



The
University
Of
Sheffield.

Minutes Meeting of Council

Date: 17 October 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, Mr Belton, Dr Eden, Ms Hague, Mrs Hope, Mr Kind,
Mr Mayson, Professor Phillips, Mr Sly, Mr Sykes,
Mr Trendall, Professor Vincent

Secretary: Dr West

In attendance: Mr Dodman, Mr Rabone, Ms Stephens;
Ms Davey, Ms Day, Mr Dufton, Professor Morgan,
Mr Stevenson, Dr Strike;
Mrs Ditchburn (Pinsent Masons LLP)

Apologies: Dr West

WELCOME

The Chair welcomed Professor Wyn Morgan (Pro-Vice Chancellor, Learning & Teaching) and Dr Tony Strike (Director of Strategy, Planning & Change), who were attending for specific items, and Mrs Ruth Arnold, who was attending as an observer. The following would arrive later in the meeting: Ms Ali Day (Students' Union Education Officer), Mr Robert Dufton (Director of Campaigns), Ms Emma Davey (Senior Development Manager), Mr Miles Stevenson (Director of Alumni & Donor Relations) and Mrs Gayle Ditchburn (Pinsent Masons LLP).

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 11 July 2016, having been circulated, were approved and signed, subject to a correction to the list of those present.

3. MATTERS ARISING ON THE MINUTES

Matters arising on the Minutes were noted as follows:

- (a) Closed Minute.
- (b) Minute 4, Vice-Chancellor's Report: It was noted that updates on Brexit, the Higher Education and Research Bill, the work of the University's Strategy Delivery Group and the Prevent Duty were provided in the Vice-Chancellor's Report.
- (c) Minute 5.2, Assessing progress against the Strategic Plan: A report on progress against the institutional level performance indicators approved by Council appeared separately on the Council agenda (see Minute 5 below)
- (d) Minute 6.1.1, Questionnaire on the impact of Brexit: The University's response to this HEFCE questionnaire had been circulated to members of Council and Finance Committee in July.

4. VICE-CHANCELLOR'S PRESENTATION AND REPORT

4.1 Council received and discussed a presentation 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 below. A separate report was also noted.

- (a) The post-Brexit landscape for HE: Concerns included the impact of Brexit on staff and student recruitment, with both groups feeling that the UK was not welcoming to talent, particularly given possible further restrictions on visas and reductions in overseas student numbers, perhaps linked to the Teaching Excellence Framework (TEF). It was noted, however, that the weak pound was making UK HE more affordable. Despite recent reassurances about EU research funding during the period up to Brexit, the longer term position remained uncertain, and the EU accounted for 20% of the University's research funding. The position of EU students post-Brexit was also unclear, though confirmation of their fees status and continued eligibility for financial support for 2016-17 and 2017-18 was welcome.
- (b) International position: Investment by other countries in HE and efforts to attract global talent put the UK's position and attractiveness to students and researchers at risk, leading to concerns about a 'brain drain'. The sustainability of UK HE was dependent on the quality and reputation of institutions, and this in turn relied on cross-subsidy by international students to support research and facilities. The Vice-Chancellor would shortly participate in a Government-led delegation to India, where critical media reporting continued to cause concern. The University's #weareinternational campaign, now backed by over 100 universities, education providers and international organisations, continued to promote the contribution of international students to the UK's economy and culture.

- (c) HE and Research Bill: The Bill, currently completing its passage through the Commons, had important implications. For research, the proposed establishment of UK Research & Innovation (UKRI) would change the way in which parts of research were funded. For teaching, the Teaching Excellence Framework would link funding with teaching quality using a set of widely challenged metrics. Recent proposals to link school sponsorship to the TEF and performance in the TEF to Tier 4 student visas also gave cause for concern. The creation of an Office for Students (OFS) with the power to override university Royal Charters, remove the right of institutions to award degrees and give instruction on what courses universities may teach had obvious and deeply worrying implications for the future autonomy of the sector.
- (d) Prudent planning and resources: In the context of these and other uncertainties, a Strategy Delivery Group, chaired by Deputy Vice-Chancellor, 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. Three workstreams were being pursued in parallel: a University review looking at areas of institution-wide activity; a cost management review; and a review of professional functions, activities and services. In addition to a recruitment freeze, a voluntary severance scheme, (Staff Release Scheme) had been approved by Finance Committee and would be launched later in the week. At the same time, a review of research support had commenced, with an initial focus on Research & Innovation Services and the Faculty of Engineering.
- (e) Areas of opportunity: These included areas of acknowledged strength, such as interdisciplinary research, curriculum innovation and collaborative work with industry, for example through the development of the Advanced Manufacturing District, the provision of degree apprenticeships, participation in the recent Science and Innovation Audits, and working with the Government on industrial strategy in the areas of nuclear manufacturing and cyber-security. Global partnerships, in particular in China and the US, included a new partnership with the Chinese space programme and a humanities and political economics partnership with Nanjing University. New alliances were being pursued in India and South Korea.
- (f) Facing challenges: In conclusion, the Vice-Chancellor drew attention to the University's fundamental and ongoing commitment to scholarship and excellent teaching, as enshrined in its Charter; to its role internationally, regionally and locally; and to the importance of maintaining its values at a time of challenge and change.

4.2 Points noted in discussion, or on which clarification was provided, included:

- (a) Graduate employment: The use of graduate employment data as one of the metrics underpinning the TEF was problematic, not least because of regional differences in employment outcomes. The University was arguing the case for an appropriately nuanced approach to the data.

- (b) Strategic Plan: Noting that many of the issues now giving cause for concern had arisen subsequent to the development of the Strategic Plan, it was suggested that consideration should be given to the means by which the continuing robustness of the Strategy could be tested, and to the frequency of such reviews. Regular review of performance against the performance indicators associated with the Strategy would continue to be important, as would monitoring of the Corporate Risk Register.
- (c) Alumni engagement: Attention was drawn to the importance of voices outside academia in making the case for UK HE. The University continued to communicate regularly with its alumni base, and the input of Council members, through their various networks, was greatly valued.

5. STRATEGIC PLAN: ANNUAL REVIEW OF PERFORMANCE

Council considered a report on performance against institutional-level indicators identified to support delivery of seven themes set out in the Strategic Plan. This provided a rating for each theme and its component success factors, with ratings agreed as a result of internal consultation and based on the supporting data and a range of qualitative and contextual factors. Attention was drawn to the following:

- (a) Home/EU undergraduate recruitment: Whilst targets had been met and the University remained within the Russell Group interquartile range for entry standards, the number of students admitted with grades of BBB or below was increasing and greater than planned. The importance of balancing entry standards with recruitment levels was noted and was being carefully monitored. It was confirmed that the position varied across the University, and that more detailed information was provided to faculties as a basis for action and future planning.
- (b) Research: Although the University had performed well in terms of RCUK and EU research income, the challenges of reduced public investment in research, Brexit and changes to the Research Excellence Framework created uncertainty and potential instability, which could affect future progress.
- (c) Strategic partnerships: The positive impact of the AMRC on research income from industry was noted. Although the value of research income from this source had increased, Russell Group competitors had seen similar or greater increases, and the risks associated with other sources of research funding (RCUK, EU) underlined the importance of growth in this area.
- (d) International student recruitment: The recruitment of international students for postgraduate study (pgt) and research (pgr) remained buoyant, with the University in second position in the Russell Group for the highest proportion of international intake at both pgt and pgr levels. Diversity in the intake of international students at all levels remained a priority, with Chinese students accounting for over 50% of the University's international student population. In this context, it was noted that the emphasis would be on achieving diversity by growing other markets, rather than seeking to limit recruitment from China.

- (e) Widening participation: The report included a new performance indicator for BME attainment, a nationally recognised issue. Although the attainment gap for this group had narrowed slightly, the University remained in the lower quartile.
- (f) Estate quality and usage: The University's ranking for capital expenditure per m² had increased, as had its position for building condition. However, increased income per m² was not yet being generated. This would be an issue for the forthcoming Planning Round. It was confirmed that the Estates Committee undertook regular reviews of space utilisation data.
- (g) Staff: The results of the 2016 Staff Survey had contributed to a strong rating for the 'Power of People' theme. Diversity in the University's leadership in terms of female representation had also seen positive change, though the proportion of female professorial staff had decreased slightly.
- (h) Nature of reporting: It was confirmed that the report was based on available data and was therefore retrospective. It informed priorities and focus for the annual Planning Round, which was undertaken in tandem with the forecasting process, and resulted in agreed outcomes and actions for the following year. The financial forecast and planning outcomes were reported to Council annually in July. In response to a query, it was agreed that consideration would be given to how best to keep Council informed of the outlook forecasts, in terms, for example, of the likely achievement of milestones and targets.

6. TEACHING EXCELLENCE FRAMEWORK

6.1 Council considered a paper on the Government's Teaching Excellence Framework (TEF), noting that this had been prepared by a dedicated steering group chaired by Professor Morgan, and that discussion at Council and elsewhere would inform decisions by the Vice-Chancellor on:

- the position to be taken on increasing Home/EU undergraduate fees for new and continuing students in 2017-18 in line with anticipated Government regulations permitting an inflationary increase of 2.8% in the maximum tuition fee cap, available to HE providers with a current successful quality review under TEF Year 1 (TEF1);
- whether (in relation to tuition fees in 2018-19) the University should continue to prepare to participate in TEF Year 2 (TEF2) in 2017.

In addition to information on the background to the TEF and the advantages and disadvantages of participation, the paper included a statement of the Students' Union position, which argued that the University should not participate in TEF2. It also included the results of a scenario modelling exercise undertaken to illustrate the financial impact of six different approaches, ranging from a fee increase applied to all students from 2017 to no fee increase.

6.2 Points on which clarification was provided included the following:

- (a) TEF1: Participation in TEF1 was not voluntary, with the vast majority of HE institutions deemed as 'meeting expectations' based on QAA outcomes and eligible to apply an inflationary increase, subject to the relevant regulations being introduced.

- (b) TEF2 and TEF3: The TEF process would use a set of metrics based on NSS, student retention and employability data combined with a narrative institutional submission to class universities as Bronze, Silver or Gold. In TEF2, any of these three rating would confer eligibility to raise fees. In TEF3, eligibility to apply a full uplift would be restricted to universities rated Silver or Gold, with those rated Bronze capped at 50% of predicted inflation.
- (c) Fee increases: The £9,000 tuition fee introduced in 2012 had not changed with inflation and had fallen in real value to £8,200 over the period. The only means by which a further real terms fall and its impact on the student experience could be prevented was through participation in the TEF and the application of the inflationary increases it permitted.
- (d) Students' Union position: Opposition to the TEF was based on the following reasons: the long-term impact of a marketised system that treats students as customers and fails to recognise education as a public good; the inappropriateness of the metrics supporting the TEF, which would not encourage improvements in teaching; concern that the TEF would stifle innovative teaching practice and promote a bureaucratic management culture; the impact of linking teaching excellence to higher fees on students from poorer backgrounds; inherent contradictions in the TEF, which seeks to increase student choice at the point of application while negatively affecting institutional diversity; the already high level of the fee and the potential impact of collective non-participation in the TEF as a way of encouraging the Government to consider alternative funding arrangements; the risk of a TEF rating other than Gold to future international student recruitment. Attention was drawn to an open letter to the Vice-Chancellor, which had attracted over 2,000 signatures, and to the fact that the Students' Union position was shared by UCU.

6.3 In a wide-ranging and detailed discussion, members considered the issues of TEF participation and fee increases, noting in particular that whilst it was generally agreed that the TEF was conceptually flawed, the risk of non-participation on financial sustainability and the quality of the student experience was very real, particularly at a time when so much was uncertain and the University's ability to achieve the surplus agreed by Council was increasingly challenging. Delaying for a year a decision on participation would carry similar risks. With respect to the scenarios modelled, it was noted that while one involved a fee increase for both new entrants and continuing students, others applied only to new entrants, and that although increasing the fee for continuing students was contractually acceptable, there was also a question of moral responsibility to consider. In evaluating the potential impact of higher fees on future student recruitment, it was noted that the experience of the £9,000 fee had been that student choice tended to be influenced more by quality than price. Regardless of TEF, the University would remain committed to teaching quality as defined in the Learning & Teaching Strategy recently presented to Council.

6.4 In summing up, the Chair noted that while objections to the TEF as a mechanism were unanimously accepted, the risks of non-participation appeared too high, and offered his personal view that the University should apply, albeit reluctantly, to participate in the TEF, while continuing to seek to influence its future development, and that decisions concerning future fee levels should be informed both by the need for financial sustainability and further consideration of the position of continuing students.

7. CAPITAL PROGRAMME: UPDATE AND BUSINESS CASE

- 7.1 Council received a report on the University's capital programme, and noted a list of Estates Strategy Capital Projects prepared to illustrate the demands on University capital funds over the next five years and subject to regular review and prioritisation by UEB's Estates & Capital Sub-Group.
- 7.2 Council approved a capital business case for a New Energy Centre (NEC) to house back-up systems providing business continuity to research intensive buildings, noting the points raised by Finance Committee, which had supported the proposal. Council recognised in particular the risks posed by the NEC to the operation of adjacent vibration sensitive equipment and noted that additional contingency funding might be required to mitigate issues affecting the operation of this equipment, should these arise.
- 7.3 The approval of other capital projects falling below the capital governance threshold requiring Council approval was noted. It was reported that Finance Committee had requested that the Estates Committee consider the professional fees associated with projects and the related procurement processes to ensure that these represented value for money. Finance Committee had also (a) commented on the apparently high level of fees for the Cycle Hub/Prayer Room development and asked that these be referred back to the Project Executive group for scrutiny; and (b) requested that, in relation to the acquisition of a site at Pitt Close, efforts be made to obtain the freehold if possible.
- 7.4 Council's approval by correspondence on 6 September 2016 of a recommendation to underwrite the budget for a new building to house the Royce Translational Centre on the Sheffield Business Park (SBP) was noted. In the same correspondence, Council had also been asked to note a budget increase for a new Press Facility on the SBP, which took the cost above the capital governance threshold. Whilst requests for Council approval by correspondence would be kept to an absolute minimum and would involve conference calls where required, tight timescales and funding deadlines meant that they could not be avoided entirely. A case in point was the Integrated Civil and Infrastructure Research Centre (iCAIR) project, the contract for which was likely to require signature in advance of the next meeting of Council, therefore necessitating consultation and approval by correspondence.
- 7.5 Clarification was provided on the proposal by a developer for a 16-storey building housing student accommodation on Winter Street, close to the Arts Tower. The University had written formally to Sheffield City Council regarding the implications of this development, but it was noted that SCC had encouraged the submission of a 16-storey plan.

8. FUNDRAISING, CAMPAIGNS AND REGULATORY DEVELOPMENTS

The Director of Campaigns and Senior Development Manager presented a paper, in which they drew attention to the following:

- (a) Fundraising: The returns on investment following a substantial investment in DARE to increase the University's capacity in this area showed a positive trend.

(b) Campaigns: On the advice of the Vice-Chancellor, a future University-wide campaign would focus on philanthropic donations but also value and recognise other non-philanthropic investments in identified campaign priorities. As indicated in a tabled paper, and as a precursor to an institution-wide campaign, a fundraising campaign would be launched towards the cost of an MRI-PET scanner. Located at the Royal Hallamshire Hospital, this would be used for both treatment and research, building on the University's significant strengths in clinical and biomedical imaging and clinical translation. The campaign would aim to raise £2m towards the estimated total cost of £10m, with a view to the facility being operational by April 2018. Clarification was provided as follows:

- (i) The scanner was an essential component of the NIHR Biomedical Research Centre for which the University and Sheffield Teaching Hospitals NHS Foundation Trust had recently been awarded funding. It was envisaged that campaign funding would be supplemented by funding from other sources; however, the University would effectively need to underwrite the project fully when its approval is sought.
- (ii) It was considered that the choice of a project relevant both to research and patient care would attract a wide range of donors, and a multi-channel fundraising campaign was being planned.
- (iii) The campaign would inform a process of prioritisation to identify areas of focus for additional fundraising projects, and a detailed proposal would be presented to Council in due course. A suggestion that this should include a project related to the Arts & Humanities was noted.

It was agreed that DARE should contact Council members individually to discuss ways in which they might be able to support the campaign.

(c) Regulatory developments: Members were asked to note the information provided concerning recent developments in the regulatory environment, including: the circumstances under which charities may contact individuals registered with the Telephone Preference Service; the publication by the Charity Commission of a guide to trustee duties; and the role and impact of the new Fundraising Regulator. Attention was also drawn to the new EU General Data Protection Regulation, though it was currently unclear how this would apply in the context of the UK leaving the EU.

9. REPORT OF THE ALUMNI BOARD

Council received the first report of the Alumni Board, which had been established as an advisory body following the review of alumni engagement instigated by Council in 2014, and had now met on six occasions. Arrangements for the use of the fund previously held by Convocation were noted, as were other major items considered by the Board in 2015-16 and items for future agendas.

10. THE STAFF SURVEY 2016

Council received a further report on the 2016 Staff Survey, noting the University-level results (previously reported to Council in July 2016); the headline results for faculties, professional services and the AMRC; the timeline for future engagement and communication; and current work to develop a University-level action plan. A more detailed report had been presented to the Human Resources Committee. Clarification was provided on the RAG-rating used in the tabular summary of

results, which compared faculty, professional services and AMRC scores against the 2016 University-level score. It was noted that Council would continue to receive updates as work to respond to the results of the survey progressed.

11. CORPORATE RISK REGISTER

Council received a report from the UEB's Risk Review Group, noting the Group's response to points raised at the Council away day in June. Council approved the risks recommended as the basis for the University's Corporate Risk Register, which had previously been discussed by UEB and Audit Committee. Action would now be taken to develop the Risk Register, clarifying and exemplifying the risks and the action being taken to mitigate them, for consideration by Audit Committee and Council in November 2016.

12. COUNCIL EFFECTIVENESS REVIEW

Council received the report of the Effectiveness Review undertaken by Pinsent Masons LLP. This had been prepared on the basis of discussions with individual Council members and relevant University staff, a questionnaire, a review of documentation and attendance at meetings of Council and its sub-committees. Its scope, which had previously been agreed by Council, covered progress since the last review; compliance with the Higher Education Code of Governance; the effectiveness of key Council sub-committees; and the effectiveness of the interface between Council and the academic governance of the University. The report concluded that the overall governance of the University was of a high standard, that Council performed well and that a good governance framework was in place. Six key recommendations were intended to support the further enhancement of effective governance. The report also included a number of additional recommendations, many of which would support the implementation of the key recommendations.

Action would now be taken to develop a response to the report for consideration by the Council sub-group chaired by Mrs Hope to have oversight of the review. This would be presented to Council in February 2016. Members were invited to submit any comments or suggestions to the Council secretariat.

13. COUNCIL BUSINESS PLAN 2016-17

Council noted the Plan, which was intended as a point of reference for planning Council agendas and arranging associated events and communications. Members were invited to submit any comments or suggestions to the Council secretariat.

14. REPORT OF THE COUNCIL NOMINATIONS COMMITTEE

(Business conducted by correspondence)

Council approved appointments to the Audit Committee, Employability Board, Equality, Diversity & Inclusion Committee and Sport Sheffield Board.

The Chair reminded members that a vacancy for a Pro-Chancellor would exist *vice* Mrs Harkness from 1 August 2017, and that under the provisions of the Charter, the University was required to have not fewer than two Pro-Chancellors. Two responses had been received to a recent call for expressions of interest in the role, and a recommendation would be made to Council following consideration by the Nominations Committee. The Committee would also bring forward a recommendation for an appointment to a vacancy for a Class (3) member of

Council. Consideration was being given to engaging an executive search agency to assist in identifying suitable candidates for appointment to future vacancies. Any search would have regard to the skills and experience required as well as the need to promote diversity. Members were invited to contact the Council secretariat with suggestions, and it was confirmed that lay members of Council sub-committees would be informed of any upcoming vacancies on Council.

15. 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 28 November 2016

..... Chair