

MINUTES OF THE UNIVERSITY OF LIVERPOOL COUNCIL

AWAY DAY MEETING HELD ON 7 OCTOBER 2021

Present:	Mrs Carmel Booth, President (in the Chair); Dr Paul Johnson, Vice-President; Professor Dame Janet Beer, Vice-Chancellor; Professor Gavin Brown, Pro-Vice-Chancellor for Education; Professor Anthony Hollander, Pro-Vice-Chancellor for Research and Impact; Dr Carol Costello, Director of People and Services (via Zoom); Mr Bertie Woodcock, President of the Liverpool Guild of Students; Ms Cilla Ankrah-Lucas; Ms Fiona Cullen (via Zoom); Mr Ed Fishwick (via Zoom); Dr Kashmir Gill (afternoon only, via Zoom); Mrs Helen Miller; Mr Norman Molyneux; Dr Roger Platt; Mr Hans van Mourik Broekman; Dr Diana Walford; Professor Hazel Scott; Professor Thomas Teubner; and Mr Kieran O'Sullivan.
Apologies:	Ms Vanessa Griffiths; Professor Julia Balogun; and Professor Louise Kenny, Executive Pro-Vice-Chancellor for Health and Life Sciences.
In Attendance:	Professor Fiona Beveridge, Executive Pro-Vice-Chancellor for Humanities and Social Sciences (morning only, via Zoom); Professor Dinah Birch, Pro-Vice-Chancellor for Cultural Engagement; Ms Nicola Davies, Director of Finance; Mr Barry Flynn, co-opted member of Audit Committee; Mrs Emma Leonard, Secretary to Council; Mr Kevan Ryan, Clerk to Council; and Professor Wiebe van der Hoek, Executive Pro-Vice-Chancellor for Science and Engineering.

1. President's Welcome

The President welcomed those present and gave an overview of the day.

It was noted that other members of the Senior Leadership Team were in attendance, which was standard practice for Council Away Days, as was Mr Barry Flynn, a co-opted member of the Audit Committee.

2. Disclosures of Interest

Members were asked to disclose any interest that could give rise to conflict in relation to any item on the agenda. No such interests were disclosed.

3. Quarter 4 Report and Year End Financial Results

[The Deputy Director of Finance, Mr Paul Fallon, and the Interim Director of Strategic Planning, Mr Phil Hopwood, attended for this item.]

RECEIVED:

- i. A report providing details of performance during Quarter 4 against relevant KPIs, the 2020/21 year end financial results, and appendices including the latest environment scan, a THE World Rankings information brief, an overview of KPIs and risks, and a league table measures summary, together with a presentation highlighting key elements from the report.

REPORTED:

Q4 Performance Report

- ii. In the Guardian 2022 league table, the University was ranked 40th, a rise of 19 places on the previous year. The 2022 Times Higher World University Rankings had now been published and the University had been ranked 178th amongst 1,662 institutions, falling from 163rd last year. This result also ranked the University 25th of 101 included in the UK, and 22nd in the Russell Group. QS Consulting was currently finalising detailed proposals for the delivery of a bespoke workshop to support the University's endeavours in improving its performance in the QS World Rankings.
- iii. Although the University's overall satisfaction score in the NSS for 2021 had dropped by 5.4%, an overall UK decrease in satisfaction levels meant that the University's performance saw it reach sector upper quartile levels and 7th in the Russell Group. With an overall satisfaction score of 78.7%, the University recorded scores over 3% higher than the national average.
- iv. The data received from the new Graduate Outcomes survey remained preliminary and no confirmed metrics or performance indicators had yet been issued to the University by HESA. Looking at quartiles alone, the University had remained within the median Q2 group, with an upper quartile performance for metrics relating to graduates undertaking further study.
- v. In relation to research performance, in the University's internally derived growth models, a large proportion of units were projected to either maintain their quartile positions or improve by at least one quartile compared to previous performance.
- vi. Performance in the areas of ethnicity and low participation neighbourhoods was on track. As predicted, the proportion of overseas students had decreased significantly this year compared to previous years, most notably for postgraduate taught students.
- vii. A bespoke session would be arranged for Council members on league tables and performance which would allow members to experiment with the Tableau tool.

Year End Financial Results (Subject to Audit)

- viii. In relation to the year end results, the headlines were as follows:
 - Operating surplus (excluding pension adjustments) £29.8m (5.0%) – up on forecast and plan by £10.3m and £26.7m respectively (2019/20 £1.3m/0.2%)
 - Tuition fees – c£8m adverse variance to plan includes c£5.5m accounting adjustment in respect of fee discounts (mainly XJTLU) and £2.3m reduced income in special courses (mainly PSE numbers in the English Language Centre)
 - XJTLU student numbers (new intake) down 776 FTEs (47%) compared with plan (c£15m)
 - Research income (including capital) of £112.5m was up significantly year on year (£17.4m/18.3%)

- Savings measures in place since last March: Recruitment pause (unless critical to delivery), capex, ceasing travel, pausing non-pay e.g. consultancy.
- ix. In terms of the key financial indicators for 2020/21:
- Cash of £245.1m was £74.9m favourable to plan, linked to lower capital spend and unbudgeted additional income
 - Operating surplus of £29.8m or 5.0% was £26.7m or 4.5% favourable to plan. The University's financial sustainability KPI was to achieve a surplus of 4%. The timing of income had resulted in the surplus being 5.0%. However, excluding the Pandemic Institute donation, the underlying position would be a 3.3% surplus. This was still a very positive result given the impact of Covid of c£20m – if the impact of Covid was also excluded the surplus would have been 5.2%
 - Staff costs as a percentage of income was slightly adverse to plan, mainly because although pay costs had decreased year on year, the University had planned for a more ambitious drop than it achieved
 - Excluding the Pandemic Institute donation, underlying net cash flow as a percentage of income was 13.7%. It was high this year due also to working capital changes
 - Research income (excluding Capital) was within £0.6m of FC3 and at a much-improved contribution of 25.0% against 21.5% (Plan: 20.8% and prior year: 20.3%). This had been driven by a change in the funder mix (increased UKRI funding (+£9.2m) with a decrease in UK charity funding (-£2.6m) due to the impact of Covid on 3rd sector organisations), alongside the effectiveness of the new costing and pricing policy
 - The University's capital programme had been significantly impacted by Covid this financial year, with a significant proportion of the £15.5m saving being rolled into next financial year.

AGREED:

- x. The Quarter 4 Performance and Year End Financial Results Report should be approved.

4. Five Year Plan for Submission to OfS January 2022

[The Deputy Director of Finance, Mr Paul Fallon, and the Interim Director of Strategic Planning, Mr Phil Hopwood, attended for this item.]

RECEIVED:

- i. A report providing the internal format five year plan and commentary, with changes since Council had considered the Plan in July 2021 shown tracked.

REPORTED:

Paragraphs ii – viii redacted due to commercial interest.

AGREED:

- ix. The updated Five Year Plan should be approved.

5. Strategic Risk

[The Interim Director of Strategic Planning, Mr Phil Hopwood, attended for this item.]

5.1 Strategic Risk Register

RECEIVED:

- i. A paper providing an update on the Strategic Risk Register.

REPORTED:

- ii. A considered review of each risk on the Register had taken place over the summer period which had included testing whether risks were still valid as described, whether mitigations were true mitigations, controls or business as usual activity, and whether the scoring needed reassessing. The recommendations from the review of the Risk Management Framework, conducted over the summer following one year in operation, had also been incorporated within the Register and commentary.
- iii. It was proposed that a number of strategic risks should be closed due to the mitigations either moving into controls (business as usual operation) or being moved into another strategic risk, as follows: E1 Brexit; E3 Pensions; S5 Compliance; and S8 Key Partnerships.
- iv. A number of current risk scores had lowered due to the completion of mitigations over the last academic year, improved operating conditions and in some cases aided further by the impact of Covid levelling off. All current risk scores were projected to decrease should the mitigations be implemented as envisaged during this review. Several other related activities that had been conducted or initiated and related to a number of strategic risks had been included in mitigations.
- v. The risk forecast, incorporating the changes documented above, was more positive than at the last review.

AGREED:

- vi. The closure of the following risks should be approved: E1 Brexit; E3 Pensions; S5 Compliance; and S8 Key Partnerships.
- vii. The updates to the Strategic Risk Register should be approved.

5.2 Strategic Risk Deep Dives

Council members engaged in a world café style session in order to enable a deeper dive into several risk areas and the University's past and future response to them in order to reach a consensus around three or four risks for future focus by Council, as recommended by Halpin. The risks covered were as follows:

S1 Research
S2 and S3 Student recruitment plus satisfaction and wellbeing
S6 and S7 Culture and staff recruitment and retention
S9 Financial sustainability
E2 and S10 Political and funding landscape and strategy delivery.

AGREED:

The strategic risk areas of financial sustainability, research, student recruitment and satisfaction and wellbeing, and cyber security should be prioritised for Council focus.

6. International Environment for HE

[The following individuals attended for this item: Ms Vivienne Stern, Director, Universities UK International; Professor Jeff Blackford, Dean for XJTLU; Mrs Ursula Callaghan, Head of International Relations; Ms Christine Bateman, Head of International Development; and Professor Stuart Perrin, Associate Principal, XJTLU Entrepreneur College, Taicang, and Chair of XJTLU International Board (virtually from China).]

RECEIVED and NOTED:

- i. A presentation by Professor Jeff Blackford, Dean for XJTLU, covering the achievements of the first 15 years of XJTLU, what the benefits of the partnership are to the University of Liverpool, the governance and financial models, and outlining the opportunities and challenges ahead.
- ii. A presentation by Mrs Ursula Callaghan, Head of International Relations, covering the context of inbound mobility through the 2+2 arrangement with XJTLU, a crucial part of the University's financial model, and explaining the steps taken to improve the visibility and appeal of the 2+2 pathway.
- iii. A presentation by Professor Stuart Perrin, Associate Principal, XJTLU Entrepreneur College, Taicang, and Chair of XJTLU International Board, covering XJTLU's new campus developments, new Academies and internationalisation plans.
- iv. A presentation by Ms Christine Bateman, Head of International Development, on research collaboration and partnerships in China: approach, challenges and opportunities.
- v. A presentation by Ms Vivienne Stern, Director, Universities UK International, on the international environment in Higher Education and Research, covering the whole range of UUKi work (including recruitment, research, transnational education, outward mobility, maximising opportunities and managing risks in internationalisation, and some Liverpool specific benchmarking).

7. Halpin Governance Review Report and Action Plan

RECEIVED:

- i. A report providing Halpin's Governance Review Report and the High Level Action Plan developed in response to Halpin's recommendations and suggestions, together with a presentation by the President and Clerk.

REPORTED:

- ii. Halpin had undertaken a Governance Effectiveness Review of the University between March and July 2021. In their review report, Halpin concluded that the University had 'a good governance culture with a clear desire to be open and transparent and a willingness to challenge'. The trajectory is viewed positively and Halpin believed that Council was on a 'journey to be at the leading edge of governance practice'.
- iii. There were nine priority recommendations and a number of other recommendations and suggestions for consideration.
- iv. A working group comprising the President of Council, the Clerk to Council, the Governance Manager, Dr Roger Platt and the President of the Liverpool Guild of Students would be convened to discuss and take forward the recommendations as a group.
- v. Formal updates on progress would be presented to Council's meetings scheduled for February and July 2022.

AGREED:

- vi. The action plan should be approved to enable the relevant individuals to take forward implementation of the various actions.

8. Date of Next Meeting

NOTED:

- i. The next meeting would be held at 2pm on Thursday 25 November 2021.