

# Council

2 May 2019

M19/78-M19/165



## Minutes

Present:	Dame Margaret Hodge (Chair)	Professor Paul Layzell
	Ms Ann Ewing (Vice Chair)	Mr Jeremy McIlroy
	Mr Alistair Buchanan	Mr Gerry O'Hagan
	Professor Bob Fitzgerald	Professor Elizabeth Schafer
	Mr John Gregory	Mrs Chris Shoukry
	Mrs Tina Harris	Mr David Spence
	Mrs Margaret Jack	Mr Nick Perryman
	Mrs Hazel Jessop	Mr David Williams
	Mr Clem Jones	Ms Colette Wilson
	Ms Denise Keable	Ms Willow Wong
	Ms Sarah King	
Apologies:	Professor Sarah Ansari	Mrs Christine Goodyear
Secretary:	Mrs Elaina Moss, Director of Governance and Legal Services and Secretary to Council	
In attendance:	Dr David Ashton, Deputy Principal (Operations)	
	Mr Stephen Avery, Chief Financial Officer	
	Professor Ken Badcock, Senior Vice Principal (Strategy, Partnerships and Resources)	
	Professor Katie Normington, Senior Vice Principal (Academic)	
	Mrs Pauline Martin, Executive Officer for Council, Minutes	
	Mr Rob Cutting, Administration Assistant, Secondary Minutes	

- 1. Apologies**  
RECEIVED from Professor Sarah Ansari and Mrs Christine Goodyear M19/78
- 2. Declarations of Interest**  
None M19/79
- 3. Minutes of Previous Meeting**  
AGREED the minutes of the meeting held on 28 February 2019 (M19/01 – M19/77) M19/80
- 4. Matters arising**

	<ul style="list-style-type: none"> <li>• M19/05 a proposal for the Council effectiveness review was being explored for proposal to Council Executive in September.</li> <li>• M19/13 that a report of the rules of the subject TEF was anticipated to be available for the autumn meeting of Council.</li> <li>• M19/51-M19/54 the Executive were encouraged to take full advantage of the recruitment of staff in the final year in order to improve the College standing in the REF 2021.</li> </ul>	M19/81
5.	<b>Un-starring of items</b>	
	None	M19/82
6.	<b>Special Resolution</b>	
	RECEIVED a report (CL/19/18) regarding a first special resolution to amend the definition of the College in the Statutes to support the application for University title.	M19/83
	NOTED the current definition in Statute 1 Interpretation " <i>College</i> " means <i>Royal Holloway and Bedford New College</i> and the proposal, approved by Academic Board and the University of London, to expand that definition to read: " <i>College</i> " means <i>Royal Holloway and Bedford New College, a higher education institution which holds university status</i> .	M19/84
	NOTED the DfE's recommendation to replace "institution" with "provider" which received Privy Council's informal approval and was AGREED by Council.	M19/85
	CONSIDERED Council was asked in accordance with section 7 of the RHBNC Act 1985 to pass part 1 of the special resolution to amend the College statutes, subject to any alterations that the Privy Council may require that the definition Statute 1 Interpretation be amended.	M19/86
	RESOLVED unanimously to amend the definition to read:	M19/87
	<i>"College" means Royal Holloway and Bedford New College, a higher education provider which holds university status.</i>	
7.	<b>Principal's Update</b>	
	RECEIVED and NOTED a report (CL/19/19) from the Principal which considered the sector and College developments that impact the direction and operation of the College and the strategic and operational risks facing the College in implementing its strategy.	M19/88
	NOTED that the student barometer that captured student opinion indicated that there was some work needed around the operation of the Health Centre. It also reported increased satisfaction with the physical space in the Library (from 70% to 90%) and 86% student satisfaction with the Students' Union. The overall position of the College had improved from 28 <sup>th</sup> to 23 <sup>rd</sup> and College was ahead of its key competitors.	M19/89
	NOTED, as communicated at the November Strategy day, College was seeking to build its academic strengths around four themes. Two major investment opportunities had been identified for the theme "The Digital World and its Human Interface": the development of an Enterprise centre and investment in leadership by recruiting the top talent to three senior Professorial positions in Computer science, Information Security and Media Arts. This was supported by a major media campaign.	M19/90
	RECEIVED a presentation of the campaign, designed in house by Communications and Marketing, which would run through Times Higher Education (THE) and included an image based on the work of a member of staff who had been nominated for a BAFTA.	M19/91

	NOTED the updated competitor charts showing the College position on NSS, REF and graduate employability with data from published sources. Graduate employability remained the main challenge but this position was expected to improve with publication of the data from the new assessment method Graduate Outcomes.	M19/92
	NOTED that the voluntary severance scheme for Academic staff had now closed. The outcomes would be considered and would allow for re-investment in academic endeavour.	M19/93
8.	<b>Financial Viability and Sustainability: Information for Governing Bodies</b>	
	NOTED a report (CL/19/21) from the OfS, which it requested to be shared and discussed by governing bodies, on the financial sustainability of the sector. The report showed that the student number plans for the four years between 18/19 – 21/22 for the sector as a whole were likely to be in excess of what was possible. It was highlighted to Council that it should be expected that the sum of institutional plans would exceed the predicted number of students because of marketisation.	M19/94
	DISCUSSED the commentary on the College student number plans and NOTED that the most significant intake growth had already been achieved in 18/19 and that this was a significant proportion of the planned future growth, arising from intake feeding through to future years. Recruitment for 19/20 was currently on target and to deliver the future student number growth plans for the remainder of the four year cycle required the current planned level of growth for 19/20 to be sustained for the subsequent two years. Recruitment data was under continuous monitoring.	M19/95
	NOTED the regional demographic uplift for London and the South East which was predicted to be twice that of some regions of the UK and favoured the College. There was also concern for the tariff but the 10% increase in College applications, compared to the sector +0.2% increase overall, may provide the opportunity to redress the tariff in some areas.	M19/96
9.	<b>Academic Excellence (Unconditional Offer) Scheme</b>	
	RECEIVED a report (CL/19/20) on the College admissions policy and the use of the “conditional unconditional” offer scheme following the receipt of the letter (which was sent to a further 22 universities) from the Secretary of State for Education on 5 April 2019. The “conditional unconditional” offer scheme was defined by UCAS as “an offer made by a provider which was originally conditional, but becomes unconditional if the applicant selects that offer as their firm (first) choice”.	M19/97
	NOTED that at its meeting on 29 April 2019 the Planning and Resources Committee agreed to end “conditional unconditional” offer making from 2019.	M19/98
	NOTED that the College use of the “conditional unconditional” offer scheme had been tied to academic excellence in that it targeted the most academically qualified with outstanding academic achievement at GCSE (8 A grades or equivalent) or a high IB prediction. The scheme differed from that of many other institutions which used “conditional unconditional” offers with applicants with much weaker academic records and weaker predicted A level grades. It was NOTED that 73% of applicants failed to achieve the schools’ predicted A level grades and that the Academic Excellence Scheme had led to good student academic outcomes with this group performing better than other groups at key milestones.	M19/99

	NOTED the ending of the scheme was anticipated to have minimal impact on widening participation. Worst case modelling suggested a reduction in student intake of 200 FTE which required finding ways to compensate for this potential loss and continuing to attract quality students. The decision was considered to be right for the long term and it was important to maintain the position that we would admit any student who would benefit from our institution and wants to come.	M19/100
	AGREED to monitor developments and report back to Council.	M19/101
10.	<b>Times Higher World Rankings Analysis</b>	
	RECEIVED a report (CL/19/40) analysing the reasons for the fall in the College position in the Times Higher Education (THE) World Rankings between 2011 and 2019.	M19/102
	DISCUSSED that College had fallen in position relative to our UK peers and the methodology of compiling the scores and rankings had changed from year to year. The methodology had an emphasis on research and reputation which took time to change.	M19/103
	NOTED that the number of institutions included in the World Rankings had grown substantially since 2011 when College was 88 <sup>th</sup> of the 200 institutions included at that time compared to 250-300 <sup>th</sup> of 1200 institutions included in 2019.	M19/104
11.	<b>College Strategy</b>	
	NOTED the process for developing the College Strategy 2030 (CL/19/22) which would be an opportunity to engage staff and the student community in open discussion on the options and challenges facing the College.	M19/105
	AGREED to provide a detailed framework for the strategy development at the next meeting.	M19/106
12.	<b>Finance</b>	
	RECEIVED a financial update (CL/19/23) to the forecast last reported to Finance Committee on 31 January 2019 and to Council at the meeting on 28 February 2019. This update included the one off accounting impacts of the recent private placement, the USS pension scheme pension provision, and the cost of change programme.	M19/107
	NOTED that the 2018/19 budget was for a deficit of £3.8m before other gains and losses. The forecast reported in January was for a deficit before other gains and losses of approximately £2.4m, £1.4m better than the budget deficit.	M19/108
	NOTED three variances to forecast the most complex of which was the USS movement in pension provision which was outside of College control and would impact the HE sector. (Previously reported to Council 10 October 2018 paper CL/18/65 and M18/196-199)	M19/109
	NOTED that following the 2017 USS valuation, the Joint Expert Panel (JEP) undertook a review, one of the consequences of which was that a further valuation of the Scheme was carried out as at 31 March 2018 – the 2018 valuation. As reported previously to Council, materially different assumptions were applied to the two valuations which drive materially different cost consequences for the College and the sector depending on which valuation is current at 31 July 2019. Right now it is simply uncertain whether the 2018 valuation will have been approved by then or not since it is down to the USS Trustee.	M19/110
	NOTED that if the 2017 valuation was current, College would incur a pension provision cost of £31m, while if the 2018 valuation was current, that cost would be £4m. The key difference being driven by different deficit recovery contribution rate assumptions 5% in the 2017 valuation, 2.1% in the 2018 valuation.	M19/111

	NOTED the impact of the 2017 valuation on the movement in pension provision was significant, with the pension provision held on the balance sheet increasing the current liability of £16m to £47m. The increase in provision (albeit with no cash cost) of £31m would also cause headline reported staff costs to increase by £31m and consequently the operating deficit to worsen.	M19/112
	NOTED that if the 2018 valuation was agreed before 31 July 2019, the impact was still material but significantly lower. Instead of a movement of £31m, the movement would likely be c.£4m (assuming the discount rates and recovery period do not change from those used in the 2017 valuation).	M19/113
	NOTED 2018/19 cash flow and the year-end position and the revised full year forecast for capital expenditure from £30m to £25m.	M19/114
13.	<b>Private Placement</b>	
	RECEIVED an update (CL/19/24) on the outcome of the private placement from the Oversight Group. Terms of reference for the Group had been approved by circulation to Council as noted in item 21.	M19/115
	NOTED the purpose of the placement was to refinance existing bank debt and break associated swaps (c.£40m) and to secure additional funds (c.£20m) to increase investment capacity with a term of 20-40 years at a cost of no more than 3.5%. The Oversight Group had already met three times with the lead advisers, QMPF, and legal advisers Mills & Reeve present. A further meeting was set for 9 May 2019.	M19/116
	NOTED that, following engagement with six potential investors, one bid was received from Pension Investment Corporation (PIC) and the Oversight Group approved the bid on the basis that: <ul style="list-style-type: none"> <li>a. The bid met the full £60m requirement set by Royal Holloway;</li> <li>b. The spread / pricing remained within (in reality below) the range set out at the start of the process;</li> <li>c. The coupon was 3.09% for 36 year money which was cheaper than both the 25 year and 30 year notes issued by Royal Holloway in 2015; and,</li> <li>d. The value for money test reflected in the NPV analysis showed that refinancing the current bank loans and repaying the hedges at these rates would result in a benefit of £5.8m due to increased tenor and low rate of the new debt.</li> </ul>	M19/117
	NOTED that a written submission of the updated financial plan submitted to the OfS in March had received an informal response and it was understood that there was no serious concern on their part.	M19/118
	DISCUSSED the volatility of the HE sector, gearing and rising risk levels and NOTED that the main part of the placement was refinancing of existing debt and this had been achieved at both lower rates and over a longer term, deferring capital repayments, and overall delivering a NPV benefit of £5.8m.	M19/119
14.	<b>College Investment Strategy</b>	
	RECEIVED a recommendation from the Investment Sub Committee and Finance Committee (CL/19/25) to adopt the proposed investment strategy and the proposed Statement of Investment Policy following a review of the investment portfolio by Mercer in March 2019.	M19/120
	NOTED the funds managed related to the Founder's Endowment Fund (FEF) and the Hilda Martindale Trust (HMT) and comprised investments currently managed by Rathbones and Aberdeen Standard Investments with funds split roughly 50:50 between them.	M19/121

	NOTED that Mercer’s investment strategy addressed compliance best practice by working with underlying companies to decarbonise their businesses, voting on underlying holdings and working with managers who showed good environmental, social and governance practice which aligned well with the students’ ideals.	M19/122
	CONSIDERED the expected return over inflation and risk associated with the proposed strategy options which ISC would review and write to Council and the Trustees of the FEF and HMT. Once AGREED the new strategy would be publicised.	M19/123
	APPROVED the proposed Statement of Investment Policy.	M19/124
15.	<b>The Change Programme</b>	
15.1	RECEIVED an oral update on progress with the Change Programme.	M19/125
	NOTED that with regard to the academic reorganisation shortlisting had been completed for the Head of School being recruited externally, all new processes between departments and Schools had been documented and reviewed by the College Executive, Heads of Departments were now all in place and work was underway on bringing the Schools together to focus on cultural change and future strategy.	M19/126
	NOTED that with regard to the administrative reorganisation the 45 day consultation period had ended, responses had been considered and some initial proposals were revised as a consequence. Interviews had been conducted to fill the 100 posts with 89 FTEs to reassign. It was anticipated that all staff could be accommodated with no forced redundancies.	M19/127
	NOTED that projected savings from this part of the Change Programme were now c.£200k, down from c. £400k previously noted. However, this reduction was to be put into context. The College has set a reduced total net expenditure target on the Professional Services of c.£6.6m over three years. Outside of this part of the Change Programme, a c.£2.6m net reduction in the cost of Professional Services had been agreed for 2019/20. The £200k adjustment to this part of the Change Programme therefore needed to be seen in the wider context of savings within the student and academic staff-facing services.	M19/128
15.2	NOTED, following the request by Academic Board for Council to have oversight of the Change Programme, a report (CL/19/26) addressing the proposed approach.	M19/129
	AGREED that Council would seek assurance from the Programme Board on the following points:	M19/130
	<ul style="list-style-type: none"> <li>• Definition, scope and projected outcomes of the Change Programme</li> <li>• Clarity of project governance</li> <li>• Review of key documents</li> <li>• Engagement with key stakeholders to provide assurance that what appears to be happening is indeed happening</li> <li>• Identification of key themes from consultation and confirmation that responses are being provided</li> <li>• Flagging any significant issues that need to be brought to Council’s attention.</li> </ul>	
	AGREED that Council oversight should include:	M19/131
	<ul style="list-style-type: none"> <li>• Visibility of the programme of activities that will bring about the required change</li> <li>• Knowledge of key decision ‘gates’ with sufficient notice to be able to flag any concerns</li> <li>• Overview of communication strategy</li> <li>• Understanding of support offered for potentially impacted staff</li> <li>• Discussion on strategic risks and assurance that these are being managed</li> <li>• Summary of what has been achieved as a result of the Change Programme when completion is reached.</li> </ul>	

	AGREED that a report of the costs of the reorganisation be included in the final report.	M19/132
	AGREED that the Vice Chair of Council would provide oversight and report to Council at each meeting on these items.	M19/133
<b>16.</b>	<b>The Staff Survey</b>	
	NOTED and DISCUSSED the review and evaluation (CL/19/27) of the responses to the 2018 Staff Survey including comparisons with Capita's benchmarks and the 2016 College survey results.	M19/134
	NOTED that Council would continue to provide oversight and scrutiny of the follow up strategy through an action plan which should be provided to Council and followed by an annual report of progress.	M19/135
<b>17.</b>	<b>Honorary Awards 2020</b>	
17.1	RECEIVED and APPROVED the nominations (CL/19/28) for the award of seven honorary degrees of the University of London which had been agreed by the Academic Board and cleared by the University of London for award in 2020.	M19/136
17.2	RECEIVED and AGREED the nominations (CL/19/29) for the award of four honorary fellowships of the College in 2020. The fellowship awarded to Vanessa Kingori in 2019 would also be awarded in 2020.	M19/137
<b>18.</b>	<b>Council and Committee Membership 2019/20</b>	
	RECEIVED a report (CL/19/30) on the membership of Council and its committees from Council Executive which, as set out in its terms of reference, has responsibility for the nominations business of Council.	M19/138
	NOTED the end of first terms of office on 31 July 2019 of Ms Sarah King and Mr Gerry O'Hagan and AGREED that they be reappointed to Council for a second term of office from 1 August 2019 to 31 July 2024	M19/139
	NOTED that there were two current vacancies for independent members of Council and a third vacancy would arise on 31 July 2019 with the end of second term of office of Mr David Spence.	M19/140
	NOTED that there was a need to refresh the diversity of Council as well as to strengthen the skills and experience of independent members in two key areas: research and higher education. Members were invited to propose ideas as to how these matters could be addressed.	M19/141
	NOTED that six representatives (The Vice Chair of Council and two further members, the Principal, Deputy Principal (Operations) and the Secretary to Council) had met with four of the five potential candidates suggested as possible candidates by the Chair of Council. Two of these individuals, with a third still to be met in the near future, had the particular skills and experience that were needed: these three were recommended to be co-opted to Council.	M19/142
	AGREED to circulate brief CVs of the proposed Council co-opted members.	M19/143
	NOTED that at its last meeting Council Executive considered committee membership and, pending the completion of the Council effectiveness review, felt that it was preferable to ask committee chairs and committee members who were approaching the end of their second term of office if they would continue for the time being. This would only apply whilst within their term of office on Council.	M19/144

<p>AGREED Council Executive’s recommendation to Council that the following two committee chairs continue:</p> <ul style="list-style-type: none"> <li>• Mr Jeremy McIlroy, Chair of the Finance Committee.</li> <li>• Mrs Christine Goodyear, Chair of the Equality &amp; Diversity Committee.</li> </ul>	M19/145
<p>AGREED Council Executive’s recommendation:</p> <ul style="list-style-type: none"> <li>• Mr Gerry O’Hagan to be appointed as Chair of the Academic Quality Committee, taking over from Mr David Spence, on 1 August 2019.</li> </ul>	M19/146
<p>NOTED Council Executive reappointed, to second terms of office from 1 October 2019 to 30 September 2022, the following committee members:</p> <ul style="list-style-type: none"> <li>• Capital Projects Assurance Committee – Mr Nick Perryman, Chair of the Committee</li> <li>• Health, Safety and Wellbeing Assurance Committee – Mr David Williams</li> <li>• Research Ethics Committee – Ms Sarah King</li> </ul>	M19/147

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**Starred items for Report and Formal Approval**

<p>19.* <b>Reportable Events</b></p> <p>RECEIVED a note of a reportable event under OfS condition F3(i)</p> <p>NOTED that on 28 March an updated financial plan was submitted to the OfS setting out the College’s updated financial plan consequent on the decision Council took in November 2018 to defer the residences transaction and the decision it took in February 2019 to progress a second private placement to refinance existing bank debt and settle early associated bank swap costs, and to provide additional investment capacity of the order of £20m.</p>	<p>M19/148</p> <p>M19/149</p>
<p>20.* <b>Report Of Decisions Taken By The Chairman</b></p> <p>None</p>	<p>M19/150</p>
<p>21.* <b>Report Of Decisions Taken By Circulation</b></p> <p>RECEIVED the circulation to Council (CL/19/31) for approval of terms of reference for the Private Placement Oversight Group recommended by Council Executive.</p> <p>NOTED the responses received:</p> <ul style="list-style-type: none"> <li>• Approved - 19</li> <li>• Not approved - 1</li> <li>• No response – 3</li> </ul>	<p>M19/151</p> <p>M19/152</p>
<p>22.* <b>Prevent Accountability</b></p> <p>NOTED the letter received from the OfS dated 15 April 2019 (CL/19/32) regarding the outcome of the assessment of the accountability and date return and the subsequent risk assessment made by the OfS.</p>	<p>M19/153</p>



	NOTED the OfS advised that following consideration of the accountability and date return they have concluded that the College demonstrated due regard to the Prevent duty and that no immediate actions were required. The risk assessment outcome was that College was not at higher risk of non-compliance with Prevent.	M19/154
23.*	<b>Student Complaints</b>	
23.1*	NOTED a report (CL/19/33) regarding student complaints investigations.	M19/155
23.2*	APPROVED amendments (CL/19/34) to the Complaints Procedure.	M19/156
14.*	<b>Equality &amp; Diversity Committee</b>	
	NOTED the annual report (CL/19/35) of the Equality & Diversity Committee.	M19/157
25.*	<b>Terms of Reference</b>	
	APPROVED revised terms of reference for the Audit & Compliance Committee (CL/19/36).	M19/158
26.*	<b>Academic Board</b>	
	NOTED minutes (CL/19/37) of the meeting 12 December 2018.	M19/159
27.*	<b>Hilda Martindale Trust</b>	
	NOTED minutes (CL/19/38) of the Trust Annual Meeting and awards made for 2019/2020.	M19/160
28.*	<b>RECEIVED the following Minutes (CL/19/39)</b>	M19/161
	Capital Projects Assurance Committee 30 October 2018	
	Finance Committee 31 January 2019	
	Audit & Compliance Committee 4 February 2019 (not yet available)	
	Academic Quality Assurance Committee 5 February 2019 (not yet available)	
	Health, Safety and Wellbeing Assurance Committee 13 February 2019	
	Equality & Diversity 27 March 2019 (not yet available)	
	Council Executive 4 April 2019 (not yet available)	
	Remuneration Committee 4 April 2019 (not yet available)	
29.*	<b>NOTED the following Committees have not met since the last meeting of Council</b>	
	Capital Projects Assurance Committee	M19/162
30.*	<b>Sealing of Documents</b>	M19/163
	26 February 2019: Minor works contract with Contractor's design 2016 between RHUL and Francis Construction Ltd, Armour House, Colthrop Lane, Thatcham, Berks., RG19 4PD	
	17 April 2019: Bedford Building (Remaining Works) Contract Documents March 2019 (x2)	

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## Other Matters

### 31. Other Business

Items for the Council agenda:

- The Gender Pay Gap 2019
- The BAME achievement gap
- Widening participation

M19/164

### 32. Date of next meeting

Thursday 4 July 2019 5.15pm MX034

M19/165

Pre-meeting Briefing: Citizenship and Civic Duty 4.00-5.00pm in the Events Space, ground floor, Emily Wilding Davison Building



Dame Margaret Hodge DBE MP  
Chair of Council

Date 4 July 2019