of these changes on the relative size of institutions' REF submissions (compared with 2014) and the need to drive up the quality of the research submitted in order to optimise the University's performance and ranking;
- the dynamic research funding landscape, including flat or declining budgets for most Research Councils, set against the increasing cost (c. 5% per annum) of delivering research; the Government's new Global Challenges Research Fund (GCRF) for research to assist developing countries, of which c. £200m is currently unallocated; the importance of EU funding (currently c. £1bn to the UK, and mainly to Russell Group universities) and the risk posed by Brexit on expiry of the current Government guarantee;
- the need to pursue opportunities arising from the above, including (for the GCRF) an increased emphasis on interdisciplinary research;
- the composition of the University's current research grant portfolio, of which funding from industry forms a relatively small component, and is an area requiring attention;
- the 2016 Autumn Statement, including the announcement of a National Productivity Investment Fund (NPIF), which will invest £23bn in innovation and infrastructure over the next five years, and which the University is well-placed to take advantage of; a new cross-disciplinary Industrial Strategy Challenge Fund to support collaborations between business and research; and funding for the N8 to support urban transformation centres;
- current priorities for the University: research quality and the next REF; business and commercialisation; increasing industrial research income and seeking new sources of UK research funding; promoting interdisciplinarity; and recruiting postgraduate research students.

6.2 Clarification was provided on the following points:

- (a) EU research grants: Although media reports had suggested that, following the EU referendum, UK institutions were experiencing less favourable treatment in relation to grant applications, evidence for this remained largely anecdotal at this stage. However, the referendum result had resulted in an immediate impact on UK universities' ability to attract non-UK staff, with important consequences for research. The future recruitment of non-UK postgraduate research students was also expected to be affected.
- (b) REF: It would inevitably be the case that, in the run-up to the next REF, institutions would seek to maximise their position relative to their competitors, and the strategies employed would adapt to reflect rule changes. For example, the 'transfer market' for high-performing researchers was likely to operate at an earlier stage in order to take account of expected restrictions on the portability of publications.
- (c) Health funding: It was confirmed that the University's current research grant portfolio included significant funding from the Medical Research Council (MRC), in addition to other health-related funding.

7. HEFCE ANNUAL ACCOUNTABILITY RETURN

7.1 Financial Statements and Financial Forecasts

- 7.1.1 The Financial Statements for 2015-16 and the Financial Commentary were approved for submission to HEFCE (with signature delegated to the Vice-Chancellor), as was the University's letter of representation to the External Auditor (with signature delegated to the Chair). Council also authorised signature on its behalf of HEFCE's Annex A, Annual Assurance Return from Institutions. Council noted the Financial Forecasts for the period 2016-17 to 2019-20, which were not for submission to HEFCE, as well as the External Auditor's request for letters of support relating to four University subsidiaries.
- 7.1.2 With respect to the Financial Statements, the Treasurer noted that, despite an underlying deficit, the result in 2015-16 was a healthy one overall, taking into account recent and future sector changes, which created an environment of continual flux and instability.
- 7.1.3 It was noted that the Financial Forecasts had been updated to reflect known material changes, including lower than anticipated student recruitment for 2016 entry, and that a pattern of underlying deficits continued until 2019-20, meaning that without further intervention neither minimum or target levels of operating surplus would be achieved. Attention was drawn to actions already in hand, in particular the work of the Strategy Delivery Group and review of the capital programme (see Minute 5(f) above).
- 7.1.4 It was reported, while strong cash flows had enabled borrowing to be deferred, the Finance Committee would, during the first quarter of 2017, consider the University's requirements for medium-term borrowing in the context of the capital programme. It was agreed that this matter should be brought to full Council for discussion. With respect to the relationship between cash flow and levels of capital expenditure, it was noted that the capital cashflow forecasting report provided as part of the Capital Programme Update (see Minute 9 below) was updated on a quarterly basis to support the ongoing monitoring of expenditure in relation to affordability.

7.2 Annual Report of the Audit Committee

Council approved the Annual Report of the Audit Committee for the year ended 31 October 2016 and noted the Internal Auditor's Annual Report and the University's Annual Report on Value for Money. Clarification was provided on an increase in the number of high risk findings arising from Internal Audit reviews, which reflected the fact that the Committee was now actively focussing the Internal Audit Plan on areas where audit activity was likely to add the most value.

7.3 Annual Sustainability Assurance Report (ASSUR)

Council considered an evaluation of progress against the financial KPIs underpinning the University's Strategic Plan 2016-2021, noting that this had informed the preparation of the Annual Sustainability Assurance Report (ASSUR), which Council approved for submission to HEFCE.

7.4 Annual Report on academic quality management activity

Council approved a report on academic quality management activity in 2015-16 and planned work in 2016-17, which had been prepared in response to changes to the Quality Assessment Framework, and authorised the Chair to sign the accompanying statement of assurance on its behalf. Council also noted an action plan detailing learning and teaching priorities for 2016-17.

7.5 Annual Report on the Prevent Duty

Council considered an update on the University's response to the Prevent Duty, approved an Annual Report for submission to HEFCE, and authorised the Chair to sign the accompanying declaration on its behalf.

7.6 Compliance with the Concordat to Support Research Integrity

Council considered a report on the actions taken and procedures in place to ensure the University's compliance with the Concordat to Support Research Integrity, and authorised the Chair to sign the relevant declaration on its behalf. Council confirmed that the report should be made publicly available as evidence of the University's commitment to research integrity.

8. STUDENT SYSTEMS PROJECT

- 8.1 Following earlier briefings and progress reports, Council considered the business case for Phase 3 of the Student Systems Project. Members were reminded that an options appraisal had recommended that the University 'go to market' to procure a commercial student system, and that a procurement exercise had now been completed and a preferred supplier identified. The business case had previously been considered by UEB and Finance Committee, and members of the proposed Council oversight group, to be chaired by Adrian Belton, had also been involved. Council approval was now sought to proceed with Phase 3 and, subject to the satisfactory completion of contract negotiations with the preferred supplier, to release funding for Phase 3.
- 8.2 In confirming its approval, Council noted that, given the size and scope of the Project, it was proposed to build in additional time of approximately six months in which to evaluate the level of change management required in order to ensure that the expertise and capacity to deliver the Project was in place.

8.3 The following points were noted in discussion:

- (a) Options: The options appraisal had considered the implications of doing nothing or re-engineering the current system. The University was now one of a very small number of UK HEIs running an in-house system, and this system, which pre-dated the internet and many other developments in IT, was no longer fit for purpose and would become increasingly unsustainable. Investment in this area was necessary to support institutional development and competitiveness through its potential for enhanced business delivery and streamlining of processes.
- (b) Strategy Delivery Group: Whilst the Project was not formally integrated with the work of the Strategy Delivery Group, it would support this work through the delivery of large-scale process improvement to increase efficiency and effectiveness, remove duplication of effort and free time for more purposeful activity. Savings would be achieved through the repurposing of staff time, rather than in terms of direct cost.
- (c) Risks: In response to an observation on the tendency of large IT projects to over-run and cost more than envisaged, it was noted that the preferred supplier was the market leader and was working with c. 60 customers. The modular nature of its product would permit a degree of flexibility in terms of implementation. The need for careful management of the supplier and any consultants involved was, however, recognised.
- (d) Project governance: Council had at a previous meeting approved the establishment of a small sub-group under the chairmanship of Adrian Belton to have oversight of the Project on behalf of Council. In addition, the Sponsoring Group established for Phase 2 of the Project would be retained and a Stakeholder Group would provide linkage to user groups within the University. A Projects Board would be established to manage progress. Groups would report to UEB, Council and other committees, as appropriate.
- (e) Workshops: Mr Carlile confirmed that he would circulate a separate update to the Student Officers, who would also be welcome to attend forthcoming Project workshops.

9. CAPITAL PROGRAMME: UPDATE

- 9.1 Council received an update on the University's capital programme and noted the approval of capital cases falling below the threshold requiring Council approval.
- 9.2 With respect to the now completed Diamond project, it was reported that a contractual dispute with Balfour Beatty had now been settled, and that the final cost of the project remained under budget.
- 9.3 With respect to the new Press Facility on the Sheffield Business Park (see also Minute 10 below), Council approved the underwriting of the press equipment (ultimately to be funded by Sheffield City Region) to maintain progress with the programme, to a total cost of £5.31m including VAT.
- 9.4 Council noted a forecasting report on capital cash flow, showing the current position for fully committed projects, cashflows for projects with fees approved and forecasts for projects in the capital pipeline, in addition to core capital budget lines relating to, for example, maintenance and health and safety. This was kept under regular review by the UEB's Estates & Capital Sub-Group, and quarterly projections would be provided for Council. The most significant project in the next five-year period was the Social Science building, to provide a focus for the Faculty in the Northumberland Road area, as well as space for the School of Health & Related

Research and the Faculty of Engineering in the Mappin/Portobello/Leavygreave area. The outcome of a planning application had confirmed the scale and footprint of the proposed building, but required further design work, which was currently in hand. It was suggested in discussion that the report could in future usefully be integrated with the usual cash flow forecast reports, which highlighted the timing of receipts from the Student Loans Company. It was also suggested that a regular report be included showing the value of underwriting commitments for projects awaiting external funding confirmation. Additional comments and feedback from members would be welcome.

- 9.5 Council also received a report on student residential accommodation in the city and noted the renegotiation of the Allen Court lease to provide for a significant refurbishment over three years.

10. CLOSED MINUTE

11. CORPORATE RISK REGISTER

- 11.1 Council received and approved the Corporate Risk Register, noting that this was the first iteration of the 2016-17 Risk Register, which would be reviewed and revised as necessary at regular intervals during the year by UEB's Risk Review Group, with the results reported to both Audit Committee and Council. The Register now comprised eleven corporate-level risks and one opportunity, and was supplemented by more detailed risk registers at faculty, professional services and departmental levels. Attention was drawn to the following points:

- the Register included two new risks, relating to (a) the management of transformational change; and (b) cyber and information security;
- risks associated with the Student Systems Projects were covered under Risk 10, relating to the provision of high-quality processes and secure information systems;
- the format and presentation of the Register had been revised to take account of points raised at the Council away day in June;
- the Register had been reviewed by Audit Committee, which had noted that the position with respect to six of the twelve risks was worsening, and that this reflected the increasingly high-risk external environment and factors outside the University's direct control.

- 11.2 In response to a query concerning insurance against the impact of incidents relating to cyber and information security, it was confirmed that the University's insurance cover was regularly reviewed, and that a recent re-tender had taken place.

12. REPORT OF THE COUNCIL NOMINATIONS COMMITTEE

Council approved the Report, including recommendations for the appointment of Pro-Chancellors (see Minute 1 above) and for the appointment of Dr Keith Layden as a Class (3) member of Council with immediate effect.

13. REPORT OF THE ESTATES COMMITTEE (Meeting held on 11 October 2106)

Council received and approved the Report.

14. REPORT OF THE HUMAN RESOURCES COMMITTEE

(Meeting held on 21 September 2016)

Council received and approved the Report, including a recommendation that Council Regulation III (Council Scheme of Delegation) be amended to reflect changes in the committee structure supporting decision making on reward and recognition.

15. REPORT OF THE BOARD OF THE ADVANCED MANUFACTURING INSTITUTE

(Meeting held on 13 October 2016))

Council received and approved the Report.

16. REPORT OF THE AUDIT COMMITTEE

(Meeting held on 17 October 2016)

Council received and approved the Report.

17. REPORT OF THE FINANCE COMMITTEE

(Meeting held on 17 October 2016)

Council received and approved the Report.

18. REPORT OF THE SENIOR REMUNERATION COMMITTEE

(Meeting held on 17 October 2016)

Council received and approved the Report. Clarification was provided on the reported uplift in senior salaries, which applied to approximately 45 professorial and professorial equivalent staff across the University as well as to members of the University Executive Board.

19. REPORT OF THE SENATE

(Meeting held on 19 October 2016)

Council received and noted the Report.

20. REPORT OF THE HEALTH AND SAFETY COMMITTEE

(Meeting held on 24 October 2016)

Council received and approved the Report.

21. ANNUAL REPORT ON STUDENT CASE REVIEWS 2015-16

Council received and noted the Report.

22. COUNCIL BUSINESS PLAN 2016-17

Council received and noted the Plan.

23. USE OF THE UNIVERSITY SEAL

Council received and noted the Report.

24. 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.

These Minutes were confirmed

at a meeting held on 6 February 2017

..... Chair