



Minutes Meeting of the Council

Date: 21 November 2022

Present: A Belton, Interim Pro-Chancellor (in the Chair)
C Brownlie (Pro-Chancellor), A P Wray (Interim Pro-Chancellor), R Memmott (Treasurer), Professor K Lamberts (President & Vice-Chancellor)
D Bagley, Professor G Gee, G Greenup, L Hand, A Kay, Professor J Kirby, Dr Kitchen, P Rodrigo, A Stone, M Temple, Professor G Valentine, Professor M T Vincent

Secretary: J Strachan (Interim)

In attendance: J Jones, R Franchi, D Swinn
A Carlile, Professor M Marshall, Professor K Morris

Apologies: Dr B Gilvary, Professor S Hartley

1. Welcome and Introductions

1.1 The Chair welcomed Members and attendees to the meeting, in particular A Stone, Pro-Chancellor and Chair of the Council Audit & Risk Assurance Committee with effect from 22 November, who was attending their first meeting. Introductions were given.

2. Declaration of Conflict of Interests

2.1 It was noted that C Brownlie had a conflict of interest in relation to item 15 and would not take part in this decision. No other conflicts were declared.

3. Minutes of the Previous Meeting (Meeting held on 24 October 2022)

3.1 The Minutes were approved as an accurate record.

4. Action Log and Matters Arising on the Minutes

4.1 Council approved the updated Action Log. There were no other matters arising.

5. Approval of Category C Business

5.1 Council considered Category C business, which are covered in Minutes 14-23, below.

6. President & Vice-Chancellor's Report

6.1 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. The following points were noted:

(a) **Autumn Statement – 17 November:**

Since the written report was prepared, the Chancellor had announced the Autumn Statement, setting out the government's tax and spending plans up to 2027-28, beyond the period of the current Parliament. The implications of the Statement for the HE sector were more positive than had been anticipated, particularly for research, but the University and the wider sector would need to continue to make the case for the importance of HE provision to the economy and broader society.

(i) Research – funding protected:

- It was especially positive that the government had recognised universities as being at the heart of growth and levelling up plans and that the Chancellor had expressed the government's ambitions for UK science, as well as a commitment to the R&D budget.
- Protection for the R&D budget and the previously announced £20bn increase to public R&D investment by 2024-25 was welcome. However, clarification was required about whether this extended to a real terms protection. It was noted that the University had provided evidence of the benefits of R&D investment to the Russell Group to share with policy makers.
- The approach to investment zones would be redefined such that they were centred on universities in areas with acute socio-economic challenges to help build clusters for new growth industries. More broadly, the Statement had explicitly referred to the benefits of universities, notably in the context of the Levelling up agenda. It was reported that SYMCA would be submitting a bid for a South Yorkshire investment zone.
- The University's existing success and strong reputation in these areas provided a firm basis to continue to work with its peers to demonstrate the value of its research cluster in advanced manufacturing and identify additional opportunities to contribute further.
- Importantly, a previously announced increase in funding for the UK's Catapult Network, of which the AMRC and Nuclear AMRC were prominent members, had been protected, although the government would expect enhanced delivery in return.
- It was also reported that, on 21 November, the Government had announced up to £484m in research funding to support the R&D sector due to ongoing uncertainty around the UK's future involvement in Horizon Europe. Although association with Horizon Europe remained the sector's preferred approach, this was a highly positive development and Council noted the various funding streams included, which the University would evaluate to assess the implications and areas of opportunity.

(ii) Education – focus is on skills:

- Although there was an uplift to school funding, the Statement had not addressed the significant decreasing real-terms value of home undergraduate tuition fees, which placed further strain on and increased risk with the existing financial model for HE.
- Sir Michael Barber, the former Chair of the OfS, had been appointed adviser on the implementation of the Government's Skills Reform Programme, reporting to both the Treasury and DfE, in a sign of increasing focus on the skills agenda and a possible realignment of funding to support technical education.
- It was noted that the government could revisit the possibility of introducing Student Number Controls and/or Minimum Entry Requirements as part of wider efforts to identify efficiency savings. DfE was yet to respond to an earlier consultation on these issues.
- Members noted the importance of monitoring developments and engaging closely with policy makers in relation to potential changes to the funding regime. However, although the University remained mindful of areas of potential risk, it was clarified that any funding changes were likely to focus on other areas of the sector. The University was well placed to respond to any developments through its existing strategic initiatives around the student population and portfolio, as well as its contributions to technical and vocational education through apprenticeships. It was widely acknowledged that any changes to the HE funding system would be challenging to effect and politically risky.

(iii) Costs:

- It was disappointing to note that the Statement did not address the issue of cost of living support for students. The results of an NUS survey of over 4500 students, published in the week of 14 November, showed that around 90% of respondents reported that the current economic situation had negatively affected their mental health.
- The freeze in employers' National Insurance contributions threshold until April 2028 would increase the University's cost base and place added pressure on institutional finances.

(b) **Provost & Deputy Vice-Chancellor:**

(G Valentine left the meeting and did not take part in this item.)

It was reported that Professor Valentine's 5 year term as Provost and Deputy Vice-Chancellor was due to end on 26 November this year but that she had agreed to continue in the role until the end of the academic year while a successor was sought, before returning to an academic career and continuing her stellar research activity. As a matter reserved for Council approval, Council considered and approved a recommendation that Professor Valentine's term as Provost and Deputy Vice-Chancellor be extended from 26 November 2022 to 31 August 2023.

The P&VC expressed their utmost gratitude for Professor Valentine's leadership, support and guidance and for her extensive positive contributions to the University,

initially as Pro-Vice Chancellor for Social Sciences and subsequently as P&DVC. Members noted plans for the recruitment of a successor and Council offered its own thanks and good wishes to Professor Valentine.

- (c) **Staff Survey Results:** During discussion, it was clarified that, while the overall response rate was lower than had been hoped, a majority of staff had responded and the breadth of coverage achieved gave confidence that the results provided a valuable meaningful basis to inform future actions and decisions. Nevertheless, the University was reviewing its approach to future surveys in order to maximise colleagues' engagement. With respect to responses about the condition of some parts of the University estate, it was noted that the majority of the estate was in good condition but there remained certain areas requiring attention, partly due to delays in works during the pandemic, but the University continued to deliver its statutory maintenance plan and at an increasing pace. Similarly, major capital projects inevitably had a differential impact on different areas of the University.

7. Office for Students Annual Financial Return 2022

7.1 Annual Report and Audited Financial Statements for the year ended 31 July 2022

- 7.1.1 Further to receiving the draft Annual Report and Financial Statements at its October meeting, Council considered the updated Annual Report and audited financial statements, which had been subject to a detailed presentation and careful discussion and scrutiny by Council's Finance and Audit & Risk Assurance Committees. It was noted that the University's Annual Financial Return (AFR) to the OfS was a key element of compliance with the ongoing conditions of registration and Council thanked colleagues across the institution for their extensive efforts in coordinating this work.
- 7.1.2 Council approved the audited financial statements and Annual Report for signature, and approved their submission to the OfS by 1 December. Council also considered and noted or approved additional related matters, which are covered separately under Minutes 7.2, 7.3, 8.2 and 8.3, below. Council also noted the Audit Highlights Memorandum from KPMG.

7.2 Going Concern

- 7.2.1 Council received and noted the updated assessment of going concern, which had also been subject to detailed discussion by the Finance and Audit & Risk Assurance Committees. The updated assessment reflected additional analysis of risks identified internally to supplement those required by the external auditor and this analysis had resulted in the same positive conclusion. Therefore, Council confirmed that it had considered cash flow forecasts, including taking account of down side scenarios, and that after reviewing these forecasts the Council was of the opinion that, taking account of severe but plausible downsides, the Group and parent University would have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

7.3 Financial Forecasts 2022-23 to 2026-27

- 7.3.1 Council considered the updated financial forecasts and related elements of the AFR, which had been subject to close scrutiny by the Finance and Audit & Risk Assurance Committees. The Committees had recommended them for Council approval but had recognised the inherent challenges to achieving the forecast surpluses and the limited contingencies. Committee members had also discussed the forecast assumptions in the context of the wider economic climate and had welcomed existing and planned work, led by UEB, to further mitigate the impact of increased expenditure. With respect to the latter, particular attention was drawn to the need to continue to address the impact of strategic decisions about the student population and to enable UEB to manage the budgetary impact of high level savings that were assumed across the forecast period based on historic actual performance.
- 7.3.2 Council approved the latest financial forecasts for 2022/23 to 2026/27 and approved the submission to the OfS of the AFR workbook and supporting commentary, external auditor management letter (audit highlights memorandum) and the financial forecasts, by 1 December 2022.

8. Other OfS Annual Accountability Information

8.1 Annual Report of the Audit and Risk Assurance Committee for the year ended 31 October 2022, including the Internal Auditor's Annual Report

- 8.1.1 Council approved the Annual Report of the Audit and Risk Assurance Committee for the year ended 31 October 2022 and noted the Internal Auditor's Annual Report, which confirmed the opinions set out in the Audit Committee's report.

8.2 Letter of Representation

- 8.2.1 Council approved the Letter of Representation to the University's external auditor, KPMG, and agreed to delegate signature to the Interim Chair of Council.

8.3 Letters of Support

- 8.3.1 Council noted that the University was asked to provide a letter of support for Unicus Sheffield Limited and SUEL Limited and the respective reasons for this requirement and approved signature of the same by the Chief Financial Officer.

8.4 Senate Annual Academic Assurance Report

- 8.4.1 Council considered the annual report from Senate, which had been proposed by the Senate Academic Assurance Committee (SAAC), discussed and approved at Senate in October and updated following a constructive meeting of a joint Council and Senate sub-group during November. Members noted the importance of this report in assuring Council as to the adequacy and effectiveness of the University's governance of academic matters and ensuring that the requisite institutional as well as regulatory academic quality and standards were met and heard feedback from members of the joint sub-group. It was pleasing to note that the work of SAAC and the contents of its reports continued to take into account and be informed by

feedback from Council in previous years, which was informing the Committee's annual work plans and feeding into its regular reporting to Senate.

- 8.4.2 Clarification was provided that the underlying evidence for the report had been considered in detail by SAAC and Senate, and Senate's other standing committees and Members recognised that the report was one, albeit major, element of assurance that Council received on academic matters. Council also noted that this area remained challenging for the sector as a whole but one in which the University had made significant progress and was felt to have the appropriate structures to facilitate a strong reporting and assurance regime. Nevertheless, it might be beneficial to consider further the nature of the assurances Council wished to receive through the annual report, both qualitative and quantitative. Similarly, opportunities for newer and/or lay members of Council to receive more detailed briefings or training in this area would be sought as a means to support future deliberations, informed by recognised best practice in the sector.
- 8.4.3 Following discussion, Council confirmed that the report, in conjunction with other relevant information provided by the Senate during the year, provided the necessary assurance over the University's academic quality and standards, including that its academic governance arrangements were adequate and effective.

8.5 Annual Report on compliance with the Concordat to Support Research Integrity

- 8.5.1 Council received and noted the annual report and confirmed that the statement provided the necessary assurance. Council agreed that the statement should be made publicly available as evidence of the University's commitment to research integrity.

8.6 Annual Remuneration Report and Statement

- 8.6.1 Council approved the report and statement, which had been considered and endorsed by Senior Remuneration Committee, in compliance with the CUC HE Senior Staff Remuneration Code. This would be published on the University web pages to coincide with the publication of the Annual Report and Financial Statements. Council approved the report and statement.

8.7 Prevent Monitoring during the 2021-22 Academic Year

- 8.7.1 Council considered an update on the University's compliance with the Prevent Duty, noting that the OfS had changed its monitoring requirements for the 2021 submission. Council approved the annual report, and authorised the Chair to sign the accountability declaration on its behalf for submission to the OfS. It was noted that this was a challenging area due to the nature of the relevant legislation, which was likely to be further complicated by the passage of the HE Free Speech legislation.

9. Finance Strategy

- 9.1 Council received a presentation by way of update on the development of a new institutional Finance Strategy, which had also been provided to Finance Committee and Audit & Risk

Assurance Committee on 14 November. The high level strategic objectives were noted as being: (i) to ensure financial viability and sustainability; and (ii) to provide a financial roadmap to deliver the University Vision and Strategy. Attention was drawn to institutional and sectoral developments since the previous update, the key elements underpinning the Strategy itself and a summary of the principal points and issues around each of these, and a further explanation of the financial roadmap to strategic delivery and the affordability challenge relating to the University's capital plans. Members also noted the relevant areas which UEB had and would be focusing on to inform the further development and formal proposal of the Finance Strategy to Finance Committee and Council later in 2022/23.

- 9.2 During discussion, it was reported that the Committees had received clarification about the rationale for the University's 0.5% operating surplus target and the importance of considering upside as well as downside risk, and the nature and purpose of the RCF facility. Having noted the University's additional overall borrowing capacity, it was also confirmed that, should the University decide to incur additional debt funding to advance its strategic priorities, this would need to be generate sufficient returns on investment to improve the overall forecast and cash flow position. The University's appetite for borrowing relative to others in the sector was due in large part to the structure of its existing debt finance. Further clarification was provided about the extensive and regular consideration of operating expenditure undertaken by UEB, which was connected to ongoing initiatives intended to create investment capacity through the revenue account in order to support strategic delivery. However, it was necessary to consider the extent and pace of these activities to at least maintain the quality of core institutional activity in the short-term whilst seeking to diversify and generate new income streams. UEB was cognisant of and actively seeking to avoid the risk of driving down quality by focusing solely on efficiency savings. Ongoing and emergent UEB-led workstreams sought to provide a holistic view of what was required to deliver at quality across the University in a sustainable way.
- 9.3 Council endorsed the update and the direction of travel proposed, and having noted the key challenge around operating expenditure, agreed to return to a consideration of the 0.5% operating surplus target in due course, informed by further stress testing and the financial framework to achieve the University's strategic objectives.

10. Capital Report

- 10.1 Council received and noted an update on progress of projects in the capital programme, including projects recently considered and approved by ECSG, UEB and Finance Committee in accordance with the Council Scheme of Delegation and reports on cash profiling and the status of current projects. Council approved the release of additional budget in relation to the AMRC North West, as set out in the report, following approval by Finance Committee on 14 November.

11. University Vision: Annual Performance Update on Education

(A Carlile, Professor M Marshall and Professor K Morris in attendance)

- 11.1 Council received a presentation on the University's performance against the educational corporate KPIs and the Education Strategic Delivery Plan, following the annual performance update report that Council considered at its previous meeting. Attention was drawn to key strategic areas in which good progress was being made; an analysis of NSS performance,

including comparisons with other institutions, trend analysis over the previous ten years, how these results corresponded to the TEF, and particular areas for focus and improvement; an overview of the new TEF process and metrics, the timeline for submission, and related institutional actions including piloting a multi-level approach and supporting and enabling departments to maximise performance. Members also noted further detailed analysis of NSS performance and TEF measures, including how NSS outcomes translated to institutional performance against TEF benchmarks and the importance of cross-sector comparisons beyond the University's immediate peer group. Further details were provided about the range of activities underway and planned, which were intended to enhance the student experience and build on previous NSS results, and how wide variations in the relative size of departments could have a marked impact on overall performance.

- 11.2 During discussion, Council noted that overall student satisfaction was neither part of the TEF metrics nor a question in future iterations of the NSS. As such, the University would need to reconsider its educational KPIs in the context of the new TEF and changes to the NSS. Members recognised that this could impact on the University's ability to review progress and trends from year to year but that the matter would be subject to further detailed analysis and consideration to inform the next annual performance report in October 2023. More generally, clarification was provided that the University's enhancement activities in this area were aimed at driving improvements in the overall student experience but that these should also lead to improvement in institutional performance against key external measures and metrics. Further clarification was provided about how these activities were captured through the planning and financial frameworks at departmental level. Council also discussed the University being close to achieving its student recruitment target for 2027, as a result of positive institutional action as well as higher overall intake in the sector, and the importance of consolidating and building further on successes to date.

12. Corporate Risk Register 2022-23

- 12.1 Council considered and approved the 2022-23 Corporate Risk Register and revised Risk Management Policy, noting an accompanying report from the UEB Risk Review Group, all of which had also been discussed by Council's Audit & Risk Assurance Committee on 14 November. It was reported that the updated risk management policy and risk appetite statement were informed by previous discussion at Council and provided a more sophisticated and accurate framework to identify and capture risks and mitigating actions and to ensure that the risk appetite statement was aligned to the Corporate Risk Register.

13. Council Effectiveness

- 13.1 Council considered a report on Council Effectiveness, building on discussions at the previous meeting and Council dinner, which also provided an update on the implementation of agreed recommendations and actions arising from the previous formal Council Effectiveness Review and an assessment of compliance against the CUC Code of HE Governance. During discussion, it was noted that further consideration might be given to how Council does and could engage with the rest of the University's governance structure and increasing Council's sightedness on areas lacking sufficient diversity. Council commended and approved the report and the series of actions proposed and confirmed its assurance that the University remained compliant with the CUC Code.

14. Minutes of the Senior Remuneration Committee

- 14.1 Council approved the Minutes, noting that Committee's agreement to review the Executive Performance Scheme, which had been in operation for a number of years.

15. Report of the Council Nominations Committee

(C Brownlie was conflicted on this item and did not take part.)

- 15.1 Council approved the Report, including the appointment of C Brownlie as the lay member of the Council on EDIC with immediate effect, for an initial period to 31 July 2023, extendable by agreement and subject to interest from/capacity of other members of Council towards the end of the 2022/23 session.

16. Report of the Senate

- 16.1 Council received and approved the Report, noting that the Annual Academic Assurance report was presented separately to Council (See Minute 8.4, above).

17. Report of the Finance Committee

- 17.1 Council received and approved the Report, including amendments to the Committee's terms of reference and membership.

18. Report of the Audit and Risk Assurance Committee

- 18.1 Council received and approved the Report.

19. Report of the Honorary Degrees Committee

- 19.1 Council received and approved the Report.

20. Office for Students Update and Conditions Compliance Register

- 20.1 Council received and noted the register of compliance with the ongoing conditions of registration and an accompanying report providing updates on the latest regulatory developments.

21. Council Business Plan 2022-23

- 21.1 Council received and noted the business plan which would be updated regularly to inform future agenda planning.

22. Application of the University Seal

- 22.2 Council received and noted a report on the application of the University seal since the previous meeting.

23. Public Availability of Council Papers

- 23.1 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.

24. Feedback on the Meeting

- 24.1 Members noted that the hybrid approach had worked broadly well, given the limitations of the technology available in the meeting rooms at present. Although there were some challenges for remote attendees in engaging with the meeting at times, the option to attend face to face meetings remotely on an exceptional basis was felt to be valuable for those who might otherwise be unable to attend.

25. Any Other Business

- 25.1 **Chairs Transition:** Members noted that this was the final meeting for Adrian Belton in his capacity as Interim Chair of Council and the final meeting for Tony Wray in his capacity as Interim Pro-Chancellor and Chair of Audit & Risk Assurance Committee before they hand over their roles to Martin Temple and Adrian Stone respectively, from 22 November as agreed at Council's previous meeting. On behalf of Council, the President & Vice-Chancellor offered thanks to both Adrian Belton and Tony Wray for their support and contributions during the interim period.