

NEWCASTLE UNIVERSITY

COUNCIL

10 June 2024

Present: Paul Walker (Chair of Council), Professor Chris Day (Vice-Chancellor and President), Shah Yaseen Ali (President, Students' Union), Tom Caulker, Lulu Chen (Education Officer, Students' Union), Jan Deckers, Jo Geary, Alex Lamb, Claire Morgan, Marta Phillips, Pat Ritchie (Vice-Chair of Council), Angela Russell, Mags Scott, Nitin Shukla, Professor Brian Walker (Deputy Vice-Chancellor), Angela Woodburn.

In attendance: Professor Stephanie Glendinning (Pro-Vice-Chancellor, SAgE) for Item 69, Dr Colin Campbell (Registrar), Nick Collins (Executive Director of Finance), Dr Simon Meacher (Head of Executive and Governance Office), Jackie Scott (Executive Director of People Services), Observer: Professor Neil Rajan (Newcastle University).

Apologies: David Bird, Justin Cole, Linda Conlon, Bill MacLeod, Dianne Nelmes.

MINUTES

62. DECLARATIONS OF INTEREST

No declarations of interest were received in advance of the meeting.

63. MINUTES AND MATTERS ARISING

Received the draft minutes of the meeting of Council held on 29 January 2024.
[Circulated with the agenda as Document A. Copy filed in the Minute Book.]

Resolved that the minutes of the meeting of Council held on 18 March 2024 be approved as a correct record and signed.

64. HEALTH AND SAFETY

Noted that:

1. The University's Health and Safety Committee would meet on 20 June to consider the approval of management standards for Work at Height, Chemical Safety, Pregnancy Management, and First Aid. Were the management standards to successfully gain approval, then all ten of the Health and Safety Strategic Plan actions for the 2023-24 year would be complete.
2. The Health and Safety Executive had visited the Estates and Facilities Grounds storage facilities on Friday 10 May with the focus being on Plant Protection Products (Pesticides). Following the inspection, the University had received an enforcement letter from the HSE (Chemical Division) Officer. The relevant changes including the disposal of an old and now banned pesticide were being made and a final response would be provided to the HSE within the timeframe required.
3. Following an open contract procurement exercise, the University had successfully procured the Occupational Health and Employee Assistance Programme services.
4. The University was working on a number of Health and Safety issues arising from the protest encampment activity.

65. CHAIR'S BUSINESS

Noted that:

1. The Chair reported having taken Chair's action on behalf of Council to approve the appointment of Professor Nigel Harkness as Deputy Vice-Chancellor with effect from 1 September 2024.
2. As this would be their final meeting, the Chair thanked the outgoing sabbatical officers, Shah Yaseen Ali and Lulu Chen, and also lay member Tom Caulker, for their engagement and contribution whilst members of Council.

66. VICE-CHANCELLOR AND PRESIDENT'S BUSINESS

Received the Vice-Chancellor and President's report. Highlights of this report are provided below.

[Circulated with the agenda as Document B. Copy filed in the Minute Book.]

Reported that:

1. Student Encampment

The Vice-Chancellor reported that Newcastle was one of several universities with an encampment. There was believed to be a degree of external coordination across the various camps, giving rise to protest tactics which included vandalism of University property and attempts at occupation of buildings. The University was adhering to its normal procedures and policies in responding to the challenges and was reflecting on the encampment's demands. A number of University events had been cancelled following risk assessments. The University was in regular liaison with Northumbria Police and was taking legal advice on future steps.

Council noted that Senate had reaffirmed its endorsement of the IHRA definition of antisemitism at its meeting in January. Council saw no need for the University to pursue further work on the matter at this time.

2. Graduate Visa Route

The Migration Advisory Committee had published its report on the review of the Graduate Visa on Tuesday 14 May 2024. Following a review of evidence, the Committee had concluded that the Graduate route had broadly achieved, and continued to achieve, the objectives set by the government. The Committee therefore recommended that the route remained in place in its current form. In response, on Thursday 23 May, the government announced a new package of measures, including the establishment of a new mandatory registration scheme for agents, and a requirement for universities to publish information on the extent to which they use international agents and the number of international students recruited. Considering the announcement of a general election it was unclear if this package would be adopted as policy, although it was understood that the Labour Party was likely to be broadly supportive of the action on agents.

3. OfS Financial Sustainability

The Office for Students (OfS) had recently issued its latest annual Financial Sustainability Report. The report set out the regulator's view of the financial condition of the sector and its resilience to financial challenge, based on analysis of 269 HEI financial returns in January 2024. The report highlighted that 40% of providers expected to be in deficit in 2023-24, with increasing numbers showing low net cashflow, due to multiple factors which

had increased in scale and immediacy including decline in real-terms income from UK students; inflationary pressures; reliance on international fees; affordability of estates and decarbonisation; cost-of-living increases presenting challenges to recruitment and student support.

Council reflected on the ability and preparedness of the University to assist with mitigation activities in the event of an institutional closure elsewhere in the sector.

4. Castle Leazes

Activity was continuing in line with the established Framework Agreement. Key contracts, with NORR (design), and Pegasus (planning), had now novated to Unite Students, who were leading the activity as the development manager. The full planning application for the project was targeted to be submitted in early June 2024. The competitive tender had now completed, and Bowmer & Kirkland had been selected as the preferred main contractor. Unite Students had appointed Rothschild to advise and support the financing workstream.

5. Health Innovation Neighbourhood (HIN)

In late April, planning consent for the detailed Health Innovation Neighbourhood masterplan had been granted by the local planning authority following a lengthy process working in conjunction with a development partner (GKRL), architects (GSS Architecture) and planning advisor (Pegasus). Following approval by Council in December 2023, to prioritise demolition of the vacant buildings at the HIN site in order to reduce the increasing level of operational risk associated with unoccupied buildings, a competitive tender process had taken place, and a preferred demolition partner had been identified with an estimated demolition cost of up to £5.9m. Should the exploration of external funding sources, including public grant funding fail to secure funding in a reasonable timeframe, Council had pre-approved University capital expenditure funding of up to £6m for demolition.

The recent government Budget included an announcement of a 'Trailblazer Deal' for the new North East Combined Authority which included £5m allocated to the initial development of HIN. This capital grant to the University from the Combined Authority would allow for commencement of the demolition of the old vacant hospital buildings. The conditions of the grant require a 50% University match contribution and the grant to be defrayed by March 2025.

In light of this award and match requirement, the University was working with the partner to assess the optimal programme to deliver as much value across demolition and enabling ground works within the cost envelope. This approach would significantly reduce the risks the site posed to the University, accelerate the site's readiness for development and signal intent to the community (and investors) and demonstrate that progress was being made with delivering the HIN vision.

Council noted that, although the University had received positive feedback on its bid, it had been unsuccessful in winning Research Partnership Investment Fund backing for the Hub for Digitally-Enabled Care Everywhere capital project.

6. Voluntary Severance Scheme

Council received an update on the outcomes of the Voluntary Severance scheme. The scheme had provided a vehicle to achieve FTE savings that would not have otherwise materialised within the budget cycle. For some areas, this had supported and surpassed

the FTE savings, providing additional scope and headroom for growth, without the need to draw on University Strategic funds in the future.

7. Retirement Benefits Plan (Newcastle University Pension Trustee (1971) Limited)

The terms of two of the independent Trustees, Peter Johnson and Mary Coyle, were due to end in June 2024 and both had indicated they wished to step down from these positions. The University noted its sincere thanks to both Peter and Mary for their dedicated service to the RBP pension scheme.

Craig Armstrong's term was also due to end however Craig had indicated willingness to extend his appointment by a further five years.

The University had advertised the Trustee vacancies using Nurole, seeking applicants that had relevant experience in areas including investment, pension, and board governance. Two preferred candidates had been identified.

Resolved that Council approve the appointment of Matthew Jones and Emelda Nicholroy as University-appointed independent Trustees for an initial five-year term, and the re-appointment of Craig Armstrong for a further five-year term.

8. QS World Rankings

Council noted that the University's position in the QS World Rankings had fallen slightly, and that this was largely due to its performance on the citations metric. It was reported that some international students were disappointed by the University's fall in the rankings and that this had the potential to impact upon recruitment. Although fixing research quality and citations performance would take time, the University's research funding pipeline was strong and this offered grounds for optimism. Improving the student experience was also a major strand of the University's Global Strategy.

67. **RISK MANAGEMENT**

The Registrar provided an update on risks relating to the University's strategic objectives.
[Circulated with the agenda as Document C. Copy filed in the Minute Book.]

Noted:

1. Since the previous meeting of Council, two strategic risks (SR14 – Improper conduct of business, and SR15 – Disruption caused by the external environment) had been updated by their risk owner and reviewed by Executive Board.
2. There had been no change to the risk scores. SR9 (financial viability in the long term) continues to be one of the highest rated risks for the University and would be subject to review by Audit, Risk and Assurance Committee at its next meeting in July.
3. The University's Code of Practice for Free Speech was being updated for the 2024/25 academic year to bring it up to date with changes implemented by the 2023 Higher Education (Freedom of Speech) Act. This would be presented to the next meeting of Council. However, the OfS have not yet issued the outcome of their consultations on the free speech guidance, free speech complaints scheme or the consultation on harassment and sexual misconduct all of which are likely to require further amendment to the updated code. It is expected this will now be delayed until after the general election.

Council confirmed that it had received sufficient assurance that the risks facing the University were being managed.

STRATEGY AND KPIs

68. BUDGET

The Executive Director of Finance provided Council with an update.

[Circulated with the agenda as Document D. Copy filed in the Minute Book.]

Noted that:

1. Council received the proposed University Budget for 2024-25 and three-year medium term financial plan. Both had been reviewed in detail and endorsed by Finance Committee.
2. The financial plan aimed to address the key objectives of the University's Financial Strategy, including the need to maintain financial sustainability of the University through effective financial planning and robust financial control; generation of a recurring operating financial surplus to support ongoing investment into teaching, research and campus-wide resources; and maintenance of an operating cashflow.
3. The focus for the next three years was to increase operating income, manage operating costs and therefore produce an increasing financial surplus to deliver on short-term targets.
4. Financial risks had crystallized across the higher education since the previous three-year plan had been approved by Council in June 2023. This had included increased uncertainty in international student recruitment and continued inflationary impacts on the cost base.
5. Home undergraduate fees were expected to remain frozen at £9,250 across the planning horizon and any potential change in Government was not expected to address this issue in the short-term. This exacerbated the inflationary issues faced over recent years and increased the importance of continuing to grow the mix of international fee-paying students.
6. The volatility in international recruitment had been well publicised and had led to some universities invoking mitigating actions including restructuring plans. Informed by current data (application volumes, offers issued and deposits placed), Executive Board had formed a view of the financial risk within the forecast student numbers for 2024-25, ensuring that the budget could accommodate this through income contingency and identification of budgeted non-pay costs that would be avoided should the risk materialise.
7. In terms of staff costs, the outcome of the recent voluntary severance scheme had aided the delivery of FTE plans, with all areas on track to hit their July 2025 FTE targets. Delivering these plans would aid a progressive reduction in the organisation's staff cost to income ratio. Council reflected on the effect on staff-student ratios as a consequence of the sector decreasing its expenditure on staff costs.
8. The University had developed a detailed capital budget supporting its assumptions on cash available for investment across the three-year plan. This capital budget would be used to prioritise the investment decisions with a focus on enabling the delivery of strategic priorities and NUShape.
9. The proposed three-year financial plan did not yet capture the benefits and future upside performance that NUShape was expected to deliver. Detailed planning and implementation plans for NUShape would be captured as part of next year's planning cycle. A clear financial

objective of NUShape was to aid the delivery of the longer-term target financial performance. Council would receive an update on NU Shape at its meeting in October 2024.

10. Finance Committee had offered the view that budget-setting had been a very rigorous process across all faculties and units and had been reassured about mitigating activities. The Committee had endorsed the proposed budget for 2024-25, whilst being clear that the surplus positions proposed were the minimum expected.

Resolved that Council approve the University budget for 2024-25 and the medium-term financial plan.

69. FACULTY REPORT (Science, Agriculture and Engineering)

The Pro-Vice-Chancellor Science, Agriculture and Engineering introduced a discussion.

Noted that:

1. The Faculty's vision was to work together to create sustainable futures through discovery, education and innovation, and it had been successful in developing areas of strength in five core thematic areas: environmental sustainability and resilience, data and digital technologies, future energy, bio-systems and health, and future mobility.
2. In terms of performance against strategic objectives, the Faculty was reporting a consistent and significant increase in income, largely thanks to a targeted marketing and recruitment effort for its Engineering degree programmes, as well as an increase in research grant applications.
3. Three strategic programmes covering Education, Research, and Partnerships activity were underway in the fields of Electrification; Data/Digital/Digitalisation; and the Environment. A theme consistent to all three programmes was alignment with priorities for the North East Innovation Zones, development in and between Malaysia and Singapore, and Department for Science, Innovation and Technology strategy.
4. A key challenge for the Faculty was to find a way of working with, and benefitting, local companies more effectively.
5. Council also noted key risks and mitigations for the Faculty, and discussed student engagement placements and industry, demographics of the undergraduate cohort, and the use of AI to accelerate the pace of research.

REPORTS

70. REPORT FROM AUDIT, RISK AND ASSURANCE COMMITTEE

Mags Scott, on behalf of the Chair of Audit, Risk and Assurance Committee, introduced a report from Audit, Risk and Assurance Committee.

[Circulated with the agenda as Document D. Copy filed in the Minute Book.]

Noted that:

1. The Committee had received an update on progress made in the Cyber Security Programme work-streams and the roll-out of the Cyber Security Accountability Framework. Council would receive an update on Cyber at its next meeting.
2. The Committee had conducted a deep dive into Strategic Risk 14 (Improper conduct of business). This risk had been rated amber due to five key factors: continued focus on

mandatory training compliance, ongoing work in developing the Accountability Framework, fraudulent student applications – both financial and visa-related – requiring control interventions, ongoing work in implementing the Due Diligence Framework, and new regulatory requirements from the Office for Students. It was expected that the risk rating could be amended to green by the end of the calendar year, pending any new key controls or influencing factors.

3. An external review of Audit, Risk and Assurance Committee was being undertaken by colleagues from AdvanceHE and was due to complete in October 2024.
4. The Committee had also received an update from Ernst & Young regarding the external audit strategy for the year ending 31 July 2024.

71. **REPORT FROM FINANCE COMMITTEE**

The Honorary Treasurer and Executive Director of Finance introduced a report from Finance Committee.

[Circulated with the agenda as Document E. Copy filed in the Minute Book.]

Noted that:

1. The Committee had reviewed the proposed budget for 2024-25 and the three-year financial plan as presented by the Executive Board (see Minute 68).
2. The Committee had endorsed the University's proposed approach to capital investment and cash flow planning over the three-year financial plan and had also reflected on the financial risks associated with International Student Fee Income, considering a risk assessment and scenario analysis, and supporting the University's recommendation to continue to develop detailed contingency and mitigating action plans.

72. **REPORT FROM PARTNERSHIP COMMITTEE**

The Vice-Chair of Council introduced a report.

[Circulated with the agenda as Document G. Copy filed in the Minute Book.]

Noted that:

1. The Committee had received an update on the Newcastle University Students' Union Operational Plan.
2. The Committee had reflected on the impact on sabbatical officers around balancing Freedom of Speech and protecting students, noting that extra wellbeing support for sabbatical officers would be secured.

ROUTINE BUSINESS

73. **INTELLECTUAL PROPERTY POLICY**

Received the University's revised Intellectual Property Policy.

[Circulated with the agenda as Document H. Copy filed in the Minute Book.]

Resolved that Council approve the revised policy.

74. **NEWCASTLE UNIVERSITY MEDICINE MALAYSIA**

Received the revised constitution for Newcastle University Medicine Malaysia.

[Circulated with the agenda as Document J. Copy filed in the Minute Book.]

Resolved that Council approve the revised constitution.

75. SUMMARY OF THE MEETING OF SENATE, 1 MAY 2024

[Circulated with the agenda as Document K. Copy filed in the Minute Book.]

76. REPORT FROM RESEARCH ETHICS COMMITTEE, 23 April 2024

[Circulated with the agenda as Document L. Copy filed in the Minute Book.]

77. REPORTED BUSINESS