

UNRESERVED MINUTES

THE UNIVERSITY OF LIVERPOOL

COUNCIL (1020)

MEETING OF THE COUNCIL

10th February 2015

Present: The President (in the Chair), the Vice-Chancellor, the Pro-Chancellor, the Deputy Vice-Chancellor, the Provost (Innovation), Mr J Haymer (Lay Officer), Dr A Scott (Lay Officer), Mr C Baker, Dr P Johnson, Sir Colin Lucas, Dame Lorna Muirhead, Dr R Platt, Mrs A Pointing, Mrs P Young, Professor F Beveridge, Professor S Dawson, Dr F Marret-Davies, the President of the Guild of Students.

Apologies: Professor Helen Carty, Professor R McGrath.

Clerk to Council: Mr A Flett.

WELCOMES

1.1 NEW APPOINTMENTS

Council **NOTED** that:-

- i. This was the first meeting of Council to be attended by the new Vice-Chancellor since taking up her appointment on 1st February 2015.
- ii. This was also the new President's first meeting in the Chair.

It was **AGREED** that:-

- iii. The VC should be welcomed warmly to her new role and to Council.

DISCLOSURES OF INTEREST

2.1 DISCLOSURES OF INTEREST

Members of Council were invited to disclose any potential conflicts of interest they had pertaining to the items on the agenda. Any such conflicts are noted under relevant minute headings.

MINUTES/COMMUNICATIONS

3.1 MINUTES OF THE PREVIOUS MEETING, HELD 18th NOVEMBER 2014

It was **AGREED** that:-

- i. The minutes of the meeting held 18th November 2014 should be approved as an accurate record, subject to noting that minute 5.1 d Mandates, should have described the ULMS extension as costing £12.95m, rather than £12.95.

3.2 PRESIDENT'S COMMUNICATIONS

a. Action Taken on Behalf of Council Since the Last Business Meeting

Council **ENDORSED** the following actions, taken on its behalf by the President since the last business meeting:-

- i. The renaming of the Department of Cultures, Languages and Area Studies (CLAS) as the Department of Modern Languages and Cultures (MLC);
- ii. A revised Ordinance for the Degree of Master of Philosophy;
- iii. Amendments to the Terms of Reference of the Corporate Services and Facilities Committee.

It was **NOTED** that:-

- iv. All three actions had been taken by the previous President after being recommended by the previous Vice-Chancellor acting on behalf of the Senate.

3.3 VICE-CHANCELLOR'S COMMUNICATIONS

a. HEFCE Annual Conference

It was **REPORTED** to Council that:-

- i. The VC had attended the HEFCE annual conference, held 4th-5th February 2015. The speakers had included the Rt Hon Greg Clark MP, Minister for Universities and Science, and Professor Madeleine Atkins, Chief Executive of HEFCE.
- ii. The Minister's remarks had touched on the following:-
 - The fact that science and innovation were central to the Government's plans for consolidating the economic recovery and that universities had a key role to play in this.
 - The Government's view that reforms to student finance had been a success. A continued increase in application rates and the OECD's endorsement of the English approach were given as evidence of this. The Government's view was that this success had given it the flexibility to remove student number controls.
 - There being no immediate prospect of the £9k maximum fee for HEU undergraduate students being lifted, even to mitigate the effects of inflation since its introduction.
 - The development of plans to reform financing for postgraduate provision.
 - The wish to take a more rigorous approach to the regulation of alternative providers.
 - The need to press on with increasing and broadening participation.
 - The strength of research in the UK, with over 70% of work submitted to the REF being judged 'World Leading' or 'Internationally Recognised', and the Government's desire to continue to fund excellence wherever it was found.
- iii. Professor Atkins had spoken about the following:-
 - The launch of HEFCE's 2015/16 Business Plan.
 - The recent REF and how it had provided clear independent evidence of the excellence of UK research. It had also demonstrated that interdisciplinary research was at least equal in quality to more traditional single subject enquiry.

- The need to evaluate the REF, the exploration of the idea of an international REF, and an independent review of metrics and research assessment.
- The continuation of the £200m UK Research Partnership Innovation Fund, and the continuation of HEIF until 2016. The Catalyst Fund would be used to support universities and colleges as anchor institutions.
- The fact that of the 30,000 additional funded student places made available to the sector in 2014/15, only 10,000 of these had been filled. There had also been a steady decline in take up of part-time provision. These factors, combined with demographic changes that would see a reduced number of 18 years olds over the next five years, suggested it was unlikely there would be significant student number growth in the medium term.
- Notwithstanding the above, where individual universities were able to grow in 2015/16 through the lifting of student number controls, HEFCE would be seeking to assure themselves that this growth was planned, and additional student numbers were fully supported.
- Although overall participation rates had improved over recent years, the participation gap between socio-economic quintiles 1 and 5 had remained consistent. More work was required in this area.
- There was work to be done in examining the concept of Learning Gain more closely, as well as the wider review of quality assessment.
- The need to arrive at an effective and workable student financing scheme for PGT provision, and to continue to work on addressing non-financial barriers to PGT.

b. Student Recruitment 2015 Entry

It was **REPORTED** to Council that:-

- Applications for entry to the University in 2015 continued to run at record rates:-
 - HEU UG: 36,299 vs. 30,347 at the same point in the cycle last session (growth of 20%);
 - OSI UG: 3,841 vs. 3,414 at the same point in the cycle last session (growth of 13%);
 - PGT: 8,055 vs. 6,465 at the same point in the cycle last session (growth of 25%).
- This compared very favourably both to the sector as a whole, and the University's competitors.

c. USS

[The Pro-Chancellor declared an interest as a member of the USS Board of Trustees].

It was **REPORTED** to Council that:-

- The USS JNC had now agreed a proposal for reform of the scheme that might also satisfy the Pensions Regulator. The proposal was intended to make the scheme affordable and de-risk it for the future.
- Employers would now carry out a statutory consultation on the proposals with the scheme's membership.
- The key features of the proposal put forward by the JNC included:-
 - The ending of the final salary section, with accrued rights revalued in the future in line with CPI;

- Career Revalued Benefits being provided for all from 1st April 2016 in respect of salary up to a threshold of £55,000 (this threshold revalued in the future in line with CPI);
 - A future pension accrual rate of 1/75th of actual pensionable salary for each year of service (plus a 3/75ths lump sum);
 - A new defined contribution section of the scheme, providing benefits in respect of salaries above the £55,000 threshold (employer contributions of 12% of salaries above £55,000 to be payable to the defined contribution section);
 - Member contributions increasing to 8%;
 - An option to contribute a further 1% of salary to the defined contribution section which would be matched by employers.
- iv. The proposals would result in an increased employer contribution rate of 18% of salaries.

ITEMS FOR APPROVAL OR NOTE

4.1 STRATEGIC REVIEW

Council **RECEIVED** a paper containing proposals for a full institutional Strategic Review.

It was **REPORTED** that:-

- i. A five stage process was proposed:-
- February 2015 – April 2015: *Preliminary Work*: including consulting University members on mission, values, indicators of success, direction of travel etc.
 - April 2015 – July 2015: *Enquiry and Discovery*: carrying out a number of Thematic Enquiries, based on the previous consultation and other input. Each Thematic Enquiry would be led by a member of the University's SMT.
 - July 2015 – October 2015: *A Green Paper*: drafting will be informed by the results of the Thematic Enquiries. For each theme, the challenges and opportunities for the University would be identified and questions for consultation suggested. Consultation on the Green Paper would be extended to external stakeholders.
 - October 2015 – November 2015: *A White Paper*: drafting will be informed by the results of the Green Paper consultation. The White Paper will contain proposals for further testing.
 - November 2015 – February 2016: *A New Strategic Plan*: to be created in light of the response to the White Paper, and consulted on prior to the necessary governance approvals being sought.
- ii. Oversight of the review would be provided by a task and finish Project Board. This would report to the Planning and Resources Committee.
- iii. Council would receive regular updates and be involved at all stages, both collectively, and as individual members of the University. The Away Day, to be held 25th March 2015, would be used as an opportunity for Council to feed in its initial views.

It was **NOTED** that:-

- iv. A review was now timely given that:-
- The existing Strategic Plan had expired;
 - A new VC had taken up appointment;

- REF results had been released recently, providing a good benchmark of research performance;
 - A general election was imminent, and would have taken place by the time the final Plan was drafted.
- v. There was a desire to involve as many colleagues as possible in the review, to capture their views and ideas, and to promote engagement and ownership of the new Plan. This wish to promote engagement from within had led to a decision not to involve external agencies in the management of the Review.
- vi. The EPVCs were currently considering ways of engaging staff in their Faculties in this process. It would be particularly important to get the input and engagement of those staff earlier in their careers.
- vii. Considering the strengths and weaknesses of the previous Strategic Plan would form part of the Review process.

It was **AGREED** that:-

- viii. A Strategic Review should be carried out as proposed, subject to adding a representative from the Guild of Students to the Project Board.

4.2 REF OUTCOMES

[Professor Dinah Birch, PVC for Research and Knowledge Exchange, and Dr Alison Fairclough, Head of Research Policy, attended for this item].

Council **RECEIVED** a paper and presentation giving an initial analysis of the University's performance in REF 2014, and identifying next steps.

It was **REPORTED** that:-

- i. The University had been successful in implementing its REF strategy and had achieved a significant improvement in performance as defined by the key measure of the percentage of world leading and internationally excellent research (4*/3*) in its return compared to RAE 2008. This improvement had been achieved by applying a selective strategy, with 70% eligible staff submitted to the exercise. The University had moved up two places in the Russell Group in regard of the proportion of its return at 3*/4* level.
- ii. However, other comparator institutions had also improved their performance while also increasing staff submission numbers, meaning the University has lost "market share" in terms of volume of research at 4*/3*.
- iii. Liverpool had a low proportion of 4* research compared to the Russell Group, particularly in impact and environment.
- iv. Seven of the University's Units of Assessment had achieved a top ten position for proportion of 4*/3* research. However, only one (UoA 6: Agriculture, Veterinary and Food Science) had achieved a top ten position for volume of 4*/3*.
- v. Action planning was now underway and would focus on the following areas:-
- Addressing the high proportion of research activity below 3*.
 - Developing and implementing a strategy for growing 4* research, addressing all sub-profile areas but particularly targeting performance in impact and environment.
 - Giving consideration to building on strengths demonstrated within particular UoAs.

- Giving consideration to the balance between subject mix and critical mass as part of the Strategic Review process.

It was **NOTED** that:-

- vi. The University had recently received confidential feedback from HEFCE on its return. This was currently being analysed, and was already proving useful.
- vii. When comparing national results for RAE 2008 with those for REF 2014 the introduction of impact as one of the criteria by which research was judged had been a key driver of change. This, along with a willingness by institutions to engage more with the tactics of submission, had been the underlying cause of a number of shifts in the relative standing of universities. In respect of the latter, it would be important to learn lessons from other universities' submissions as well as our own when planning for the future. The major task, though, would be to take a view on the proportion of eligible staff not contributing 3*/4* research, recognising that a number of these were still in the early stages of their career, or had made a valuable contribution to University activities in another away.
- viii. The University's academic recruitment, retention and career progression strategies would also be considered in light of REF results. 46% of staff submitted to REF2014 had not been employed by the University when the submission for RAE2008 had been made.
- ix. It was not yet clear what the next REF exercise or equivalent would look like, although it was likely that impact would continue to play a key part. It would be important to encourage staff to engage with the management of any future process. Experience and knowledge gained as a sub-panel or panel member was invaluable.
- x. Analysis of all of the above would inform the Strategic Review.

4.3 FINANCE UPDATE

[Mr Rob Eastwood, Director of Finance, attended for this item].

Council **RECEIVED** a paper and presentation proposing the issuing of a public bond as the most appropriate way of meeting the University's long term financial requirements.

It was **REPORTED** that:-

- i. The University currently carried approximately £215m debt, including a £160m revolving credit facility with Barclays, due for repayment in December 2016.
- ii. The University had commissioned Rothschild to review its long term financing needs, particularly in relation to the repayment of RCF and completion of the Residential Strategy. Rothschild had considered a number of options including:-
 - Renewal or agreement of a new RCF;
 - A private bond placement;
 - The issuing of a public bond.
- iii. Of the above, Rothschild had recommended the issuing of a public bond given that this was the only option that offered:-
 - The level of funding required (c. £250m);
 - Certainty in terms of repayment levels;
 - A lack of restrictive covenants.
- iv. Rothschild's report had been considered in full by the Planning and Resources Committee, which had agreed to recommend the proposed course of action to Council.

- v. Both the University of Cambridge and University of Manchester had issued public bonds in recent years in less favourable market conditions. Both had been oversubscribed.
- vi. To issue a public bond, a credit rating would be required. Rothschild's opinion was that the University was likely to achieve a BCA rating of between 3 and 4 (correlating to a rating of Aa2). A further single notch uplift associated with government support might also be forthcoming.

It was **NOTED** that:-

- vii. The full Rothschild's report had been made available to Council members.
- viii. The University's credit rating would remain private until it chose to have it published. The credit rating and prevailing market conditions would determine the price of the bond. The key issue in this respect would be affordability. It was judged that, with the fixed nature of repayments guaranteed by a public bond, a coupon of up to 5% would be manageable for the University.
- ix. Were the proposed conditions for the issuing of a public bond not met, further analysis of the options would be required, and a formal recommendation brought back to Council for approval in due course. However, this would lead to a significant delay in the delivery of the Residential Strategy.
- x. A public bond would have no restrictive covenants. However, due to the public and tradable nature of the bond, there would be some disclosure requirements. For example the University would be required to have its credit rating updated in the event of significant developments, and follow certain procedures for the appointment of internal and external auditors and the filing of its accounts.
- xi. Rental income generated by implementation of the Residential Strategy would cover the costs of the bond and generate additional cash for the University.

It was **AGREED** that:-

- xii. The proposal that the University should issue a public bond for up to £250m should be approved, subject to the following parameters/criteria being met:-
 - The bond having 40 years tenor with a bullet repayment;
 - The achievement of a minimum credit rating of Aa by the University;
 - A maximum coupon of 5% for the bond, with a margin of up to 200bps;
 - All professional fees incurred in support of the bond issue not exceeding 1% of the bond's final value.
- xiii. Authority to enter into any final agreement to issue the bond, and the signing of any legal documents on its behalf, should be delegated to a sub-group of Council as follows:-
 - The President of Council;
 - A Lay Officer (Mr Jon Haymer);
 - The Vice-Chancellor;
 - The Deputy Vice-Chancellor;
 - The Director of Finance.

Approval of 4 out of the 5 members was required, one of whom must be the President. Should the President be indisposed, his place on the group would be taken by the Pro-Chancellor.
- xiv. Once the approval of the group was obtained, the Director of Finance would have authority to enter into a verbal commitment to any issuance should this be required.

4.4 RESIDENTIAL STRATEGY

[Mrs Jenny Tucker, Director of Facilities, Residences and Commercial Services attended for this item. The Deputy Vice-Chancellor and Dr Andrew Scott declared an interest as members of the ULCCo Board].

Council **RECEIVED** a paper and presentation giving an update on progress made in delivering the Residential Strategy, agreed in 2011.

It was **REPORTED** that:-

- i. There had been significant improvement in the quality of accommodation stock since 2011. Then only 9% of the stock was en-suite, with the figure now standing at 53%, bringing the University in line with the Russell Group.
- ii. The aim of 2/3 of accommodation on campus and 1/3 off campus would be achieved at the end of the Strategy.
- iii. There was a real appetite among students for a range of location and type of residences, hence the University's portfolio approach.
- iv. Completion of the Strategy was dependent on the agreement of a long term financing vehicle, as discussed earlier in the meeting.

It was **NOTED** that:-

- v. There were plans to refurbish Greenbank House to form a hub for the Greenbank Student Village as part of the Strategy.
- vi. Overall, the expected cost of delivering the Strategy was c. £216m. When estimated capital receipts were taken into account the net cost of delivery was estimated at £170m.
- vii. The incorporation of an additional 220 beds into Crown Place during the Strategy's implementation had driven the cost per bedroom in that development down from £56k to £47k per bed.

It was **AGREED** that:-

- viii. Council gave its strong support for the way in which the Strategy had been realised to date, and the plans for its completion.

4.5 HIGHER EDUCATION REVIEW

Council **RECEIVED** and **NOTED** a summary of the timeline and preparations for the QAA Higher Education Review of the University, scheduled for November 2015.

PLANNING AND RESOURCES COMMITTEE

5.1 Report of the Meeting of the Planning and Resources Committee held 22nd January 2015

Council **RECEIVED** the report of the meeting of the Planning and Resources Committee held 22nd January 2015.

In addition to items dealt with elsewhere on the agenda (Funding Update, Residential Strategy, and Q1 Performance Report), it was **NOTED** that the Committee had agreed:-

- The timetable, guidance, principles and parameters to be used in this session's Planning and Performance Cycle.
- The 2013/14 TRAC return for submission to HEFCE.

5.2 Q1 Performance Report

Council **RECEIVED** the 2014/15 Q1 Performance Report.

It was **NOTED** that:-

- i. The new overview sheet, which provided a summary of performance against the KPIs, was helpful.
- ii. KPI1 (Proportion of Research Eligible Staff Operating at the University's Defined Threshold) would now be updated in light of the publication of REF results.

It was **AGREED** that:-

- iii. Recognising this was a work in progress, the Financial Sustainability KPIs should be developed and fully incorporated in the report as a matter of urgency.

OTHER COMMITTEES OF COUNCIL

6.1 NOMINATIONS COMMITTEE

a. Report of the meeting held 22nd January 2015

Council **RECEIVED** and **NOTED** the report of the meeting of the Nominations Committee held 22nd January 2015.

It was **AGREED** that the following proposals should be approved:-

- i. Revised Terms of Reference to reflect the Committee's objectives in making its recommendations;
- ii. The appointment of an additional member to serve on the Committee on Research Ethics, Professor Stephanie Hemelryk Donald, for the period to 31st July 2017;
- iii. Conferment of the title of Honorary Pro-Chancellor on Professor Jim Keaton, for one year only, in light of his continued role as a representative of the University;
- iv. A revised approach to the collection of personal data from Council members, including the extension of this to D&E monitoring data.

6.2 REMUNERATION COMMITTEE

a. Report of the meeting held 18th November 2014

Council **RECEIVED** and **NOTED** the report of the meeting of the Remuneration Committee held 18th November 2014.

6.3 SAFETY COMMITTEE

a. Report of the meeting held 10th February 2015

Council **RECEIVED** an oral report of the meeting of the Safety Committee held on 10th February 2015.

It was **REPORTED** that:-

- i. Good progress was being made on the development of a new strategic approach to Health and Safety in the University.
- ii. A proposed Strategy would be brought to Council for approval at its meeting of 1st July 2015.

It was **NOTED** that:-

- iii. Council had overall responsibility for Health and Safety in the University. It would need to consider its willingness to own the proposals brought forward when considering the new Strategy for approval.

ROUTINE ITEMS

7.1 USE OF THE UNIVERSITY SEAL

Council **NOTED** that a report on the use of the University Seal since the last meeting had been made available through the Council Members' intranet.