

Academic and Governance Services**Council**

20/64 An exceptional meeting of the Council was held online on Thursday 1 October 2020 at 2.00 pm.

The President

The Vice-Presidents (Mr T. Beardmore-Gray, Mrs H. Gordon, and Mrs K. Owen)

The Vice-Chancellor

The Pro-Vice-Chancellor (Professor M. Fellowes)

The Pro-Vice-Chancellor (Mr P. Inman)

The Pro-Vice-Chancellor (Professor E.M. McCrum)

The Pro-Vice-Chancellor (Professor D. Zaum)

Professor J. Board

Mr J. Magee

Mr K. Corrigan

Ms S. Maple

Mrs P. Egan

Mr P. Milhofer

Professor R. Frazier

Miss R. Osbourne

Professor J. Gibbins

Mr N. Richards

Professor Uma Kambhampati

Dr C. Shaw

Miss B. Karki

Mr J. Taylor

In attendance:

The Chief Strategy Officer and University Secretary

The Chief Financial Officer

The Director of Quality Support and Development

Apologies were received from the Deputy Vice-Chancellor and Mr S.C.C. Pryce.

The President welcomed Professor R. Frazier and Professor J. Gibbins to their first meeting of the Council as members.

20/65 The minutes (20/46–20/63) of the meeting held on 6 July 2020 were confirmed and signed.

Items for note

20/66 President's approval of matters on behalf of the Council (Item 4)

The President reported that he had approved, on behalf of the Council, a Resolution containing three recommendations in respect of an overdraft facility and a Resolution containing three recommendations in respect of a bonds/guarantees/indemnities facility agreement.

In response to a question from Mr Milhofer, the Chief Financial Officer advised that the agreement for the overdraft facility did not specify an end-date and that a favourable interest rate had been agreed.

Overdraft facility

There had been presented to the President of the Council a document containing the Key Terms as well as Terms and Conditions (together the Facility Agreement) from Barclays Bank PLC (the Bank) to the Borrower setting out the terms and conditions upon which the Bank was prepared to make available to the Borrower, a Composite Accounting System (CAS) sterling overdraft facility (the Facility).

Resolved:

1. ‘That the borrowing of the Facility by the Borrower (subject to any limits contained in the Facility Agreement) on the terms and conditions set out in the Facility Agreement is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions be and are approved and accepted.’
2. ‘That Sam Foley (CFO) and Andrew Grice (FD) are authorised to sign the Facility Agreement on behalf of the Borrower to indicate acceptance of the terms and conditions.’
3. ‘That the Bank is authorised to act in all matters concerning the Facility upon instruction from the Borrower signed in accordance with the Bank’s mandate for any of the accounts of the Borrower held with the Bank current from time to time.’

Bond/guarantee facility

There had been presented to the President of Council a document containing the Key Terms as well as Terms and Conditions (together the Facility Agreement) from Barclays Bank PLC (the Bank) to the Borrower setting out the terms and conditions upon which the Bank was prepared to make available to the Borrower a bonds, guarantees and/or indemnities facility (the Facility) in the maximum principal sum of £10,000,000.00 and a form of Counter-Indemnity (as defined in the Facility Agreement).

Resolved:

1. ‘That the borrowing by the Borrower of up to the full amount of the Facility on the terms and conditions set out in the Facility Agreement and the Counter-Indemnities (as defined in the Facility Agreement) is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions be and are approved and accepted.’
2. ‘That Sam Foley (CFO) and Andrew Grice (FD) are authorised to sign the Facility Agreement on behalf of the Borrower to indicate acceptance of the terms and conditions.’
3. ‘That the Bank is authorised to act in all matters concerning the Facility upon instruction from the Borrower signed in accordance with the Bank’s mandate for any of the accounts of the Borrower held with the Bank current from time to time.’

Main item of business: strategic and governance matters for discussion

20/67 Report of the Strategy and Finance Committee on Phase 1 (Item 5)

The Council received a Report of the Strategy and Finance Committee on Phase 1.

The President reported that the Strategy and Finance Committee had discussed the paper on Phase 1, and had noted the University's financial position as currently projected and the uncertainties which qualified the projection. The position would be reviewed at the end of October and in January.

The Chief Financial Officer explained that the modelling exercise in July had indicated a shortfall amounting to £104m across three years, and that modelling based on the most recent data indicated a possible improvement to £84m. In part, this was due to higher levels of student recruitment than had originally been assumed

Currently, however, there remained significant uncertainty around the final position: while further improvement was possible, especially as a consequence of the usual delays arising from visa issues, the recent increase in Covid cases in the UK and associated restrictions would probably discourage international students and could lead to some attrition among Home students. For the purposes of the financial modelling, the additional employer costs for the Universities Superannuation Scheme were now assumed to be 2.5%, but this was subject to a number of variables and could be greater. Phase 1 had successfully addressed the shortfall, through a combination of mitigations including a vacancy freeze, use of University assets (including some loans from Trusts and from some land sales), a pay freeze, pay reduction and a small voluntary redundancy scheme. The proposed mitigations had been agreed with the Staff Forum and the negotiating team from the local branch of the University and College Union (UCU), which had now put the proposal to a ballot of its membership.

In response to a question from Mr Corrigan, the Vice-Chancellor confirmed that the package of measures under Phase 1 met the liquidity challenges arising from the pandemic without recourse to redundancies beyond the small-scale voluntary redundancy programme. The package included measures which would reduce staff and payroll costs for a three-year period. Phase 2 addressed the need for strategic change and financial sustainability; it would include changes to performance and workload management, a review of the University's portfolio and a review of the professional services, but did not include a redundancy programme. The University would consider, as necessary in the light of changing circumstance, possible structural changes, which might involve localised redundancies.

In response to a question from Mr Milhofer, the Chief Financial Officer reported that some 750 of the 6000 rooms in University halls were empty, which represented a loss of £6-7m. The reduced number of International students and an increase in the number of commuting students were important factors in the number of voids. The number of voids might increase due to possible attrition if students were disappointed in their residential experience as a result of Covid-related social restrictions and opted to take their course online. It was hoped, however, that voids might reduce after Christmas if the pandemic subsided and international students became more willing to travel. The Chief Financial Officer confirmed that the £1.5m allocated to Covid-related additional campus provisions included an element of contingency, and that further provision for contingency would be included in the review of finances in November following the assessment of the complete recruitment cycle.

In response to a question from Mr Beardmore-Gray, the Vice-Chancellor acknowledged the public debate about possible discounts to the £9,250 Home/EU student fee in the light of the pandemic-related changes to the student experience. He noted that the Government was currently supporting the maintenance of the fee at its full rate, but that this support was effectively conditional on universities continuing to provide a high quality education on a blended model including face-to face teaching (unless instructed otherwise by the Government or public health authorities). He believed that the University was delivering blended learning to the highest standards, which was due to the exceptional work of academic and professional staff.

Resolved:

'That the Report of the Strategy and Finance Committee on Phase 1, now submitted, be received.'

20/68 Report on Phase 2 (Item 6)

The Council received a Report on Phase 2 and an oral report from the Vice-Chancellor on this matter on behalf of the Senate.

The Vice-Chancellor reported that the Senate had broadly supported the proposals contained in the Phase 2 paper and the commitment to proceed with changes at pace. Members of Senate had been content with the proposals for rationalising the use of office space and had welcomed the opportunity to create common rooms, which would promote social interaction among staff and students and contribute to a stronger sense of community around a subject. They had also endorsed the ambition to make better use of the academic year for teaching, and were generally positive, though with some disciplinary differences, about possible semesterisation. They were pleased that long-standing concerns about workload management were being addressed. The Vice-Chancellor acknowledged that the proposals, as they stood, were at a high level, and that their detailed development would necessarily raise a wider range of issues, but he was heartened by Senate's response.

Professor Fellowes, Pro-Vice-Chancellor (Academic Planning and Resource), advised that he would be presenting the proposals in all staff talks the following week. On the basis of feedback from Senate, Council and the whole University community, including staff and students, the proposals would be further developed and a comprehensive plan would be submitted to the Senate and the Council in November. He believed that the participation and commitment of the University community would be an important factor in the success of the proposals.

Professor Fellowes outlined the context of the proposals, referring to the range of challenges and opportunities for the sector as a whole and the University in particular. The new University Strategy and the plans towards its implementation, as set out in the Phase 2 proposals, enabled the University to address those challenges and make best use of the opportunities presented. The Phase 2 proposals were structured around four questions:

- How can we make Schools financially robust?
- What is the optimal way to deliver our professional services?
- How should we be teaching?
- How do we support excellence and sustainability of our research?

In considering these questions, the Phase 2 Task Force had developed proposals relating to the rationalisation of the portfolio of teaching and assessment, greater efficiencies in the use of space, the management of workloads and performance, and greater use of digital technologies in ways of working and teaching. Professor Fellowes explained that, while the proposals might appear rather dull and worthy, they addressed fundamental issues related to the University's core mission and provided a secure platform from which the University could achieve its ambitions in a challenging environment.

The President invited Professor Frazier (as the member elected by the Senate), Professor Gibbins (as the member elected by academic staff), Mr Magee (as the member elected by professional services staff), and the RUSU President to comment on the proposals.

Professor Frazier expressed his support for the principles underpinning the proposals and the identification of key issues to be addressed, while noting that the 'devil would be in the detail'. He indicated that many members of Senate felt that the current financial model discouraged co-operation across School boundaries in the design and delivery of programmes and that this might be an inhibiting factor in the effective rationalisation and optimisation of the teaching portfolio. He spoke of the potential academic benefits if vacant space on the campus were rented to bodies with which the University had an established relationship or shared interests. He referred to the need for the review of workloads to be holistic, to take appropriate account of scholarly activity, and, given that research careers commonly included peaks and troughs, to ensure that academic staff were not permanently excluded from pursuing research by a period in which they did not win research awards.

Professor Gibbins endorsed Professor Frazier's comments and, in particular, emphasised the academic opportunities offered by renting space on campus to partner organisations, such as the NHS. He welcomed the rationalisation of the teaching portfolio, which would allow the University to break a negative cycle where it had over-promised, over-taught, over-assessed, and, in consequence, had under-performed due to the volume of work and the weight of expectation. He believed that reducing the single occupancy of offices could yield benefits in ways of working and creating a stronger sense of community, but that it would be important to consider carefully how best to engage staff in the process of change.

In response to the comments from Professor Frazier and Professor Gibbins, Professor Fellowes noted that the current financial model had been in place for six years or so, and that given the changed context, drivers and priorities, a review was being planned.

Mr Magee indicated his strong support for the proposals, and noted that they implied a strategic reprioritisation of the University's activities, both academic and in relation to professional support. He believed that an ongoing programme of health checks for Schools and Functions would ensure that the strategic focus evident in the proposals would be sustained post-implementation.

The RUSU President considered that the rationalisation of the portfolio, an increase in digital resources, semesterisation and the reduction in the volume of assessment had the potential to improve the student learning experience, although much would depend on the detailed development of the proposals.

In response to a question from Mrs Gordon, Professor Fellowes explained that the package of measures would enable the University to be financially sustainable and included provision for future growth. The rationalisation of the portfolio and of assessment, the increased use of blended learning, and the release of space would create the capacity to

grow student numbers, which, in view of the demographic trend, should be achievable while increasing the entry tariff. He acknowledged that the presentation of the proposals was low-key and that it did not set out an ambition for a large future investment or initiative. He believed that staff did not have the capacity to engage with a large initiative at present and would have little tolerance for such a proposal; instead, staff recognised that, in order to achieve financial sustainability and fulfil its ambitions for excellence in teaching and research, the University needed to address systematically a set of serious, difficult and unglamorous issues and to deliver against the objectives set out in the new strategy.

In response to questions from other lay members, Professor Fellowes acknowledged that young people had experienced disappointment and uncertainty over the past year and that, in consequence, some might be more sceptical about the value of higher education. It was important that the University articulate clearly the quality of the student experience and the benefits of studying at Reading. Following implementation of Phase 2, the University would be able to offer more effectively a more personal approach to teaching, where there were fewer large lectures, and a stronger sense of community as School/department-based common rooms fostered staff-student interaction. Equally, the University should promote its commitment to environmental sustainability and its work on climate change.

In response to a question from Mr Taylor, Professor Fellowes confirmed that the community-based ethos adopted in developing the Phase 1 proposals would also characterise the further development of the Phase 2 proposals. The University Executive Board was committed to inclusive management and transparency, open in their communication with staff and students, and careful to focus on what could realistically be delivered and not to over-promise.

The Council supported the direction of travel set out in the proposals and their further development. The President thanked Professor Fellowes and his team for their work.

Resolved:

'That the Report on Phase 2, now submitted, be received.'

Matters for report

20/69 Update from the Vice-Chancellor (Item 7)

The Council received an oral report from the Vice-Chancellor.

The Vice-Chancellor reported that:

- (a) There were small numbers of academic staff, concentrated in particular subject areas, who were apprehensive about teaching face-to-face. The University was managing the situation sensitively, while maintaining its commitment to provide students with face-to-face teaching where at all possible. He indicated that he might need to consult Council further on the matter in due course.
- (b) Two students had tested Covid-positive, and their cases were being managed by the University. Given the current pressures on the local public health authorities, the planned division of responsibilities between the University and the local authorities had proved not to be feasible and the University had, without delay, assumed operational responsibility for the situation. Professor Park and Professor Zaum

were leading the Major Recovery Team, while the Deputy Vice-Chancellor and Mr Inman were leading the Major Incident Teams responsible for the positive cases.

- (c) The University had hosted a visit by the Universities Minister, and had showcased the blended learning being delivered by a number of academics. The Minister had been impressed by this provision and, it was hoped, had understood the substantial costs involved in the development and delivery of effective blended learning.
- (d) Student recruitment had fallen short of target, but remained within the range used for financial modelling under Phase 1. The onset of the second wave of infections reduced the likelihood of substantial improvement in postgraduate international recruitment.
- (e) The University of Reading Malaysia was open and fully operational, and had recruited to target. Infection rates in Malaysia remained low.
- (f) The University had improved its position in both The Guardian and The Sunday Times university league tables, which had recently been published. The improvement was due in large part to the improved scores in the National Student Survey, and reflected the success of early work undertaken by the new Pro-Vice-Chancellors (Education and Student Experience).
- (g) The University had improved its position in the recent Graduate Outcomes survey, which had replaced the Destination of Leavers from Higher Education (DLHE) survey. DLHE had relied on data provided by institutions themselves and there was evidence that latterly many institutions had been gaming the system to maximise their results. The University had never engaged in such practices, and its improved ranking now justly reflected its performance relative to the sector.
- (h) The Government was submitting its bid to retain in the UK the elements of the EU's Copernicus project provided by the European Centre for Medium-range Weather Forecasting (ECMWF). If the bid were successful, ECMWF's Copernicus provision would be located on the University campus and would provide an opportunity for the University, through its continuing collaboration with ECMWF, to access EU research funding streams for climate change. The success of the bid would secure world-class meteorological research in Reading for a generation. While the Government was strongly committed to the bid, the UK's eligibility to host the Copernicus project would depend on the course of the Brexit negotiations and therefore remained at risk. A decision was expected in December.

Resolved:

'That the Report of the Vice-Chancellor, now submitted, be received.'

20/70 Report of the Strategy and Finance Committee on preparations for the Autumn Term
(Item 8)

The Council received a Report of the Strategy and Finance Committee on preparations for the Autumn Term.

The President commended the comprehensive risk assessment and implementation of measures to enable students and staff to return to campus safely and to ensure the

resumption of teaching and research at scale. The Council thanked the Deputy Vice-Chancellor and colleagues across the University for their exceptional work to achieve this.

Resolved:

'That the Report of the Strategy and Finance Committee on preparations for the Autumn Term, now submitted, be received.'

20/71 Report of the Appointments and Governance Committee (Item 9)

The Council received a Report of the Appointments and Governance Committee on the recruitment to the three lay vacancies on Council.

The President informed the Council that 26 expressions of interest had been received, eight candidates had been selected for interview, and that, from a strong field, three candidates had stood out for their qualities, skills and experience. The selection panel had probed, in particular, the motivation of candidates, their understanding of and commitment to diversity and inclusion, and their potential as ambassadors for the University.

Resolved:

'That the following be appointed to membership of the Council in Class 2 with immediate effect and until 31 July 2023 in the first instance:

Sian Butler
Lola Moses
Sally Plank.'

20/72 Dates of further meetings of the Council in the Session 2020/21

Further meetings of the Council in this Session had been scheduled for:

Wednesday 25 November 2020, 10.00 am (preceded by an informal meeting the previous evening)
Thursday 26 January 2021, 2.15 pm
Monday 15 March 2021 2.15 pm
Monday 5 July 2021 at 2.15 pm.