

12 December 2024

Council

Minutes

Minutes of Council held on Thursday 12 December 2024 at 1.30 pm in the Austen/Blake Conference Room, Canham Turner.

Present: George Garlick (Chair), Amy Cowling, Andrew Haigh, Professor Kevin Kerrigan (until item 6), Ursula Lidbetter, Dr Catherine Murray, Ejimchi Collins Peter-Dumbili, Professor Dave Petley, and Sarah Wilson

In attendance: Alex Brierley (until item 6), Joanne Gibbons, Jeremy Hartley, Dr Chris Ince (Secretary), Professor Andrew King, Professor Fiona Matthews and Derek Ord (Assistant Secretary)

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		Action by
23	<p>Welcome, Apologies for Absence and Declaration of Interest</p> <p>Apologies were received from: Professor Rob Dover, Matt Jukes, Vanessa Lee, Rashmi Rungta, Rosalyn Schofield, and Denise Wilson</p> <p>There were no declarations of interest.</p>	
24	<p>Minutes of last meeting</p> <p>The minutes of the meeting held on 17 October 2024 were approved as a correct record.</p>	
25	<p>Matters arising</p> <p>(a) <u>Action Summary</u></p> <p>It was noted that the benefits of the Change Programme, and a Lawns update were in progress and would come to a later meeting.</p>	

	<p>It was confirmed that the institutional KPI related to sustainability would be amended to reflect the change in net zero targets in spring 2025.</p>	
26	<p>Chair’s Report</p> <p>(a) <u>Change process</u> It was reported that the Change process had continued, bringing difficult periods for all staff involved.</p> <p>(b) <u>CUC meeting</u> There had been a meeting of CUC, where the current sector context had been discussed and institutional approaches compared. It was noted that most institutions were in a similar position to Hull, with some finding the required changes more difficult to implement. It was felt that we were generally better placed than many.</p>	
27	<p>Vice-Chancellor’s Management Report</p> <p>Council received the Management Report, including a policy update, change programme update, student recruitment plan outline, league table performance, senior staffing changes and recent awards and successes.</p> <p>(a) <u>HE context</u></p> <p>It was reported that the external pressures on the sector were continuing and increasing. The recent small rise in tuition fee levels had merely covered the increase in employers’ National Insurance contributions.</p> <p>It was reported that across the sector there had been a significant increase in international students who had paid fee deposits, obtained a CAS for a visa but who had not subsequently arrived and enrolled. The reasons for this were currently not fully known and had affected student number planning and finances significantly.</p> <p>(b) <u>Change programme</u></p> <p>It was reported that to address the financial challenges proactively, the Change programme had continued, with the Council Redundancy Committee meeting and most departing staff leaving within the next week.</p> <p>It was confirmed that the process had been managed carefully within the legal and institutional requirements and processes. Staff were thanked for performing a difficult job well. It was confirmed that meaningful consultations had taken place, staff trained, and equality impact assessments undertaken.</p>	

	<p>It was reported that four members of staff had collectively launched a legal challenge to the redundancy process, seeking an injunction. This had recently been heard at the High Court, which had dismissed the case with no right to appeal. The case had provided insight as to where any future challenges may arise.</p> <p>It was reported that the local UCU had passed a vote of no confidence in the management of the change process. A response was being prepared. The number of staff voting was low, and the result had not been discussed in any detail at a recent UJCC meeting.</p> <p>It was confirmed that there had been some contact from staff making allegations in the Change process related to EDI. These had been examined but no evidence had been found to support the claims. Work had taken place to examine EDI data, and it was confirmed that the Change process had broadly no disproportionate impact. It was confirmed that there was an appeal process for staff to follow if desired – panels would be held in early January if required and would include an external member.</p> <p>It was noted that the staff numbers had decreased by 47 through VR in September – October, by 13 through VR and Voluntary Reduction in Hours in November, and a further 21 recently. Most would be leaving the University within a week.</p> <p>(Alex Brierley left the meeting at this point)</p> <p>(c) <u>Other updates</u></p> <p>It was reported that the student growth project was continuing. The January intake numbers were reported to be positive, but caution was needed given the recent reduction in international student conversion rates. It would be difficult to predict final numbers, and no firm assumptions could be made at this time.</p> <p>It was reported that nationally, Unison was balloting regarding the pay settlement. UCU was also reported to have run an indicative ballot, with 68% voting in favour of rejecting the offer, on a 27% turnout. It was confirmed that there was no financial scope for an improved offer.</p> <p>The appointment was announced of a new PVC (Education), with Professor John Craig joining us in spring. Professor Andrew King was thanked for his successful period as interim PVC.</p> <p>(Professor Kevin Kerrigan left the meeting at this point)</p>	
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<p>28</p>	<p>Financial Year End 2023/24 Update</p> <p>Council received a series of papers relating to the financial year end, following review and recommendation by Finance and Investment Committee.</p> <p>(a) <u>Accounting presentation and judgemental issues</u></p> <p>The accounts, judgements and estimates were presented. The consolidated income was reported to be £207m, with expenditure of £162m.</p> <p>The overall deficit was reported to be £17.3m, with EBITDA of £19.3m.</p> <p>It was confirmed that all financial covenants had been met for the financial year.</p> <p>It was noted that pension provisions had changed significantly, with a release of £63.1m from USS and £2m from UHPAS. This had resulted in a significant impact on the financial statements, which would require careful explanation to ensure that this was not seen as income or funds available for other purposes.</p> <p>It was confirmed that the NYPF exit had completed, with a £1m gain. £1m provision had been included for Chemistry closure and £1.5m for Project Delta.</p> <p>It was noted that the handling of KWI investments as cash and cash equivalents was continuing, noted as a misstatement in the accounts, as discussed with the external auditors.</p> <p>A small number of financial misstatements were noted, all immaterial.</p> <p>RESOLVED:</p> <p>That the accounting presentation and judgemental issues be approved.</p>	
	<p>(b) <u>Annual Report and Financial Statements for the year ended 31 July 2024</u></p> <p>Council received the Annual Report and Financial Statements, with a summary of the minor changes made since recommendation by FIC. Staff were thanked for their hard work in producing the report.</p>	

	<p>It was confirmed that the USS pension provision release had been excluded from much of the high-level reporting, due to the possible distorting effect if included. It was confirmed that the release of the provision had no cash or operational benefit, having been included in accounts previously as provisions to cover possible future deficits.</p> <p>It was requested that further annotation and explanation of the USS provision release be added for clarity.</p> <p>RESOLVED:</p> <p>That subject to the above addition, the Annual Report and Financial Statements for the year ended 31 July 2024 be approved.</p>	CFO
	<p>(c) <u>Going Concern Report</u></p> <p>Council received the Going Concern Review 2024. It was confirmed that it was proposed to adopt the 23/24 accounts on a Going Concern basis, as recommended by ULT and the Joint ARC/FIC meeting.</p> <p>It was reported that seven scenarios had been used to examine the going concern basis, including a reverse stress test. Mitigating actions had been identified for each scenario.</p> <p>It was noted that scenarios six and seven would both have a large impact on assets, requiring the use of the Revolving Credit Facility. It was confirmed that scenario seven would result in a breach of covenant, as it was designed to trigger this issue.</p> <p>It was confirmed that the External Auditor’s view of the Going Concern proposal had been considered at Joint ARC/FIC and was positive regarding the review and detail provided.</p> <p>RESOLVED:</p> <p>That the Going Concern Report be approved.</p>	
	<p>(d) <u>Letter of continual financial support for its subsidiary Lampada Digital Solutions Ltd</u></p> <p>Council received and noted the letter of continual financial support for Lampada.</p> <p>RESOLVED:</p> <p>That the letter of continual financial support for Lampada Digital Solutions Ltd be approved.</p>	

	<p>(e) <u>Letter of continual financial support for its subsidiary UoH Energy Co Ltd</u></p> <p>Council received and noted the letter of continual financial support for UoH Energy.</p> <p>RESOLVED:</p> <p>That the letter of continual financial support for UoH Energy Co Ltd be approved.</p>	
	<p>(f) <u>Management Representation letter to the External Auditors</u></p> <p>Council received and noted the management representation letter to the external auditors.</p> <p>RESOLVED:</p> <p>That the management representation letter to the external auditors be approved.</p>	
	<p>(g) <u>External Audit Findings Report</u></p> <p>Council received the external audit findings report. It was reported that the audit process had been positive, and staff at the University and at Grant Thornton were thanked for their work on the process.</p> <p>It was noted that there had been some control findings which had all been responded to. These were noted as being minor, and it was confirmed that progress on these would be reported to ARC in due course.</p> <p>It was confirmed that there were some minor misstatements but that Grant Thornton had no concerns regarding these.</p> <p>RESOLVED:</p> <p>That the external audit findings report be approved.</p>	
	<p>(h) <u>OfS Annual Financial Return</u></p> <p>Council received and noted the OfS financial return.</p> <p>RESOLVED:</p> <p>That the OfS Annual Financial Return 2024 be approved.</p>	

29	Finance Update and Rolling Forecast <p>Council received a financial update presentation.</p> <p>It was reported that the Year to Date Operating deficit was £13m, adverse to revised budget and favourable to prior year.</p> <p>The cash position, excluding Private Placement, was reported as being £27.6m. Liquidity days was reported as being 56 days (156 including Private Placement funds).</p> <p>The rolling forecast was reported to show the full outturn based on 90% certainty. It was noted that income based on student numbers was known, but that expenditure was variable and that this was the low point for finances during the year.</p> <p>Student numbers had deteriorated further in-year, particularly international PGT students. A higher proportion than usual of applicants had paid deposits but not subsequently enrolled. Previously, 92% conversion rates would be expected, but this was now approximately 70%. This had led to a student population decrease of 300, equating to a £4m reduction in income.</p> <p>The income from externally funded research had increased significantly due to the Centre for Translational Wound Research grant. It was noted that this income would quickly be spent, as is common for equipment research grants.</p> <p>It was reported that new challenges had been added into departmental budgets to manage costs. There was not yet 90% certainty of meeting those challenges and therefore these were not included in the rolling forecast.</p> <p>It was noted that if not corrected, the current rolling forecast position of an operating surplus of £1.5m would result in one covenant breach and one internal covenant trigger breach. As a result, further mitigating actions were identified, including further restrictions on non-pay, increasing commercial income and balance sheet management.</p> <p>It was noted that there were additional actions which could be taken but which had not yet been implemented. These were a further VES focussed on PSS, and in the worst scenario, actions relating to the 2024/25 pay award.</p>	
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	<p>It was noted that the decision regarding the pay award had been deferred. It was clarified that the University can choose whether to implement the award, at which point, and whether to backdate the award. It was noted that the decision would be deferred until after the January intake and 2025 application numbers were known at the earliest.</p> <p>It was confirmed that the change to international applicant behaviour was common across the sector, and that the reasons were not clear. It was confirmed that the application deposits were substantial, at £4k per student, and non-refundable.</p> <p>Home UG applicant numbers were confirmed as also being volatile, due to the behaviour of Russell Group and other high-tariff institutions in confirmation and clearing. This behaviour may change this academic year, but this was not certain.</p> <p>It was confirmed that due to the difficult context, budget-setting for future years would be very prudent. There would also be a need to be clear of the effect of high pay demands on the University's financial position and the consequent risk of any covenant breach.</p> <p>The possible correlation between overseas recruitment agent behaviour and applicant enrolment was queried. It was noted that the agent fee structure had been amended recently to better incentivise agents.</p> <p>Capital expenditure to date was outlined, at £6m to date on a £25m budget. This would be carefully controlled to protect cash reserves. The two main digital projects in CRM and ERP were reported to be progressing well.</p>	
<p>30</p>	<p>Hull University Students Union Report</p> <p>Council received the latest HUSU report of activities.</p> <p>It was noted that the President for Academic Experience had stepped down from the role.</p> <p>It was reported that a referendum had been held regarding HUSU's proposed membership of NUS-UK. The majority had voted in favour of HUSU rejoining NUS-UK.</p> <p>HUSU was noted as being keen to work with the University on projects, particularly those related to sustainability.</p>	

<p>31</p>	<p>Sustainability Report</p> <p>Council received the draft 2023/24 Sustainability Report.</p> <p>It was reported that the changes in the University Net Zero targets for 2040 had been incorporated, which now also included Scope three emissions.</p> <p>Case studies had been included, with links to UN Sustainable Development Goals.</p> <p>KPIs had been reported on. It was noted that many relied on the development of the solar farms, which were now paused. The targets had not been met this year, resulting in a small financial impact.</p> <p>It was noted that the External Auditors had provided an assurance report for the Sustainability Report, and that the Report was recommended by ARC and FIC.</p> <p>Greenhouse gas emissions had been included, which had experienced a large increase, mainly through our supply chain. This would need careful explanation in the final version.</p> <p>RESOLVED:</p> <p>That, subject to the above amendment, the 2023/24 Sustainability Report be approved.</p>	<p>CFO</p>
<p>32</p>	<p>Audit and Risk Committee Annual Report</p> <p>Council received and noted the ARC Annual Report to Council.</p> <p>It was noted that ARC remains concerned at the high number of outstanding management actions and will continue to monitor. There was also concern regarding the findings of the Planned Preventative Maintenance audit, which remains a high priority and subject to regular monitoring by both ARC and ULT.</p> <p>The Risk Register was noted as having good alignment with KPIs and Strategy, and the approval of a new Risk Management Policy was noted.</p> <p>ARC had expressed concern regarding the recent suspected case of fraud and had examined the relevant controls. This would continue to be a subject of examination in the future.</p>	

<p>33</p>	<p>Council KPI Deep Dive (Research; 4 – 6)</p> <p>Council received a presentation on Research KPIs, outlining the current position and future actions and next steps.</p> <p>a) <u>KPI 4: Research Significance</u></p> <p>It was noted that the level of research income was positive, but that the ongoing Change programme does present some risk as some research-active staff leave the institution. There was a need to protect research time for research-active staff and to avoid such staff needing to take on more teaching to cover for staff leaving.</p> <p>Work was underway to prepare for the next REF, with steering groups formed.</p> <p>b) <u>KPI 5: PGR Student Population</u></p> <p>Issues in correctly identifying and counting PGR students were noted – work was ongoing to resolve issues of definition and identification. New guidelines had been introduced and fewer internally funded places would be sought.</p> <p>It was noted that the number of applications received had risen, but the acceptance rate had slightly reduced.</p> <p>It was noted that many staff had too many PGR students to supervise, and that in many other institutions, there had been a move towards supervisory teams, reducing the burden and difficulties when staff leave the institution.</p> <p>c) <u>KPI 6: Civic Impact</u></p> <p>This was noted as being an increasingly important area. It was noted that more case studies would be required to inform a narrative to support bids for grants and other investment, particularly to meet Government priorities and initiatives.</p> <p>The inability of local SMEs to pay the normal levels of consultancy fees was noted as affecting income.</p>	
<p>34</p>	<p>Amendments to Ordinances</p> <p>Council received a proposal to amend University Ordinances, to permit the Faculty Dean to nominate another appropriate person to present candidates for degrees. The proposal had been recommended to Council by Senate.</p>	

	<p>It was proposed that Ordinance 6 would read –</p> <p>“6. The Dean of Faculty shall be the Chair of the principal body of the Faculty and an ex officio Member of all Committees of the Faculty. The Dean of Faculty or a nominee shall present candidates for Degrees (except Honorary Degrees) in the subjects of the Faculty.”</p> <p>RESOLVED:</p> <p>That the change to University Ordinances be approved.</p>	
35	<p>Annual Statement on Research Integrity 2024</p> <p>Council received and noted the Annual Statement on Research Integrity 2024.</p> <p>RESOLVED:</p> <p>That the Annual Statement on Research Integrity 2024 be approved.</p>	
36	<p>Approval of Honorary Degrees</p> <p>Council received the list of nominations for the award of Honorary Degrees, as recommended by HAC and Senate.</p> <p>It was noted that the list remains strictly confidential at this stage.</p> <p>It was reported that work was underway with Development and Alumni Relations and other parties to ensure a wider diversity of nominees, and particularly a more even gender balance.</p> <p>RESOLVED:</p> <p>That the nominations listed be approved.</p>	
37	<p>Chair’s Action (Tuition Fees)</p> <p>Council received and noted the Chair’s Action taken to approve the increase in standard UG Home tuition fees, in response to the Government Budget announcement.</p>	
38	<p>OfS Report</p> <p>Council received the OfS report.</p> <p>It was noted that the proposed closure of Chemistry provision had been reported to the OfS.</p>	

	An update was received on the previously reported incident of suspected fraud. Civil litigation was underway and extra controls implemented with an independent review also underway.	
39	<p>Senior Staff Remuneration and Severance Annual Report</p> <p>Council received and noted the Report.</p> <p>RESOLVED:</p> <p>That the Senior Staff Remuneration and Severance Annual Report be approved for publication.</p>	
40	<p>Alumni Annual Update</p> <p>Council received and noted the Annual Update.</p>	
41	<p>Health and Safety Annual Report</p> <p>Council received and noted the Annual Report.</p> <p>It was noted that there was a rich set of data included, showing improvement across the University.</p> <p>The issues with Planned Preventative Maintenance were noted, and were being reported monthly to ULT.</p> <p>A deep dive on Health and Safety would be included in a future Council meeting.</p>	Sec
42	<p>Minutes/Summaries of Committees</p> <p>(a) <u>Honorary Awards Committee – 14 October 2024</u></p> <p>The minutes of the meeting of the Honorary Awards Committee held on 14 October 2024 were received.</p> <p>RESOLVED:</p> <p>That the Honorary Awards Committee Terms of Reference and composition 2024/25 be approved.</p>	
	<p>(b) <u>University Ethics Committee – 16 October 2024</u></p> <p>The minutes of the meeting of the University Ethics Committee held on 16 October 2024 were received.</p>	

	<p>RESOLVED:</p> <p>That the University Ethics Committee Terms of Reference and composition 2024/25 be approved.</p>									
	<p>(c) <u>Remuneration Committee – 4 November 2024</u></p> <p>The minutes of the meeting of the Remuneration Committee held on 4 November 2024 were received.</p>									
	<p>(d) <u>Senate – 9 October 2024</u></p> <p>The minutes of the meeting of Senate held on 9 October 2024 were received.</p> <p>RESOLVED:</p> <p>That the Senate Terms of Reference and composition 2024/25 be approved.</p>									
	<p>(e) <u>Joint Audit and Risk/Finance and Investment Committee – 21 November 2024</u></p> <p>The minutes of the meeting of the Joint Audit and Risk/Finance and Investment Committee held on 21 November 2024 were received.</p>									
	<p>(f) <u>Finance and Investment Committee – 21 November 2024</u></p> <p>The minutes of the meeting of the Finance and Investment Committee held on 21 November 2024 were received.</p>									
43	<p>Dates of Meetings 2024/25</p> <table border="1"> <thead> <tr> <th>Date of Meeting</th> <th><i>Deadline for papers</i></th> </tr> </thead> <tbody> <tr> <td>Thursday 13 February 2025, 1.30 pm (Strategy Meeting)</td> <td>30/01/2025</td> </tr> <tr> <td>Thursday 20 March 2025, 1.30 pm</td> <td>04/03/2025</td> </tr> <tr> <td>Thursday 19 June 2025, 1.30 pm</td> <td>05/06/2025</td> </tr> </tbody> </table>	Date of Meeting	<i>Deadline for papers</i>	Thursday 13 February 2025, 1.30 pm (Strategy Meeting)	30/01/2025	Thursday 20 March 2025, 1.30 pm	04/03/2025	Thursday 19 June 2025, 1.30 pm	05/06/2025	All members
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44	<p>Other dates to note:</p> <p><u>Council Away Day</u> Wednesday 21 May 2025, 11.00 am</p>									