

NOTES OF THE UNIVERSITY OF LIVERPOOL COUNCIL

AWAY DAY MEETING HELD AT LEAHURST ON 5 OCTOBER 2022

Present:	Carmel Booth, President; Dr Paul Johnson, Vice-President (up to item 5); 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; Vasiliki Samuels, President of the Liverpool Guild of Students; Cilla Ankrah-Lucas; Fiona Cullen (up to item 5); Barry Flynn; Vanessa Griffiths; Helen Miller; Norman Molyneux; Dr Roger Platt; Hans van Mourik Broekman; Professor Julia Balogun; Professor Hazel Scott; Professor Thomas Teubner; Kieran O’Sullivan; and Kathryn Manley, Deputy President of the Liverpool Guild of Students (up to item 4).
Apologies:	Dr Kashmir Gill; Dr Diana Walford; Professor Louise Kenny, Executive Pro-Vice-Chancellor for Health and Life Sciences; and Professor Wiebe van der Hoek, Executive Pro-Vice-Chancellor for Science and Engineering.
In Attendance:	Professor Fiona Beveridge, Executive Pro-Vice-Chancellor for Humanities and Social Sciences (up to item 4); Professor Dinah Birch, Pro-Vice-Chancellor for Cultural Engagement; Nicola Davies, Director of Finance; Phil Hopwood, Interim Director of Strategic Planning; Emma Leonard, Secretary to Council; and Kevan Ryan, Clerk to Council.

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.

During the lunchbreak members received a presentation from Professor Matthew Baylis, Executive Dean of the Institute of Infection, Veterinary and Ecological Sciences, and Professor Paul Lunn, Dean of the School of Veterinary Science, on the vision for Leahurst, together with a tour of the facilities.

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. International Strategy Review: Opportunities and Challenges and Managing Risks Related to Internationalisation

[The Head of International Development, Christine Bateman, attended for this item.]

This session presented feedback from the International Strategy Review as well as an update on how the University had strengthened its processes to manage international

risks in line with guidance from UK Government and UUK. The intended outcome was for Council members to gain a good understanding of the opportunities and challenges for the University in the international HE context. The session included break out groups where members considered the following questions:

- As members of Council, what do you see as the biggest shifts in the external environment for UoL?
- Related to Q1, what are the most significant opportunities arising?
- Either: What are the potential implications for internationalisation of, and building the UoL reputation in, research
Or: What are the potential implications for UoL and TNE.

RECEIVED:

- i. A presentation by Professor Julia Balogun, Dean for International Strategy, and Christine Bateman, Head of International Development, covering: significant shifts in external environment; changing global mobility patterns and demand for UK Higher Education; map of activity: overseas campus network; Russell Group: campuses and strategic partners; University of Liverpool vision and strategy; and key take-aways from SWOT, together with handouts providing further detail.
- ii. An update from the Vice-Chancellor on the changing geo-political context.
- iii. An update from the Head of International Development and University Secretary and Director of Legal and Governance on the University's risk mitigation in relation to internationalisation, covering: context: challenging global landscape for universities to navigate; managing risks in internationalisation: what is included in the UUK guidance; key questions; what measures have we introduced so far; and priorities for 2022/23.

NOTED:

- iv. Significant shifts in the external environment included:
 - Patterns of global mobility are changing, with highly competitive environment in the years ahead
 - Geopolitics: risk issues and China
 - Transnational Education: growth in new modes of delivery (especially online) and maturity of many international markets is leading to a shift in demand
 - International research collaboration: uncertainty in funding and shift in government strategy post-BREXIT
 - Pivotal point in decisions on post Horizon funding.
- v. Recommendations arising from the International Strategy Review included:
 - Enhanced governance: appropriate governance structures and risk management building shared commitment to internationalisation across the University, supported by metrics and planning and financing
 - Communication infrastructure international opportunities and focus

- Build regional strategies identifying the range of activities (in terms of TNE or research or both) and purpose of that range of engagement in that region/country to identify 'target markets' and direct future activity
 - Develop strategic partnership framework with strong relationship management
 - Reform research strategy group within partnership framework to gain traction
 - Establish TNE strategy group to consider potential: branch campuses, Liverpool Online, 2+2 / 3+1 pipelines
 - Recruitment of global talent: EVP, support package
 - Support Global Opportunities: students/ECRs
 - Build a global campus.
- vi. Concerns in relation to international risks included:
- Theft of IP and data
 - Security on campus
 - Travel and conducting research in other parts of the world
 - Understanding partnerships and due diligence in a changing world
 - Academic freedom and freedom of speech
 - Institutional autonomy
 - National security.
- vii. Measures introduced so far included:
- Full audit of exposure to risk and review of due diligence processes
 - University task and finish group to review and fill gaps
 - Raising awareness and enhanced processes
 - Online training programme: available to all researchers
 - New due diligence processes with a stronger focus on international research contracts and industry engagement
 - Enhanced support and expert advice via the University's legal services
 - Continued focus on cyber security risks
 - Meetings and events for researchers with government contacts (British Embassy, China and RCAT).

4. Quarter 4 and Year End Performance Report

4.1 Quarter 4 and Year End Performance Report

RECEIVED:

- i. A report providing details of performance during Quarter 4 against relevant KPIs, the 2021/22 year end financial results, and appendices including the latest environment scan and an overview of KPIs and risks.

REPORTED:

Q4 Performance Report

- ii. Since last reporting, the University was ranked 190th amongst 1,422 institutions in the QS World University Rankings 2023, published on 8 June 2022. With a score of 44.6 of a possible maximum score of 100, the University was ranked 26th of 89 included in the UK and 23rd of 24 in the Russell Group. Although the overall trend over the past five years had shown a relatively small drop in ranking, this was set against a rise in the number of ranked institutions. As a result, Liverpool had increased its percentile rank and was now ranked within the top 14% of institutions across the world for the first time since 2015. Early in the summer and ahead of this year's NSS and the publication of the REF results, the Complete University Guide showed a rise in rank of 10 places to 21st due to a number of low weight measures improving but also as a consequence of the University's smaller fall than others in last year's NSS. The Times recorded a fall of three to 33rd with the drop in NSS partially offset by the REF.
- iii. The response rate for the 2022 National Student Survey (NSS) was at its highest for a number of years. However, the University's overall satisfaction at 71.3% was significantly lower than previous years and below the level historically associated with the upper quartile. Indeed, Liverpool's rank within the sector decreased by 67 places, from 34th to 101st (of 131 providers) and by 11 places in the Russell Group, to 18th. Overall performance now sat within the lowest 25% of providers. As expected, impacts of both the pandemic and recent strike action had been reflected in this most recent published performance. Thematic reviews of negative free text comments received as part of the survey results had been analysed, with the five most common themes as follows: Assessment and Feedback; Strike Action; Organisation, Management, Communication and Change; COVID; and Online vs In Person Learning. However, improvement in student satisfaction had been recorded year-on-year relating to learning resources and this metric recorded performance higher than the national average by 1.4% and marginally above the OfS benchmark of 81.8%. Six subject areas had performed positively to be within their subject upper quartile as follows: Accounting; Architecture; Marketing; Medicine by specialism; Microbiology and Cell Science; and Music. In response to the NSS results, action plans had now been produced for subject areas and progress updates would be required to be submitted by week six for review. The Education Committee would closely monitor progress.
- iv. The data received from the new Graduate Outcomes survey remained preliminary and still no confirmed metrics or performance indicators had yet been issued to the University by HESA. Thus, performance in this metric was reported using the measures adopted by league tables. Surveying of Cohort D (the latest round of graduates to be surveyed) was finalised in November and in resulting data received in July the University ranked at 51 in the sector. 78.2% of students surveyed were in highly skilled work or further study as per the Sunday Times indicator definition, an improvement on 75.0% at last reporting. 45% of students in employment remained within the North West region, with the most common employer being Liverpool University Hospitals NHS Foundation Trust.

- v. The University's REF result had shown the second largest increase in the percentage of 4* FTEs in the Russell Group which had led to the second largest percentage increase in QR funding at c£7m.
- vi. Student intake for 2022/23 was projected to be:
 - For UGH +200, noting a quality bar had been set at 3Bs to increase tariff
 - For OSI +100 UG, +500 PGT though -200 PGT UGH. XJTLU was projected to be at plan.

Year End Financial Results (Subject to Audit)

- vii. In relation to the year end results, the headlines were as follows:
 - The overall results for the year included an underlying operating surplus of £11.9m excluding pension adjustments, and an overall operating deficit of £141.1m including the full pension impact. Excluding pension, this was an improved position compared with Forecast 3 due to further savings in pay and non-pay expenses reflecting longer lead times for recruitment along with some delays in supply chains. This was favourable to plan due to a combination of windfalls that were not expected this year along with expenditure delays mainly in relation to appointing new staff. The windfalls related to increased government grant funding, the significant cost saving in respect of the Laureate JV arrangement and Health Education England (HEE) funding in excess of plan. Overall, income was up on plan and prior year by £30.3m and £17.3m respectively.
 - Additional pension costs of £153m were non-cash and predominantly related to the expected USS increased pension deficit funding, and ULPF current service costs for the year (greater than actual contributions paid)
 - Overall spend on capital was £5.9m favourable to Forecast 3 and £14.8m favourable to plan with project delays continuing through Q4
 - Year end cash position remained strong at £134.4m along with £117.7m longer term University investments, giving total University funds of £252m.

AGREED:

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

5. Strategic Risk Register (including Deep Dives on Finance and Research Related Risks)

5.1 Review of the Strategic Risk Register

RECEIVED:

- i. A report providing the latest version of the strategic risk register, risk map and risk forecast.

REPORTED:

- ii. Over the summer a considered review of each risk on the register had taken place, including 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.
- iii. Updates had been made in relation to the following risks: E2 Political and Funding Landscape, S1 Research Impact Quality and Quantity, S2 Student Recruitment, S3 Student Satisfaction and Wellbeing, S4 Reputation, S7 Staff Recruitment, Retention and Wellbeing, and S9 Financial Sustainability, with some mitigations moving to business as usual and the introduction of some new mitigations.
- iv. The exposure after mitigation for Cyber Security remained high (scored at 16). The mitigations would have an impact on elements of the risk but could not necessarily reduce the score as the risk environment was constantly changing and because of the consequence a successful cyber-attack would have on key business operations. It was of note that some mitigating actions, following an invited case for investment, had been delayed due to difficulty in retaining and recruiting sufficient staff to make progress in all areas. Given this risk was closely managed by Audit Committee, Council was asked to confirm it was comfortable with the agreed mitigations and therefore the associated level of risk.
- v. The Faculty risk register within Science and Engineering contained a compliance risk associated with a number of issues with the infrastructure and facilities in Chemistry. Whilst some of those issues were within the Faculty's gift to mitigate, some were not, potentially requiring re-prioritisation of the University's capital investment plan. Risk assessments would be conducted during September to determine priority areas for action and the need for wider management through escalation to the strategic risk register.
- vi. The risk forecast was largely positive, with the trajectory for many of the strategic risks reflecting work being undertaken to mitigate institutional risks. Highlights included:
 - S9 Financial Sustainability – current scenario analysis suggested the institution would return to surplus from 2023/24
 - S2 Student Recruitment – where clear work was being done to align the Student Intake Strategy targets with the annual Planning and Performance Cycle.

AGREED:

- vii. The updates to the strategic risk register should be approved.
- viii. The risk exposure level for risk E4 Cyber Security should continue to be approved.

- ix. The operational compliance risk within Science and Engineering (infrastructure and facilities in Chemistry) and its potential to be escalated onto the strategic risk register should be noted.

5.2 Deep Dives on Finance and Research Related Risks

[The Deputy Director of Finance, Paul Fallon, and the Director of Research, Partnerships and Innovation, Sarah Jackson, attended for this item.]

Members participated in two break out sessions, one focussing on finance related risks and the other on research related risks. The intended outcome of the sessions was to ensure a common understanding amongst members of the financial sustainability and research and impact risks including the main causes and drivers of the risks as well as the current controls and mitigations that are in place to bring them down to their agreed residual level.

Financial Risks

NOTED:

- i. Financial risks included:
- Ability to attract quality students at sufficient volumes
 - Ongoing reduced XJTLU 2+2 volumes (COVID)
 - Pay inflation – 1% additional pay cost is c£3m
 - Staff recruitment and retention
 - Potential increases in pension costs (USS, ULPF, NHS)
 - Non-pay inflation – energy, capital costs
 - Cost of living – debt recovery, attrition rates, payments to staff, hardship funds.
- ii. Possible mitigations included:
- Maximising income opportunities:
 - o UG and PGT portfolio development
 - o Maximise proportion of overseas student numbers – partnerships, 2+2
 - o Review low volume modules – reduce module choice
 - o Research income per FTE is low compared with peers. Project CREATE. 2020-21, 2021-22 great years for awards £146m
 - o Research cost recovery is critical – currently lower quartile
 - o Other income sources, e.g. consultancy, philanthropy, industry partnerships and more commercial spinouts etc.
 - Cost control and cost reduction:
 - o Process redesign – identify inefficient processes and work together to improve them (PS Futures)
 - o Non-pay spend e.g. travel, consultancy – is it essential? What is the business case – what is the benefit? Contract negotiation
 - o Efficient use of estate, e.g. fewer single person offices, fewer cases of small volumes in large rooms

- o Energy costs will increase hugely – demand reduction, net zero.
- Stop some activity:
 - o Is it adding value? Is it needed? Who is using the output?

Research Risks

- iii. The current approach to managing research and impact risks included:
- RISE
Four ideas for the research environment, based on views of 600+ colleagues:
 - 1) new, rounded approach to expectations for R&I staff, including supporting people
 - 2) Narrative statement to share qualitative and quantitative evidence against expectations
 - 3) New approach to output evaluation based on national best practice
 - 4) New approaches to teamwork to create more diverse research teams, including piloting convenor-led research.
 - CREATE
Five year programme to increase ambition and grow research capacity and income to do more of the research we care about
Three strands:
 - 1) Agreed targets and expectations
 - 2) Research Priority Areas (RPAs)
 - 3) Enhanced bid-writing.
 - REF Planning 2028/QR Task and Finish Group
Undertake further analysis to design springboard from excellent results and QR uplift
Agreeing a point of principle that we need to separate how we *support* 4* quality activity vs how we *assess* outputs
Four early emerging priorities: RPAs (aligned to CREATE priority); supporting 4* and assessing 4* (aligned to RISE priority); build on impact gains; and environment strategies.

6. Size and Shape Review

[The Director of Research, Partnerships and Innovation, Sarah Jackson, attended for this item.]

A scope and plan was being developed to review the University's size and shape, covering volume and quality across student intake and research and impact. This session was intended to ensure a common understanding of the motivations for the size and shape review and how it will inform future strategy, alongside a common understanding of the approach and activities that will be undertaken and the approximate timescales for the delivery of results and recommendations.

RECEIVED:

- i. A presentation from the Interim Director of Strategic Planning, covering: motivation; draft strategic assumptions; and draft scope.
- ii. A presentation from Andrew Hargreaves from Data HE.
- iii. A presentation from the Pro-Vice-Chancellor for Research and Impact and the Director of Research, Partnerships and Innovation on the research and impact elements of the review, covering: context; current research performance; Liverpool sub-profiles; research income and awards; strategy options; data driven; and other considerations.

NOTED:

- iv. The motivations for the review included:
 - Post pandemic the environment has changed
 - Longer term gaze ahead of re-visiting UoL strategy and inform development of the International Strategy
 - Embed the Student Intake Strategy through a keener understanding of where we should grow and where we should not
 - Embed the CREATE ambitions and areas to focus on for quality and impact ahead of the next REF
 - Understand and plan for the consequences on the estate and facilities as well as staffing.
- v. Draft strategic assumptions to guide what would be considered included:
 - Continue with UG, PGT, PGR and continuing professional development
 - Teaching, in the majority, should be on a full-time residential basis with a proportion of part-time and online remote learning
 - Continue to focus on the Liverpool campus
 - Continue with our strategic partnership with XJTLU and open to further options to partner on a 2+2 or other basis, in other geographies
 - Continue to teach across a wide subject range but with reduced optionality
 - Multiple intake points
 - High standard of teaching, world-leading research and impact in specific areas and global credibility recognised elsewhere. World leading means being in the top 20 UK universities
 - Research increasingly in partnership with industry or other high quality HE both in the UK and globally.
- vi. The draft scope was as follows:
 - For student numbers consider:
 - Overall number and balance of UG to PG as well as Home vs Overseas
 - Markets and demand in current and emergent subject areas
 - Implications of growth/shrinkage on staffing, estates and facilities as well as research activity.

- For research and impact consider:
 - How to grow research
 - Overall size of research income and balance with research quality
 - Implication of quality on research space.

7. Date of Next Meeting

NOTED:

- i. The next meeting would be held at 2pm on Thursday 24 November 2022.