



Minutes Meeting of Council

Date: 25 February 2019

Present: Mr Pedder, Pro-Chancellor (in the Chair);
Mrs Hope and Mr Mayson, Pro-Chancellors;
Mr Sutcliffe, Treasurer;
Professor Lamberts, President & Vice-Chancellor;
Mr Bagley, Mr Belton, Ms Hague, Ms Jones, Dr Layden,
Professor Maltby, Professor Morgan, Professor Petley,
Mr Sly, Mr Sykes, Professor Valentine, Mr Wray

Secretary: Dr Strike

In attendance: Mrs Dingle, Ms Kee, Mr Swinn, Mr Wright (item 6.1); Professor Hounslow,
Professor Watkins, Mr Lilley and Ms Ball (item 7); Mr Butler (item 12)

Apologies: Dr Nicholls, Professor Siva-Jothy, Ms Whitton

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 26 November, having been circulated, were approved and signed.

3. MATTERS ARISING ON THE MINUTES

Matters arising on the Minutes were noted as follows:

- (a) Minute 5.2(c), President & Vice-Chancellor's Report: With respect to projecting a strong image of academic excellence, and in the context of the tour of the Students' Union which preceded the meeting of Council, it was important that the quality of facilities such as the SU were included given the key role they played in supporting academic activity and the student experience.
- (b) Minute 9, OfS Annual Accountability Return: The Annual Accountability Return and the Prevent Annual Accountability Declaration and Data Return were submitted to OfS in advance of the 1 December deadline. The Annual Remuneration Report and Statement was published on the University website.
- (c) Minute 19, Report of the Audit Committee: The latest reports of the Audit Committee (Minute 14, below) provided an update on further correspondence from PwC which provided extensive assurances about the processes to be followed in order to safeguard the independence of the internal audit function. The Committee had requested confirmation that a plan was in place to ensure the effective transfer of knowledge and expertise from PwC to University staff at the end of the project, which had now been provided to the University Secretary.

4. HEALTH AND SAFETY

Council received and noted the regular update on health and safety issues, which did not highlight any particular problems, concerns or compliance issues. Members were pleased to note that a previous request for additional information, detail and data was reflected in a more comprehensive report. Clarification was provided that Health and Safety Committee had discussed both the issue of compliance with mandatory training and the wider importance of establishing a proactive health and safety culture, having noted the balance of reported near misses and accidents. While it was pleasing that the overall direction of travel was positive, it was necessary to sustain and build on the current momentum. It was agreed that the Head of Health & Safety should be invited to present the annual report to Council in April.

5. PRESIDENT & VICE-CHANCELLOR'S REPORT

Council received and discussed the President & Vice-Chancellor's report, in which he provided information on key current and forthcoming developments in the policy environment and against each of the themes in the University's Strategic Plan. Points noted in particular included the following:

- (a) Brexit: The University was undertaking comprehensive contingency planning aimed at managing the impact of the worst case, 'no-deal' scenario (see Minute 9, below).
- (b) Post-18 Education and Funding Review: The Panel had not yet published its report and recommendations. There was continuing rumour and speculation about what the Panel would conclude and it was not clear how the Government would respond. The Universities Minister had expressed a willingness to undertake a full consultation in due course. In the meantime, the University was using potential outcomes to model scenarios in its financial and wider strategic planning. It was noted that the impact of changes to the unit of resource would have implications for a range of institutional activities, including the composition of the student body, all of which were being analysed to inform the future University Strategy. The Council Away Day in June was an opportunity for Council to discuss the impact of any changes to the funding model and future institutional strategy.
- (c) Teaching Excellence and Student Outcomes Framework (TEF): The Independent Review, chaired by Dame Shirley Pearce, was likely to have significant implications for the sector. The University was drafting its response to the Review's 'Call for Views' (see Minute 6.2, below).
- (d) Immigration White Paper: The recently published White Paper, which set out the Government's post-Brexit immigration plan, contained a number of recommendations that were significant for the sector. Of particular concern was the potentially damaging introduction of a £30k salary threshold for Tier 2 visas, which would be harmful. As part of the Russell Group and Universities UK, the University continued to lobby on the proposals.
- (e) Student Recruitment: Current recruitment trends followed those seen in recent years, with lower home student recruitment compensated by overseas postgraduate taught students, an area in which the University continued to perform strongly. However, the position was highly variable across the University, reflecting specific disciplinary and national challenges. With respect to two-year degree courses it was clarified that student demand for this kind of provision was unclear and the University was not proposing to develop such an offer at present. Clarification was provided that the University had concentrated on maintaining and increasing the quality of its home student intakes, while increases at postgraduate taught level reflected specific targeted action. Strong PGT recruitment was also important in providing a pipeline to research. Council also noted the impact of

student recruitment figures on the University residences, and the ways in which this was being managed, in the context of privately owned student accommodation in the city and the different preferences of different groups of students.

- (f) Research Awards: The strength and vibrancy of the University's research community was demonstrated by a 3.1% increase in new research awards over 12 months compared to the preceding period. This was particularly pleasing in the context of a flat funding environment.
- (g) University Research Institutes (URI): The four previously agreed URIs would be formally launched on 29 April, with specific activities for each individual URI and its stakeholders thereafter. The areas of activity to be undertaken by the URIs would contribute to the development of an emerging University Research Strategy. It was noted that the purpose of the URIs was to support investment in academic excellence and develop interdisciplinarity. The URIs provided a means by which to focus areas of research excellence, thereby building critical mass around key societal challenges, support postgraduate student recruitment and grant capture, run academic programmes across Faculty structures and expand knowledge exchange.
- (h) Research Excellence Framework: The University was engaged in extensive planning and preparation, following publication by Research England of its final REF guidance, including drafting a Code of Practice and commencing the next stock-take exercise.
- (i) Knowledge Exchange: The University was preparing a draft institutional response to a Research England consultation and would be taking part in the pilot exercise, which would conclude in April 2019. Both the consultation and the pilot would help shape the KEF for roll-out across the sector in due course.
- (j) Strategic Partners: Attention was drawn to progress updates on previously agreed developments within the AMRC Group, as set out in the report.
- (k) Pay Negotiations and Pay Dispute: Agreement had not been reached with the Trades Unions regarding the national 2% increase under the 2018 negotiations, although recent member ballots had not returned a mandate for further industrial action. The 2% uplift had been implemented with effect from 1 August 2018, pending resolution of the dispute. In the meantime, the University was preparing to contribute to the employer consultation that would inform the UCEA position for the 2019 negotiation.
- (l) Staff Survey Results: The results of the staff survey were extremely positive in view of the challenges facing the sector, the recent industrial disputes around pay and pensions and internal changes. The strength of staff engagement, pride and enthusiasm for the University provided a strong platform from which to build further. A series of staff communications had been circulated and a University action plan would be developed while Faculties and Departments also drew up dedicated plans in response to their specific results.

6. CONSULTATION RESPONSES

6.1 USS VALUATION 2018 TECHNICAL PROVISIONS CONSULTATION

(Mr Wright in attendance for this item)

- 6.1.1 Council considered an initial draft University response to the UUK consultation, prepared by the Working Group on the basis of known information. Additional background and contextual information had been provided via the President & Vice-Chancellor's written report and the accompanying paper. Members recognised the importance of Council engagement on this subject due to the conflict of interest of the majority of UEB members, as individual members of the

scheme. The USS Trustee had indicated that it would not support all of the JEP recommendations and, therefore, additional content may need to be drafted to reflect a recent proposal that UUK consider the introduction of contingent support, via cash injections, in the event that the scheme deficit falls below certain trigger points. This would be considered by the Working Group in preparing a final draft response.

- 6.1.2 Council noted that two expert evaluations of the strength of the employer covenant had informed the USS Trustee's assessment that it was "strong", but that the Pensions Regulator had assessed it as only "tending to strong" due to wider challenges facing the sector, but apparently ignoring the long-term sustainability of employer institutions, and their respective means, in what was a 'last man standing' scheme. The issue of benefits had been considered during the last two valuations but the present debate was about resolving disagreement over the size of the scheme deficit. It was noted that accepting contingent contributions would involve accepting the transfer of additional risk to employers and that the University's earlier submission to the JEP had commented that the 29.7% contribution rate proposed in its report was at the limit of institutional affordability. Council endorsed this position. It was further clarified that the majority of individual members of the scheme had accrued benefits below the annual allowance and so staff recruitment and retention was unlikely to be adversely affected; HR were already supporting the small number of colleagues for whom this was an issue.
- 6.1.3 Following discussion, Council endorsed the direction of travel in the current draft response and agreed to delegate responsibility for approving the University's final response to the Pro-Chancellors and Treasurer in time for submission by the 13 March deadline.

6.2 INDEPENDENT REVIEW OF THE TEACHING EXCELLENCE AND STUDENT OUTCOMES FRAMEWORK: RESPONSE TO CALL FOR VIEWS

- 6.2.1 Council received and noted an update on the Call for Views to support the Independent Review of the TEF and an indication of the University's likely response. The Call asked respondents to specify whether the institutional response had been approved by the governing body and a full draft would be circulated to Members for comment and approval prior to submission by the President & Vice-Chancellor by the 1 March deadline.
- 6.2.2 Key questions that the response would address covered the use of benchmarks; the classification system; and the wider purpose of the TEF, namely whether it was to provide information to students or to support institutional efforts to enhance their academic offer. With respect to maximising the quality of learning and teaching, Members noted that the current TEF metrics included measures that were not directly connected to teaching or academic quality. It was suggested that there may be value in institutional stakeholders making their own submissions to the Call in order to add alternative perspectives and context to the review process.

7. CAPITAL REPORT: SOCIAL SCIENCES HUB REVISED BUSINESS CASE

(Professor Hounslow, Professor Watkins, Mr Lilley and Ms Ball in attendance for this item)

7.1 Council considered and approved the revised business case for the new Social Sciences Hub, which had been approved by UEB and Finance Committee. An initial business case had received in principle approval in November 2018 but University had paused proceeding with the project to enable wider consideration of the estates capital pipeline and financing arrangements. The detailed business case provided to Council was supplemented by a presentation from the Interim Vice-President & Head of the Faculty of Social Sciences and the Vice-President & Head of the Faculty of Engineering, who chaired the Project Executive Group. Council discussed the rationale for the proposed development; its relevance in terms of the broader and longer-term development of the University estate; opportunities, business impact; and risk and mitigation. It was noted that the development would support both Faculty and wider institutional ambition and enable Social Sciences and other Faculties to overcome existing constraints on maintaining and enhancing excellence and further growth.

7.2 Comment and clarification was provided as follows:

- The University was confident in the project costings, which would be subject to further value engineering, and was similarly comfortable with the impact of this development on the overall capital expenditure profile and financing arrangements.
- The diversity of teaching and research activities that the Hub would support, and flexibility of the new accommodation, meant that the business case was particularly resilient to external pressures. It had been subject to robust stress testing against a range of scenarios and there would also be a significant opportunity cost to not proceeding. It was clarified that the business case did not include figures for related projects and developments that would not be possible without the Hub.
- The University had held positive discussions with the new project developer, which had undertaken several significant University projects in the past.
- The Hub would provide a facility enabling the kinds of innovation in education and research that were not possible in existing accommodation. The evidence from the construction of the Diamond building, and elsewhere in the sector, was that the new Hub would significantly enhance competitiveness and unlock unmet latent demand, as well as supporting staff recruitment.
- Although there would be a short-term revenue impact, it was important to note that, in due course, the Hub would make a positive academic and financial contribution to the whole University and should be viewed as being of collective benefit. If the project did not proceed then previously realised growth could no longer be accommodated, which would adversely affect the University's reputation, academic offer and financial position.

8. CAPITAL REPORT: TRANSLATIONAL ENERGY RESEARCH CENTRE

Council considered and approved the detailed business case, subject to approval by the Finance Committee on 14 March. The case was being presented to Council out of sequence due to the need to secure in principle approval before anticipated grant agreements were received during March. The new Centre, sited on the Sheffield Business Park, would build on existing research excellence and high performance in Energy, one of the University's four flagship URIs. Council noted the focus of activities to be undertaken at the new Centre, and the institutional, regional and national benefits that it would bring by researching the vital societal challenge of clean energy generation. As far as possible, the design of the building would seek to reflect its purpose. It was reported that the project would be largely externally funded, subject to the success of grant applications to ERDF and BEIS.

9. UPDATE ON BREXIT PREPARATIONS

Council received and noted a further update on the University's Brexit preparations in the context of recent Government actions, which were focused on planning for a 'no deal', worst case scenario and led by a Brexit Co-ordination Group reporting to UEB. Attention was drawn to recent Government announcements about EU citizens' rights in the event of no deal, in particular the maximum 36 month Temporary Leave to Remain, which would be detrimental to students planning to start four or five year courses, or wishing to progress to further study. With respect to Erasmus+, an updated Technical Notice had confirmed that in the event of a no deal exit from the EU the Government would underwrite existing commitments subject to agreement by the EU Commission to reciprocal arrangements or bilateral agreements between partner institutions. The Notice is silent on future programme grants for exchanges from 2019 onwards. The related paper also included the current iteration of the No Deal Risk Register that reflected recent decisions and mitigating actions in areas in which the University could exercise a degree of control.

10. AMRC UPDATE

10.1 Expansion business cases

10.1.1 In accordance with Council's decision in July 2018, following the report of the Task and Finish Group on AMRC, Council agreed to consider further business cases only on an exceptional basis, where the President & Vice-Chancellor's assurance could be given that growth in the area proposed aligned with the both the University's and AMRC's strategic priorities. Council considered an update on recent business cases proposed for approval, noting that the UEB Estates and Capital Sub-Group had decided that two such cases should not proceed for reasons including cost, risk and alignment with institutional strategy.

10.1.2 Council agreed in principle to construct a new dedicated advanced manufacturing test facility on the AMRC2 campus, subject to external funding being secured, and approved the subsequent leasing of the building to UKAEA. The new facility represented a significant strategic partnership in an area of existing research strength and national significance, focusing on safe, clean carbon neutral energy generation and also utilising the University's expertise and facilities in advanced manufacturing. There was also the potential for wider institutional benefits in terms of staff recruitment and new curricula. During discussion, clarification was provided about the nature of the lease and associated risks and mitigating factors, the strategic rationale for the project and capacity of senior leadership.

10.2 Update on the Governance Review

Council received and noted an update on the Review, chaired by the Provost & Deputy Vice-Chancellor, which would make recommendations to the President & Vice-Chancellor in due course. The overall purpose of the review was to ensure that structures, oversight and reporting arrangements were effective in supporting strategic delivery. Following a competitive tender exercise, external consultants had been appointed to undertake and report on a series of senior stakeholder interviews, with additional external membership of the Review Group. The Review Group was collating a range of material and was undertaking a mapping exercise of previous AMRC-related capital approvals to identify areas of success and any lessons to be learned. It was recognised that the wider University-AMRC strategy provided the overarching context for the governance arrangements.

10.3 Update on the Strategic Review

Council received and noted an update from the President and Vice-Chancellor on a review and development of the University Strategy, including for the AMRC. The current University Strategy was insufficiently defined to provide a clear framework within which to guide AMRC actions. A number of areas required greater articulation at institutional level before being applied to AMRC, which was increasingly interested in or being approached by external organisations to undertake an ever more complex mix of activities. Key matters included teaching, WP, industrial partnerships and international strategy. Council would be provided with a further update on the University level strategy later in 2018/19. In the meantime, more specific issues were under active consideration, notably the University's strategy and approach to Level 2 and 3 apprenticeships.

11. CLOSED MINUTE AND PAPER

12. CORPORATE RISK REGISTER

Council approved the updated Risk Register and noted an accompanying report which summarised recent discussions at Risk Review Group and changes to the Risk Register. It was noted that the residual risk relating to cyber security had changed from medium to high and that in the four cases where the residual risk rating was high/high the Group was confident that appropriate mitigating actions were in place and that these ratings would decrease over time. It was also reported that the way in which health and safety risks were addressed would be reviewed when preparing the first 2019/20 iteration, and issues in the current Risk Register would be reviewed to ensure that they addressed culture and behaviour. Attention was also drawn to the dedicated risk registers that enabled monitoring of ongoing OfS registration conditions and to inform the University's Brexit preparations (see also Minute 9, above).

13. REPORT OF THE SENIOR REMUNERATION COMMITTEE

(Meeting held on 25 February 2019)

Council received and noted a verbal update on work to ensure that all policies and guidance were appropriate to ensure that the University could continue to meet the new reporting and disclosure requirements on senior remuneration and expenses.

14. REPORTS OF THE AUDIT COMMITTEE

(Meetings held on 19 November 2018 and 21 January 2019)

Council received and approved the Report, including recommendations relating to the contracts for internal and external audit services:

- (a) That the internal audit contract be extended for one further year to end in July 2020, subject to agreement from PwC and informing the other parties who had originally tendered.
- (b) That the external audit contract be extended for seven months to end in July 2020, subject to discussion with KPMG and informing the other parties who had originally tendered.
- (c) That, subject to discussion with PwC and KPMG of points (a) and (b) respectively, the next audit tender for both internal and external audit services would run from August 2020 until July 2023, with the option to extend for two further periods each of one year.

15. REPORT OF THE COUNCIL NOMINATIONS COMMITTEE

(business conducted by correspondence)

Council received and approved the Report, including recommendations relating to Council representation on other committees.

16. REPORT OF THE SENATE
(Meeting held on 12 December 2018)

Council received and approved the Report.

17. REPORT OF THE FINANCE COMMITTEE
(Meeting held on 19 November 2018)

Council received and approved the Report.

18. REPORT OF THE ESTATES COMMITTEE
(Meeting held on 14 January 2019)

Council received and approved the Report

19. ANNUAL REPORT OF THE ALUMNI BOARD

Council received and approved the Report.

20. ANNUAL REPORT OF STUDENT CASE REVIEWS

Council received and noted the Report.

21. ANNUAL UPDATE ON STUDENT APPEALS AGAINST DECISIONS UNDER THE STUDENTS' UNION COMPLAINTS PROCEDURE

Council received and noted the Report.

22. OFS CONTINUING REGULATORY REQUIREMENTS

Council received and noted the Report.

23. USE OF THE UNIVERSITY SEAL

Council received and noted the Report.

24. COUNCIL BUSINESS PLAN 2018-19

Council received and noted the updated business plan.

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.

These Minutes were confirmed

at a meeting held on 29 April 2019

..... Chair