

Council

21/12 A meeting of the Council was held online on Monday 15 March 2021 at 2.15 pm.

The President	
The Vice-Presidents	(Mr T. Beardmore-Gray, Mrs H. Gordon, and Mrs K. Owen)
The Vice-Chancellor	
The Deputy Vice-Chancellor	
The Pro-Vice-Chancellor	(Professor M. Fellowes)
The Pro-Vice-Chancellor	(Mr P. Inman)
The Pro-Vice-Chancellor	(Professor E.M. McCrum)
The Pro-Vice-Chancellor	(Professor D. Zaum)

Professor J. Board	Ms S. Maple
Mrs S. Butler	Mr P. Milhofer
Mr K. Corrigan	Ms L. Moses
Mrs P. Egan	Miss R. Osborne
Professor R. Frazier	Mrs S. Plank
Professor J. Gibbins	Mr S.C.C. Pryce
Professor Uma Kambhampati	Mr N. Richards
Miss B. Karki	Dr C. Shaw
Mr J. Magee	Mr J. Taylor

In attendance:
Chief Strategy Officer and University Secretary
Chief Financial Officer
Director of Quality Support and Development

The President noted that this was the final meeting to be attended by Miss Osborne, RUSU President, and Miss Karki, RUSU Welfare Officer. On behalf of Council, the President thanked them for their invaluable contribution to the Council's work, and thanked the whole RUSU officer team for their work on behalf of students in a very challenging year.

21/13 The minutes (21/01-21/11) of the meeting held on 26 January 2021 were confirmed and signed.

Items for note

21/14 Documents sealed and to be sealed (Item 4.1)

The Council received a list of documents sealed and to be sealed.

Resolved:

"That the Council approve the action taken by the Officers and Members in affixing the University Seal to documents sealed since the last Ordinary Meeting of the Council and authorise the Seal of the University to be affixed to the documents to be sealed as now reported."

21/15 Disclosure of Interests (Item 4.2)

The Council received a list of members' interests and members were asked to notify the University Secretary of any amendments as necessary.

Main items of business: strategic and governance matters for discussion

21/16 Group discussions on the effectiveness of Council and the CUC Code of Governance (Item 5)

The Council received a paper summarising the interim findings and recommendations of the group looking at the effectiveness of Council and the CUC Code of Governance, and an oral presentation from Mrs Owen and Mrs Gordon.

Mrs Owen and Mrs Gordon reported that the group was making good progress, and now wished to consult Council on its interim findings and recommendations to inform their further development. The group had found that the Council generally met the expectations set out in the Code, and the group's recommendations would therefore be building on Council's present practice. The initial recommendations included:

- Changes to ways of working (including more regular breakout discussions, and shorter papers with clear coversheets setting out the expectations for the item in the meeting)
- Clearer mapping of the University Strategy and risks to the responsibilities of Council's committees and the expertise of Council members
- Greater access for Council members to external information, data and perspectives
- Increased support for Council members and their development within the role.

In addition, the group identified the need for further discussion of a possible role for an Independent Governor and whether the duties associated with such a role might more feasibly and appropriately be shared among the Vice-Presidents. In the longer term, consideration should be given to the size of the Council, expectations about Council members' commitment of time, and, in the light of these expectations and the need to promote greater diversity in Council's membership, the possible remuneration of lay members.

The Council discussed the paper in small groups, and then shared key points arising from the discussions. Key points included:

- Clearer information about the structure of Council, accountabilities, and how committees fed into its work would improve Council's effectiveness
- The introduction of coversheets would help Council members to navigate meeting papers and to focus on priorities for governance and on those issues where their expertise would contribute greatest value
- Greater access to external data, information and perspectives would help lay members better to understand the sector, what best practice looked like, and how the University compared with the competition, and would therefore improve Council's capacity to offer independent challenge

- Council members were well-qualified and experienced, but the University did not always make the most effective use of their expertise and capacity
- Induction worked well for lay members and should be extended to internal members (both staff and students). Some induction material could be more efficiently delivered as an online resource.
- Council members should be expected to undertake continuing professional development for the role
- Individual appraisal would be helpful, especially if linked to a structured development process
- Council members might usefully be linked to external stakeholders in order to strengthen the bonds between the University and its partners
- The respective formal responsibilities of Council and Senate were clear, but there would be merit in building a better mutual understanding between the two bodies
- Council's relationship with the wider University community should be strengthened through a dedicated webpage, pairings between lay members and Schools/Councils, and provision of wider opportunities to share experience.
- The role of Independent Governor did not seem useful—the functions attributed to the role would more effectively fulfilled if built into the responsibilities of existing members rather than assigned to a distinct role.

The President thanked Mrs Gordon and Mrs Owen, together with the review group, for their work and for leading a valuable discussion. He asked that members contact Mrs Gordon and Mrs Owen if they had further thoughts on the matters raised in the discussion.

Matters for report

21/17 Report of the Student Experience Committee (Item 6)

The Council received the report of the meeting of the Student Experience Committee held on 1 February 2021.

Mrs Owen, as Chair of the Committee, reported that the Committee had carefully considered the Annual Learning and Teaching Report to Council (Spring Term 2021), and noted that it would be discussed as part of the Report of the Senate (Minute 21/18).

The RUSU President reported on the strong desire among students to enjoy as much of a normal student experience as possible following the lifting of the lockdown. RUSU had been working with the University to offer a rich programme of on-campus events towards the end of the Summer Term, which would, naturally, have to comply with government guidelines. She also spoke of RUSU's continuing campaign to urge the government to change the repayment terms for student loans in recognition of the challenges arising from the pandemic. The RUSU President and RUSU Welfare Officer thanked the Council for its encouragement and support, and for its strong commitment to the student experience through a difficult year.

In response to a question from the President, the Vice-Chancellor explained that a commitment to student wellbeing and mental health was central to the University Strategy and, in particular, to its theme of Community. He outlined the support provided for students' well-being and referred to recent improvements in counselling arrangements which now provided more immediate and effective support; in consequence, the waiting list for counselling had now been much reduced. He noted that available evidence did not suggest

that there was a need for major improvement in the services provided, but indicated that the Risk Management Group was considering how student and staff well-being were reflected in the Corporate Risk Register. The RUSU Welfare Officer spoke of RUSU's support for students' wellbeing and the close co-operation between RUSU and the University to complement each other's provision.

Resolved:

"That the Report of the meeting of the Student Experience Committee held on 1 February 2021, now submitted, be approved."

21/18 Report of the Senate (Item 7)

The Council received the report of the meeting of the Senate held on 3 March 2021.

The Vice-Chancellor noted that the Annual Learning and Teaching Report for Council had been introduced several years ago to meet a regulatory requirement of HEFCE, but that the Office for Students now no longer specifically required such a report to be considered by the governing body. He noted that the Student Experience Committee and the University Board for Teaching, Learning and Student Experience both believed that the report fulfilled an important purpose, providing Senate and Council with assurance of the University's academic standards and quality of its educational provision. The Council endorsed this view and wished to continue to receive the report; it welcomed the review of its format and content by the Student Experience Committee, and asked that the review also have regard to the efficient production of the Report.

In response to a question from Mrs Egan, the Vice-Chancellor noted the guidance on partnerships contained in the CUC Code of Governance and explained that the University was engaged in numerous partnerships, ranging from co-tutelle arrangements for research students to large-scale institutional partnerships, such as the joint Academy with the Nanjing University of Information Science and Technology (NUIST). The University brought partnerships to the attention of Council on the basis of risk.

In response to a question from Mrs Plank, the Pro-Vice-Chancellor (Education and Student Experience) (Professor McCrum) confirmed that Schools engaged closely with the National Student Survey (NSS) results and the annual School Teaching Enhancement Action Plans commonly addressed issues raised through the NSS. The Portfolio Review under the Strategy Implementation would include the NSS as one of the key data sets to inform programme rationalisation and enhancement.

The Council noted that measures were being taken to manage the risks related to the impact of the pandemic on assessment, mitigation arrangements, and the increase in the proportion of Firsts and 2:1s being awarded.

The Council approved the Annual Learning and Teaching Report for Council (Spring Term, 2021). The President commended the Report as comprehensive and forward-looking, and would have welcomed greater insight into the Senate's views on the Report. Professor Frazier confirmed that the Senate had been very content with the Report, and the Vice-Chancellor indicated that many members of the Senate would have contributed to the Report during its consideration in earlier committees.

The Council noted that a review of Senate's effectiveness was due in the next academic year, and that some reflection on developing fuller engagement and a better understanding between Council and Senate might be helpful.

Resolved:

1. "That the University Annual Learning and Teaching Report for Council (Spring Term 2021), now submitted, be approved;"
2. "That the Report of the meeting of the Senate held on 3 March 2021, now submitted, be approved."

21/19 Report of the Vice-Chancellor (Item 8)

The Council received the Report of the Vice-Chancellor.

The Vice-Chancellor reported that, together with six other Vice-Chancellors, he had been signatory to a letter calling on the government to address the disadvantage which students had suffered during the pandemic. The letter proposed that: the interest on student loans, which was currently 5.6%, be deferred or not charged for a period of 15 months; further support be provided for students suffering from digital poverty; and universities be permitted to spend their apprenticeship levy to provide further careers and employability support for their students and graduates, given the large surplus in the levy fund and the limited apprenticeship opportunities currently available.

The Vice-Chancellor reported on the current position in relation to the Universities Superannuation Scheme (USS), to which approximately half of the University staff belonged. The 2019 valuation of the USS indicated a deficit of £5.4bn, and the 2020 valuation was currently being finalised. Since the relevant valuation point was March, which was a low point on the financial markets, the deficit had grown and the scenarios proposed by the USS Trustees indicated increases in the combined employer/employee contributions to as much as 56.2%, which was unsustainable for both employers and employees. He noted that some 20% of staff eligible to join the USS opted not to do so, largely due to the level of contribution required, and that this proportion was likely to increase substantially if the employee contribution rate rose. Universities UK, representing the employers, was challenging the outcome of the valuation, but it seemed unlikely that the Trustees would be willing to revise their valuation substantially. The University and College Union (UCU) contended that the USS's investment strategy was excessively risk-averse and that it opposed increases in the employee contribution. There was therefore a realistic prospect of industrial action in the Autumn and Spring Terms 2021/22. The University was seeking to ensure that all staff were better informed about the USS and the University's other pension schemes, that they appreciated the complexity of the USS, and that they had some understanding of the implications of the Trustees' proposals for the University's sustainability. Pensions was the topic of the forthcoming all-staff update.

In response to a question from Mr Beardmore-Gray about the possibility of industrial action, the Vice-Chancellor explained that, for industrial action to go ahead, a majority of the UCU membership would need to participate in the ballot and a majority of those who voted would need to support the proposed industrial action. He noted that the disruption arising from industrial action would be particularly regrettable following two years of pandemic-related disruption.

In response to further questions, the Vice-Chancellor explained that the USS covenant meant that all USS institutional members were jointly liable for the scheme's liabilities, and that the costs of withdrawing from the scheme were extremely prohibitive and not at all feasible for an institution such as Reading. The covenant imposed restrictions which, in practice, could in the future limit the capacity of member institutions to invest in teaching and research. He also explained that the terms of USS membership precluded the University from offering alternative pension provision for academic and academic-related staff. The Vice-Chancellor affirmed the University's wish to provide staff with a good pension, but advised that the current USS proposals risked making the scheme unaffordable for staff and the University. He undertook to provide Council with further information in his fortnightly briefing.

Resolved:

"That the Report of the Vice-Chancellor, now submitted, be approved."

21/20 Report of the Strategy and Finance Committee (Item 9)

The Council received the Report of the meeting of the Strategy and Finance Committee held on 1 March 2021.

[Redacted – Section 43]

The President noted that the University was forecasting an in-year deficit for 2021/22 and possibly 2022/23, after which the Strategy Implementation should begin to yield significant benefits. The Committee recognised that the University was operating in a challenging environment and that the plans for Strategy Implementation were far-reaching and were designed to ensure that, in future, the University reliably delivered a 10% annual surplus for reinvestment. The Committee was, however, concerned by the projected deficits and sought a clearer understanding of the cost base and possible actions to further reduce the projected deficits.

The Chief Financial Officer explained that the Annual Financial Return to the Office for Students reported that the Phase 1 mitigations of the pandemic were proving effective, that a route to achieve up to £104m savings over 3 years had been agreed, and that current forecasts indicated that £80m of this sum would be needed. While a pay freeze, agreed with staff, was currently in force, forecasts indicated, at present, that the reductions in pay, conditionally agreed with staff, would not be required. There remained, however, a significant risk that the University would be obliged to refund some hall fees for the Summer Term, which may erode this position.

The Chief Financial Officer reported that the Strategy Implementation Group had been tasked to deliver £20m in efficiencies and increased income, which would serve to remove the underlying deficit (of around £10m pa), provide a modest capital budget, and allow some debt to be paid off. The financial position would be further enhanced by an increase in commercial income, including receipts from the Thames Valley Science Park, over the coming years, although using such funds to invest rather than to simply plug a hole would be sensible.

The Chief Financial Officer advised that, at present, a budget deficit for 2021/22 was projected to stand at £7-9m, but work was continuing to improve this if possible, and the budget would be submitted for approval in due course. She reported that projected cashflow over the coming three years was satisfactory, in part due to monetisation of some assets, but that

sufficient cashflow beyond 2023 was contingent on delivering the efficiencies/income associated with the Strategy Implementation.

In response to a question from Mr Milhofer, the Chief Financial Officer explained that the Annual Financial Return necessarily included movements in respect of USS liabilities, and that more regular reporting to the Council would continue to exclude these movements in order to give a clearer view of the underlying position. She outlined the assumptions which informed the statement, indicating that Campus Commerce (bars, Restaurants, Halls, Hotels) was expected to begin to recover from the Summer Term and achieve 90% of its usual turnover in the course of the Autumn Term 2021; however, occupancy in University halls was still expected to be lower than normal in 2021/22. She acknowledged that, while some of the savings achieved in the current year would be sustained, other savings were temporary and that there may be additional spending at some point to compensate for the current vacancy freeze, the lack of capital spending, and the deferral of other necessary work (although UEB had prioritised what limited funds there were to the digital programme, and mitigating risks such as cybercrime). The University would also be seeking to pay off some of its debt and would also need to make provision for the seemingly inevitable increase in USS costs.

In response to a question from Mrs Plank, the Chief Financial Officer confirmed that she would prepare a paper setting out an analysis of the risks associated with the Strategy Implementation work and the cashflow.

The Vice-Chancellor noted that the Strategy Implementation was the largest change programme undertaken by the University, and affirmed its importance for the University's financial sustainability and his confidence that it would achieve its financial targets.

Resolved:

“That the Report of the meeting of the Strategy and Finance Committee, held on 1 March 2021, now submitted, be approved.”

21/21 Report of the Remuneration Committee (Item 10)

The Council received the Report of the meeting of the Remuneration Committee held on 1 March 2021.

Mr Beardmore-Gray, as Chair of the Committee, reported that the principal focus of the Committee's discussions had been the USS and the pay freeze, and noted that these matters had been considered under the Vice-Chancellor's Report (Minute 21/19) and the Report of the Strategy and Finance Committee (Minute 21/20). Mr Beardmore-Gray indicated that the Committee was alert to the risks arising from the pay freeze in respect of staff recruitment and retention.

Resolved:

“That the Report of the meeting of the Remuneration Committee held on 4 February 2021, now submitted, be approved.”

21/22 Report of the Audit Committee (Item 11)

The Council received the Report of the meeting of the Audit Committee held on 11 February 2021.

Mr Richards, as Chair of the Committee, reported that the Committee had reviewed its Membership and Terms of Reference in the light of the CUC HE Audit Code of Practice. The Committee had concluded that the Membership and Terms of Reference met the requirements of the Code, subject to a few amendments. The Committee had also considered the process and outcomes of last year's audit.

Mr Richards noted recent press reports that some UK universities were complicit in money laundering due to their willingness to accept payment of fees in cash. He advised that the University had not accepted cash payment of fees for a number of years.

Resolved:

1. "That the revised Membership and Terms of Reference of the Audit Committee, now submitted, be approved;"
2. "That the Report of the meeting of the Audit Committee held on 11 February 2021, now submitted, be approved."

21/23 Report of the Joint Standing Committee of Council and the Senate on Honorary Degrees (Item 11)

The Council received the Report of the Joint Standing Committee of Council and the Senate on Honorary Degrees.

Members noted that the information in the report had to be held in the strictest confidence until such time as the proposed recipients had been contacted and had accepted the University's invitation.

Resolved:

"That the Report of the meeting of the Joint Standing Committee of Council and Senate on Honorary Degrees, now submitted, be approved."

21/24 Any other business

The Chief Strategy Officer and University Secretary:

- (a) [Redacted – Section 43]
- (b) invited lay members of Council to contact him if they were interested in serving on the Student Appeals Committee.

21/25 Dates of further meetings of the Council in the Session 2020/21

The final meeting of the Council in this Session had been scheduled for:

Monday 5 July 2021 at 2.15pm.

The Vice-Chancellor advised that the University Executive Board would shortly consider its guidance on University meetings, and, in particular, whether, in future, they should remain online or revert to being face-to-face or, in a mixed economy, the parameters for deciding

which mode might be most appropriate. The guidance would be an important factor in determining how Council would meet over the coming months.