A meeting of the Council was held in Room 201, The Carrington Building, on Friday 25 November 2011 at 2.15pm.

Present:

- The President (in the Chair save for part of Minute 11/71)
- The Vice-Presidents (Mr R Dwyer and Mrs J M Scott, the latter in the Chair for part of Minute 11/71)
- The Acting Vice-Chancellor
- The Pro-Vice-Chancellor (Professor R L Robson)
- The Pro-Vice-Chancellor (Professor C M Williams)

Mr R Buller
Dr B Cosh
Mr R Dwyer
Mrs B Edwards
Professor R H Ellis
Dr P Erskine
Mr R E R Evans
Mr J D Fishburn
Professor S Hawker
Mr K Hobley
Professor A M Hodge

Professor G Marston
Dr I Mueller-Harvey
Mr H W A Palmer
Dr P R Preston
Dr A P Reed
Mr S Sherman
Mr A Slater
Professor G H Tucker
Ms S M Woodman

The University Secretary

In attendance:

- The Pro-Vice-Chancellor designate (Professor G Brooks)
- The Director of External Affairs
- The Director of Estates and Facilities Management
- The Director of Finance and Corporate Services
- The Director of Student and Academic Services

Apologies were received from Pro-Vice-Chancellor (Professor Mithen), Mr Bartlam, Professor Board and Sir John Sunderland.

The President welcomed Dr Cosh, Mr Hobley, Dr Preston, Mr Slater, Professor Tucker and Ms Woodman to their first full meeting of the Council.

The President reported the deaths of:

**Emeritus Professor Frank Bisby**, who had been appointed Professor of Botany in 1997 and retired formally in 2010 but was continuing to work on research projects for the University at the time of his death.
Mr Robert Cook, who had been appointed in 1934 and had retired as Lecturer in Agricultural Economics in 1977.

Dr Ian Copeland, who had been appointed to Bulmershe College in 1972 and had retired as Senior Lecturer in Education in 2002.

Emeritus Professor Eric Faulkner, who had been appointed in 1960 and had retired as Professor of Solid State Electronics in 1986.

Dr Harold Owen, who had been appointed in 1950 and had retired as Senior Lecturer in Agricultural Botany in 1981.

11/54 The Minutes (11/31-11/52) of the meeting held on 11 July 2011 and the Minutes (11/53-11/54) of the Special Meeting held on 17 October 2011 were confirmed and signed.

Items of Report

11/55 Terms of Reference (Item 2(a))

* The Council received a statement of its Terms of Reference.

11/56 Disclosure of Interests (Item 2(b))

* The Council noted a paper from the University Secretary in regard to Disclosure of Interests.

11/57 Report on the exercise of Vacation Powers (Item 2(c))

* The Council received a report on the exercise of Vacation Powers.

11/58 Report of the Strategy and Finance Committee (Item 2(d))

* The Council received the report of the meeting of the Strategy and Finance Committee held on 17 October 2011 relating to items for report.

11/59 Delegation of Powers by the Council (Item 2(e))

* The Council received a paper on the Delegation of Powers by the Council.

11/60 Availability of Council papers (Item 2(f))

* The Council received, for its information, a paper relating to availability of Council papers.
11/61 Membership of the Council (Item 2(g))

It was reported that Dr B Cosh had been appointed by the Senate to membership of the Council in Class 4 (vice Professor G Marston) to serve for the period ending 31 July 2014.

Resolved:

“1. That the following reports, now submitted, be received:

   Report on the exercise of Vacation Powers;


   “2. That the Record of Delegation of Powers by the Council be approved.”

11/62 Documents sealed and to be sealed (Item 2(h))

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."

Items for Discussion and Decision

11/63 Report of the Acting Vice-Chancellor

(a) The Acting Vice-Chancellor reported that the incoming Vice-Chancellor, Sir David Bell, had been familiarising himself with the University prior to his taking up office in January 2012. Sir David had already met with the members of the Senior Management Board and had engaged with staff, students and visitors at a recent Open Day. The University as a whole was very much looking forward to his arrival.

(b) Pro-Vice-Chancellor (Professor Mithen) had recently returned from a successful visit to Nigeria and Ghana and had spent the day of the meeting hosting delegations from the Gulf States and from Oxfam Africa. The Acting Vice-Chancellor drew attention to the recently published brochure promoting the University’s many links with Africa and commended it to members.

(c) The University had exceeded its control number for Home and EU undergraduate admissions in October 2011 and the financial consequences of this were as yet unknown. Applications for admission in October 2012 were down by comparison with 2011 but were holding up by comparison with 2010 and remained of a reassuringly high quality. In response to a question from Dr Erskine, Professor Downes explained that the University, and others
like it, stood to benefit if the present free market in students achieving AAB+ at A Level were to be re-calibrated to BBB+.

(d) The Acting Vice-Chancellor was pleased to report that the University now occupied a place in absolute terms amongst the top twenty institutions in receipt of Research Council grants. A White Paper on Research and Innovation was shortly to be published but was expected to focus more on innovation than on research.

(e) Earlier in the day, the University had been delighted to announce the award of its fourth Queen’s Anniversary Prize, on this occasion for its work in Typography & Graphic Communication. University staff had been shortlisted in two categories for The Times Higher Education Awards and, although ultimately unsuccessful, had been in distinguished company and had attracted welcome publicity.

(f) Professor Downes thanked all those who had helped him in his period as Acting Vice-Chancellor and made particular mention of Professor Williams who had assumed the resource portfolio in his stead.

Resolved:

“That the Report of the Acting Vice-Chancellor, now submitted, be approved.”

11/64 Report of the meeting of the Audit Committee (Item 4(a))

* The Council received the Report of the meeting of the Audit Committee held on 14 November 2011.

As Chairman of the Audit Committee, Mr Fishburn observed that, in his view, the University operated in a financial environment that was well controlled. The President reminded the Council that, in the year ending 31 July 2011, a retained surplus attributable to the accounting treatment which had been correctly accorded to savings arising from the reform of the University of Reading Employees’ Pension Fund masked an underlying deficit. However, the high levels of indebtedness into which the University had consciously entered should shortly be reduced with the completion of the Halls Accommodation Project.

In response to a question from Dr Erskine, the Acting Vice-Chancellor explained that many universities of similar standing routinely returned an operating surplus but that the great majority of these did not have Reading’s underlying financial strength as demonstrated by its balance sheet. The most recent iteration of the Financial Forecasts saw the University moving into surplus within three years but it would be for the Strategy and Finance Committee and the Council to determine the appropriate level of that surplus in the context of the University’s other plans.

11/65 Management Letter and Audit Highlights Memorandum from KPMG for the year ended 31 July 2011 (Item 4(b))

* The Council received the Management Letter and Audit Highlights Memorandum from KPMG for the year ended 31 July 2011, which had been submitted previously to the Audit Committee and to the Strategy and Finance Committee.
The Director of Finance and Corporate Services noted that the Management Letter contained one recommendation of low priority in regard to the Institute of Education and that the Audit Highlights Memorandum had properly commented on the University’s cashflow position consequent upon the delay in bringing the Halls Accommodation Project to a conclusion. In response to a question from Dr Mueller-Harvey arising from the Audit Highlights Memorandum, the Director of Finance and Corporate Services explained that information relating to a particular loan covenant had been provided to KPMG and that discussions were continuing.

11/66 Draft Letters of Management Representation to the University’s Auditors (Item 4(c))

* The Council received the Draft Letters of Management Representation, which had been submitted previously to the Audit Committee and to the Strategy and Finance Committee.

KPMG had sought comfort that, in the event of the arrangement with UPP not proceeding, there existed sufficient resource for the University to be able to meet its liabilities as these fell due in the next twelve months; and it had been satisfied that the liquid realisable assets held by the Research Endowment Trust Fund (RETF) provided the necessary assurance that this was indeed the case. The Strategy and Finance Committee had endorsed this course of action at its meeting earlier in the day and the Council confirmed that the resources of the RETF could be so used if necessary.

11/67 Financial Statements for the year ended 31 July 2011 (Item 4(d))

* The Council received the Financial Statements for the year ended 31 July 2011, which had been submitted previously to the Audit Committee and to the Strategy and Finance Committee.

11/68 Annual Assurance Return to HEFCE (Item 4(e))

* The Council received a copy of the Annual Assurance Return to HEFCE, for its information in relation to Part 1 and for its approval in relation to Part 2.

11/69 Overdraft Facility with Barclays (Item 4(f))

* The Council received a paper from the Director of Finance and Corporate Services regarding an increase in the University’s overdraft facility with Barclays to REDACTED S.43 consequent upon the delay in bringing the Halls Accommodation Project to a conclusion.

Resolved:

1. “That the Report of the Audit Committee now submitted, be approved;”

2. “That the Management Letter and Audit Highlights Memorandum from KPMG for the year ended 31 July 2011, be received;”
3. “That the President be authorised to sign the Letters of Management Representation to KPMG, subject to the addition of a new Clause 11 attesting that the Council confirms that:

(a) the Financial Statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the University’s and Group’s ability to continue as a going concern as required to provide a true and fair view. The Council has confirmed that the Research Endowment Trust will be able to support the University to meet liabilities as they fall due for the foreseeable future, should this be required;

(b) any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the University and the Group to continue as a going concern;

(c) the Council is satisfied, when taking into account the valuation of assets not included in the balance sheet based on professional valuations undertaken in October and November 2011, that the University is in compliance with all financial covenants relating to external borrowings as at 31 July 2011;

and that the Director of Finance and Corporate Services be authorised to sign the letters of support for the University's subsidiary companies.”

4. “That the Financial Statements for the year ended 31 July 2011, now submitted, be approved and adopted, subject to the addition of the following wording on page 42 (Basis of Preparation):

“Should the transfer not proceed as planned the University will be able to obtain sufficient cash by liquidating endowment assets to enable the University to meet liabilities as they fall due.””;

5. “That it be confirmed that in all material respects the University has conducted its affairs during the year ended 31 July 2011 in accordance with its status as a charity and that the Acting Vice-Chancellor be authorised to sign the Annual Assurance Return to HEFCE to this effect”;  

6. “That, in regard to the Overdraft Facility with Barclays,

(a) the amendments set out in the Letter of Variation dated 9 November 2011 are in the interests of and for the benefit of the University and are most likely to promote the success of the University for the benefit of the members as a whole and that such terms and conditions of the Letter of Variation be and are approved and accepted;

(b) Mr D C L Savage and Ms C A B Wright be authorised to sign the Letter of Variation on behalf of the University to indicate acceptance of the terms and conditions;

(c) the Bank be authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the
University, in its capacity as Borrower of the Facility, signed in accordance with the Bank’s mandate for any of the accounts of the University held with the Bank current from time to time.”

11/70 Reports of the meeting of the Strategy and Finance Committee held on 17 October 2011 relating to items for discussion and decision (Item 5); and matters arising from meetings of the Strategy and Finance Committee held on 7 March and 25 October 2011

* The Council received reports from the meeting of the Strategy and Finance Committee held on 17 October 2011 relating to items for discussion and decision; and matters arising from meetings of the Strategy and Finance Committee held on 7 March and 25 October 2011.

In regard to item 1, the University Budget 2011-12, the Director of Finance and Corporate Services reported that the projected deficit of £3.9m for the year ending 31 July 2012 had been brought to that level in consequence of various cost reductions. In response to a question from Mr Fishburn, the Director of Finance and Corporate Services explained that the surplus of £1.4m “normally” expected from the Henley Business School was represented by the sum of the surpluses returned by the component elements prior to merger.

In regard to item 2, the Halls Accommodation Project, it was reported that negotiations with the University Partnerships Programme (UPP) and Aviva regarding the Halls Accommodation Project involving the disposal of various University Halls of Residence had taken place in respect of the terms set out in the proposed project agreement (“Project Agreement”) in the form produced to the meeting and all ancillary or related documents (the “Transaction Documents”) which may be required in relation to the Halls Accommodation Project.

In regard to item 3, Analysis of Research Grants and Contracts: FQ4 and year end 2010-11, Pro-Vice-Chancellor (Professor Williams) stressed the importance to the University of research intensity. Research excellence, underpinned by a capability for growth in student numbers, would be a major focus for the forthcoming Three-Year Planning Process in Schools and, with the encouragement of the Strategy and Finance Committee, proposals for investment in key areas would be brought forward in the coming Term.

In regard to item 4, Major Capital Projects, the Director of Estates and Facilities Management reported in relation to the two ‘amber’ notations that the University continued to contest a claim for additional costs from the principal contractor for the London Road Infrastructure and Institute of Education Projects but that the Institute remained on target to move from Bulmershe Court to London Road by the end of the calendar year.

In regard to item 5, Student Recruitment, October 2011, Pro-Vice-Chancellor (Professor Robson) explained by way of additional report that applications from Home and EU postgraduate students had been up but that enrolments had been down. More pleasingly, international student numbers had increased in terms both of applications and of enrolments.

In regard to an additional item, Establishment of a wholly-owned University subsidiary in Germany, which arose from a meeting of the Committee held on
7 March 2011, the Council agreed to resolve as necessary in order that a wholly-owned subsidiary be established in Germany in support of the activities of the Henley Business School.

In regard to an additional item, University of Reading Malaysia, which arose from a meeting of the Committee held earlier in the day, the President reminded the Council of the background to a proposal that the University establish a campus in Malaysia. The Strategy and Finance Committee had received a draft Business Plan and had asked specifically (a) that a means be found of improving the financial position in the early years before the venture moved into profitability and (b) that the projected student numbers be subjected to a rigorous analysis and adjusted as necessary. The President explained that a formal decision on whether to proceed with the project might need to be taken before the next meeting of the Council. Mindful that a significant number of matters remained to be resolved before such a commitment could be entered into, the Council, agreed to appoint a sub-group of three lay members to approve on its behalf a decision to proceed with the project.

In response to questions, the Director of Finance and Corporate Services outlined the range of professional advice that had been taken by the University and reminded that Committee that independent analyses of the prevailing political climate and security situation had been commissioned at the outset.

Resolved:

“That:

(a) the University Budget 2011-12, now submitted, be approved;

(b) in relation to the Halls Accommodation Project:

1. The Halls Accommodation Project and disposal of halls of residence by the University as contemplated by the Project Agreement and Transaction Documents is in the interests of and for the benefit of the University and that such terms and conditions be and are approved and accepted.

2. The Council is authorised to delegate its powers under Statute XV(28) in accordance with Statute XXVIII, under which the Council hereby authorises the Strategy and Finance Committee to:

(a) negotiate, review and approve the Project Agreement and Transaction Documents as it deems fit for execution by the University as directed by the Council; and

(b) sub-delegate the matters set out in Resolution 2(a) above to a sub-group of the Strategy and Finance Committee identified for such purposes, namely the President, either of the Vice Presidents and the Acting Vice Chancellor (“Sub-Group”).

3. The University have the power to enter into the Project Agreement and Transaction Documents with UPP and Aviva on terms to be agreed and that, once agreed by the University’s legal advisers and by the Strategy and Finance Committee and / or its Sub-Group, any two
Council members be authorised to execute the final form of any deed under seal and the Director of Finance and Corporate Services and/or the Acting Vice Chancellor be authorised to execute the final form of any agreement and any other documents with UPP and/or Aviva, and sign all notices, certificates, instructions and ancillary documents on behalf of the University insofar as they are, relate to or are required under the Project Agreement, Transaction Documents or other related documents.

4. The Director of Finance and Corporate Services or the Acting Vice Chancellor are authorised to approve and initial amendments to the Transaction Documents which are not considered material by Clarkslegal.

5. The Director of Finance and Corporate Services or the Acting Vice-Chancellor are authorised to give such instructions or directions as may be necessary or desirable to facilitate completion of the Transaction.

(c) the Analysis of Research Grants and Contracts: FQ4 and year end 2010-11, now submitted, be received;

(d) the Report on Major Capital Projects, now submitted, be received;

(e) the Report on Student Recruitment October 2011, now submitted, be received.

(f) in regard to the establishment of a wholly owned University subsidiary in Germany:

1. Mr D.C.L. Savage, Director of Finance and Corporate Services, was and is authorised to:

   (i) represent the University and take all steps or acts required to establish a wholly owned subsidiary of the University in Germany;

   (ii) be appointed or appoint officers and representatives ("Geschäftsführer") of the German subsidiary;

   (iii) approve and sign any documents in connection with the establishment or on behalf of the German subsidiary, in particular sign the power of attorney (POA) dated 23 May 2011 and sign further POAs; and

   (iv) authorise any of the appointed officers and representatives of the German subsidiary to sign on its behalf.

2. any two members of the Council may execute a power of attorney appointing the Director of Finance and Corporate Services and/or any other suitable person in order to give effect to the matters listed in 1. above.

3. Berthold von Plate, born REDACTED S.40(2) is authorised to represent the University and take all steps or acts required to establish a wholly owned subsidiary of the University in Germany with the trade name **Henley Business School GmbH** with a registered share capital
amounting to REDACTED S43 in particular to subscribe to the respective single share;

(g) in relation to the University of Reading Malaysia, a sub-group comprising three lay members, be authorised to agree on behalf of the Council that the University and RUMAL Reading Sdn Bhd enter into:

(i) the Development Agreement; and
(ii) the Agreement to Lease,

and that the Acting Vice-Chancellor or the Director of Finance and Corporate Services be authorised to sign the agreements on behalf of both the University and RUMAL Reading Sdn Bhd and to arrange for the application of the University Seal as necessary, subject to confirmation from the University’s legal advisers in Malaysia that they are content for the University to do so.”

11/71 Report of the Appointments Committee (Item 6)

* The Council received the Report of the meeting of the Appointments Committee held on 17 October 2011. The President and Mr Dwyer withdrew and Mrs Scott took the Chair for the consideration of item 4.

In regard to item 3, the Council recorded its thanks to Mr Fishburn for his period of service, now concluding, as Chairman of the Audit Committee.

Resolved:

“1. That, with reference to item 2, Mr C.C. Fisher and Mr R. Dwyer be re-appointed to the Council in Class 2 for the period from 1 August 2012 to 31 July 2015.”

“2. That, with reference to item 3,

(a) Mr J.D. Fishburn be re-appointed to the Audit Committee for the period from 1 January to 31 July 2012; and

(b) Dr J.C.F. Hayward be appointed (vice Ms C. Harmer) as “independent person” to investigate and report on complaints from students under paragraph 25 of the Students’ Union Code of Practice for the period ending 31 July 2014.”

“3. That, with reference to item 4,

(a) Mr C.C. Fisher be re-appointed as President of the Council for the period from 1 August 2012 to 31 July 2015; and

(b) Mr R. Dwyer be re-appointed as a Vice-President of the Council for the period from 1 August 2012 to 31 July 2015.”

“4. That the Report of the meeting of the Appointments Committee held on 17 October 2011, now submitted, be approved.”
The Council received the Report of the meeting of the Support Services Policy Committee held on 17 October 2011.

As Chairman of the Committee, Mr Dwyer drew attention to its thematic consideration of “the student voice”, to be followed in the Spring Term by a focus on employability. The President of the Students’ Union reported that RUSU intended to prioritise the Library in its campaigning this Session but was reminded by the Acting Vice-Chancellor that an increase in resource to one area of provision must see a corresponding reduction elsewhere. Dr Mueller-Harvey suggested that the Library might appropriately be the focus of a fundraising campaign amongst alumni.

Mr Buller noted that a disproportionate number of student complaints appeared to arise in the Business School but was assured that this was characteristic of the sector as whole.

Resolved:

“That the Report of the meeting of the Support Services Policy Committee held on 17 October 2011, now submitted, be approved.”

The Council received the Report of the meeting of the Senate held on 12 October 2011.

Resolved:

“1. That, with reference to item 1, the following be accorded the title of Visiting Professor:

(a) School of Agriculture, Policy and Development
Professor A. Kassam, OBE (Consultative Group on International Agricultural Research inter alia) for a further period ending 30 September 2014

(b) School of Biological Sciences
Professor J. Thomas (University of Oxford) for a further period ending 30 September 2014

(c) School of Chemistry, Food and Pharmacy
Professor H. MacFie (Hal MacFie Training Services) for a further period ending 30 September 2014

Professor D. Richardson (DPR Nutrition Ltd) for a further period ending 30 September 2014
Professor D. Thornthwaite (Unilever) for a further period ending 30 September 2014

(d) School of Mathematical and Physical Sciences

Professor M. Cullen (Met Office) for a further period ending 30 September 2014

Professor J. Mitchell (Met Office) for a further period ending 30 September 2014

(e) School of Politics, Economics and International Relations

Major General M. Melvin (British Army) for the period ending 31 July 2014.

“2. That, with reference to item 2, the following members of the Academic Staff who are retiring early be accorded the title of Honorary Fellow from 1 October 2011 until his or her normal retirement date:

Mr P. Ayers
Mr H.L. Foster
Ms V. Nzira”

“3. That the Report of the meeting of the Senate held on 12 October 2011, now submitted, be approved.”

11/74. Review of the Effectiveness of the Council

The President reminded the Council of the Review of its own Effectiveness which was newly underway. He intended that a discussion should take place at the meeting of the Council on 30 January 2012 and encouraged all members to convey views to Mr Palmer, either direct or via the University Secretary, in advance.