



MINUTES OF THE BOARD OF TRUSTEES

FRIDAY 22 January 2016

Present: Ms T Beech Professor H Brady Mr D Burn (Chair), Mr R Cowap, Mr P Hand, Ms S Harris, Dr S-A Kitts, Mr Robert Massie, , Dr J Manley, Professor S Mann, Mr B Morton, Professor G Orpen, Mr A Poolman, Mr M Saddiq, Ms V Stace, Mr J Wetz.

In attendance: Professor N Canagarajah, Dr Helen Galbraith, Ms R Geller, Ms K Gullon (Clerk), Professor J Iredale, Professor N Lieven, Mr A Nield, Ms L Robinson, Professor J Squires.

Apologies: Dr M Hamlin, Dame D Holt, Sir R Kerr, Ms A Stephenson.

1. Welcome and announcements

- 1.1 The Chair welcomed members of the Board of Trustees to the meeting.
- 1.2 The Chair noted the change of name of the governing body from "Council" to the "Board of Trustees", which had taken effect from 1 January 2016. The Chair also noted the changes to the composition of the Board from 1 January 2016. Due to the new composition, the room had been set out differently from usual. Feedback from members of the Board would be welcomed.
- 1.3 The Chair welcomed Professor John Iredale to the meeting, as the newly-appointed Pro Vice-Chancellor (Health), noting that he joined the University at a particularly exciting time in its strategic activities.
- 1.4 The Chair advised that Dame Denise Holt had indicated she wished to step down from the Board of Trustees, in view of her other commitments and her distance from Bristol. It was expected that Dame Denise would continue to serve on the Board until its approval of the University's new Vision and Strategy, which would be very much welcomed.

2. Apologies

- 2.1 NOTED.

3. Declaration of interests

- 3.1 Members were reminded that they had an obligation to disclose any pecuniary, family or other personal interest that they had in any matter under discussion at any meeting of the Board of Trustees as soon as practicable. Members were reminded of their fiduciary duty to avoid conflicts of interest.
- 3.2 As for previous meetings of the Board of Trustees, staff members disclosed their ongoing interest in matters related to the Universities Superannuation Scheme (USS), and the University of Bristol Pensions and Assurance Scheme (UBPAS) as members of those schemes, as appropriate.

4. Minutes of meeting on 6 November 2015

4.1 CONFIRMED.

5. Matters arising and actions

5.1 There was nothing outstanding to report that was not otherwise being addressed at the meeting.

6. Chair's report

6.1 RECEIVED and NOTED (reference **CN/15-16/037**).

6.2 The Chair advised the Board regarding the Chancellor nominations process, noting that the Panel would meet after its meeting. An online suggestions process was now open, and the Board was encouraged to put forward suggestions.

6.3 The Chair noted that concerns had been expressed regarding Court, particularly by the Convocation Representatives on Court. The Chair of Convocation provided an overview of the feedback that had been received. The Chair of Convocation, in consultation with the Chair of the Board and the University's senior executive, would be considering channels by which members of Convocation (particularly its Representatives on Court) could contribute their views on the University's strategic direction.

6.4 The Chair reflected on the original purpose of Court, noting its historic engagement with the wider Bristol community. The Board noted that a significant number of other universities had reviewed (and in a number of cases then reconstituted or abolished their Courts) in recent years. The University had briefly considered the role and purpose of its Court in recent years, though in light of the University's Strategy development activity, and the implementation of the recommendations of the recent effectiveness review, discussions had been somewhat muted.

6.5 Following discussion, the Board agreed that a review of Court, in the context of the University's emerging Vision and Strategy, would be entirely appropriate. The University would put forward a range of options in due course, for further consideration by the Board.

7. Vice-Chancellor's report

7.1 RECEIVED and NOTED (reference **CN/15-16/038**).

7.2 The Vice-Chancellor introduced his report and advised Trustees of a number of matters:

- The overarching mood of the University was one of optimism and ambition, the Vice-Chancellor had been delighted with the engagement with the consultation process, but this was tempered by some concerns regarding the external higher education environment.
- The Vice-Chancellor provided an overview of sector developments, including the Higher Education Green Paper; the Comprehensive Spending Review and the Science and Innovation Audit.
- The Vice-Chancellor updated the Board regarding the recruitment of a Finance Director, noting in particular that the role would instead be known as 'Chief Financial Officer' to better reflect current terminology in recruitment markets. The current Finance Director, Mr Andy Nield, would continue to support the University in certain of its activities as Financial Consultant and would continue to support the Board and Finance Committee in particular until the new Chief Financial Officer was in post.

7.3 The Trustees queried various elements of the proposals of the Higher Education Green Paper, and the scope for the University to lobby the Government in respect of elements that were felt to be unhelpful or without an educational or operational imperative. The University would continue to monitor developments within the sector and continue dialogue with Universities UK and the Russell Group.

8. Financial Matters

8.2 RECEIVED and NOTED: (reference **CN/15-16/039**).

8.2 The Finance Director advised members of the Board of Trustees on a number of financial matters.

Conversion to FRS102

8.3 The Finance Director reminded the Board that the University was now required to present its financial statements under FRS102, the new Higher Education Statement of Recommended Practice (HESORP). This would have a significant impact on the way the University's financial results were presented and perceived:

- The University's balance sheets would now recognise the University's share of the USS deficit recovery plan.
- Following the removal of the Deferred Capital Grants (DCG) recognition, capital grants would now be recognised in income/expenditure on receipt or on satisfaction of grant conditions. This would have the affect of making the figures presented to the Board appear volatile over time.
- The Finance Director noted that Finance Committee and Audit Committee had both reviewed the methodology that would be used going forward, and agreed that it was appropriate.
- In response to questions from the Trustees, the Finance Director noted that the University would need to explain any such volatility (particularly if income/expenditure appeared to show deficit, as might occur in a year with fewer capital grants) to its stakeholders: likely by way of narrative in the annual accounts and financial statements. The changes would make it more difficult to compare universities' financial performance on the basis of their surpluses. The Board reflected on the impact of these changes upon the University's ability to incur further indebtedness.

Financial Performance for 2015/16 - November 2015 financial dashboard

8.4 Forecast operating surplus for the year, excluding capital grants was maintained in line with budget. **[REDACTED: likely to prejudice commercial interests]**

8.5 **[REDACTED: likely to prejudice commercial interests]**

8.6 **[REDACTED: likely to prejudice commercial interests]**

Sector developments

8.7 The Board noted the financial implications of the recent HE Green Paper, the Nurse Review, and Comprehensive Spending Review Announcements. In particular:

- The Green Paper had confirmed that the inflation linking of the home undergraduate student fee cap would be subject to the demonstration of teaching excellence. This would go some way to mitigating regarding inflation 'mismatch', that the Finance Director had consistently mentioned to the Board as an area for concern. However, this indexation would only apply to new students from 2017/18, with the effect that the next eight years or so would see only limited index linking. In response to questions from Trustees, the Finance Director advised that there had not yet been an announcement as to the index to be used for these purposes, but the Retail Price index was unlikely.
- As ever, the detail of the various proposals contained within the Green Paper and CSR would be key. The BIS Grant Letter to HEFCE had been further delayed. The HEFCE Grant Letter to individual institutions was now expected in mid-April.

UBPAS

8.8 ***[REDACTED: likely to prejudice commercial interests]***

8.9 ***[REDACTED: likely to prejudice commercial interests]***

USS

8.10 The Finance Director outlined the important areas of activity regarding the future of this Scheme, noting that USS was likely to face significant financial challenges at its next Actuarial Valuation as at March 2017.

Fry Building

8.11 ***[REDACTED: likely to prejudice commercial interests]***

8.12 ***[REDACTED: likely to prejudice commercial interests]***

8.13 ***[REDACTED: likely to prejudice commercial interests]***

9. **Development of the University Vision and Strategy**
RECEIVED Presentation (on file).

- 9.1 The Vice-Chancellor presented to the Board and outlined Phase 1 of the consultation process, noting that over 2000 people had engaged with the process face-to-face, and that there had been more than 13000 online contributions. Those contributions had been analysed and prioritised, and used to formulate the 'phase 2 consultation document'. That document remained a work in progress, but the views of the Board upon its tone, format and content were sought prior to its circulation to staff and students.
- 9.2 The phase 2 consultation paper was divided into thematic sections, each of which contained proposed priority actions. The Vice-Chancellor outlined each in turn. Some of the priority actions identified were already in train, whereas others would require a major step-change for the University (either in terms of investment or direction).
- 9.3 In particular, the Board noted previous discussions regarding the University's ambitions for its reputation in teaching and learning. This was likely to be a major area for investment. Particular areas of focus included campus infrastructure (both at 'Tyndall Place' and potentially at an additional campus). It would be important to signal a significant change to students, and to address their legitimate expectations. Equally, the University would need to be mindful of the student experience while any major capital programme (if that was agreed) was undertaken. The Vice-Chancellor reflected on the possibility of the Temple Quarter Enterprise Zone (TQEZ) as a location for an additional campus, noting in particular its potential for developing the relationship between the University and the city, and the economic headroom of the city/region.
- 9.4 The Vice-Chancellor outlined priority actions in respect of education and the student experience; research, innovation and engagement; advancement through internationalisation; and people. The final Strategy would be likely to also include sections on campus development and sustainability; community partnerships and the wider Bristol family; and governance and management.
- 9.5 Delivery of these priority actions would, to an extent, be dependent on financing. The Board would consider these matters in more granular detail at its March meeting, but it was currently expected that delivery might necessitate growth in certain areas, internationalisation of all programmes; efficiencies (including of income generation as well as cost savings); and divestment. The latter was likely to be a controversial issue. The University's Senior Executive would be considered 'balanced scorecards' as a means to prioritise investment and disinvestment.
- 9.6 The Chair commented on the stimulating nature of the strategic discussion to date, and of the phase 2 consultation paper. Trustees provided the following comments on its tone and focus:
- One of the themes that had emerged in the recruitment of the Vice-Chancellor was complacency. The current Strategy had no element of complacency, which was very much welcomed.
 - The emphasis on links with the city of Bristol was generally welcomed, though Trustees were mindful of a lack of an international 'brand' for the city. That said, the city was felt to be 'on the up' and the potential for joint branding was tremendous. In stating the importance of these links though, the University should emphasise the mutual benefit of the relationship, and not focus too heavily on the benefit to the University.
 - The University's approach to partnerships should extend beyond financial contributions, and consider skills and experience that might be derived from

- University should ensure that they add value to its activities.
- There was scope for developing links with arts and heritage and potentially a 'cultural quarter' but this would need to be rooted in financial and other realities.
- The focus on sustainability was welcomed, and the positive impact on the University's reputation as a result of Bristol Green Capital was highlighted.
- Timescales and a clear vision for implementation would be important, and should be articulated as early as possible. Announcing a large project or initiative early on might help with momentum and change management.
- It would be important to establish how the University would quantify its success in delivering the Strategy. This would also help to condition the energy and expectations of the University's various communities.
- The high level of engagement by students in the consultation so far was welcomed. The 'Tyndall Place' concept had the potential to be transformational to the student experience. The University would need to be mindful of the support for students (in particular international students) in the face of student growth.
- The University should continue to ensure that it maintained a robust capital programme/strategy, resilient to future challenges and changes in priority.
- The direction of travel with respect of Widening Participation was welcomed, and links to Bristol Learning City were noted.

9.7 The Finance Director presented to the Board (presentation on file), to contextualise some of the priority actions identified in the phase 2 consultation document. The presentation highlighted the following:

- The Board was reminded of the key financial objective of the University – sustainable financial balance. It would be necessary to create headroom to invest in the University's future; but also to balance immediate needs with longer-term strategic aims. The University (and, in some cases, the Board) was also bound by a number of external constraints and obligations. In particular, the Finance Director reminded Trustees of their legal duties in respect of the University's pensions liabilities.
- There were a number of financial levers that could be used to achieve this financial objective, such as the University's student numbers and mix; disinvestment/efficiencies and staff costs as a percentage of income – for example.
- The Finance Director outlined current financial trends, and the University's potential cashflow generation capacity (from initial high-level incremental modelling). Asset disposal remained a possibility.
- The Board was reminded of the University's key capital priorities, not only 'business as usual' and 'catch-up' projects to resolve legacy issues, but also the capital priorities that have emerged in the Strategy development process to date.
- **[REDACTED: likely to prejudice commercial interests]**
- The Board considered potential issues and risks related to an additional campus, including those connected to securing a site, the need to attract sufficient student numbers, construction costs, securing finance and the general increase in the risk profile of the University.

9.8 **[REDACTED: likely to prejudice commercial interests]**

9.9 Following discussion, the Board AGREED to support the University outlining a proposal to Bristol City Council to acquire a site for an additional campus. In so doing, the Board was mindful that a commitment to complete a purchase and/or to proceed with the development of an additional campus would require further review and approval (including by Finance Committee).

10. Biennial Presentation: Faculty of Social Sciences and Law
Presentation on file. RECEIVED and NOTED (reference **CN/15-16/040**).

- 10.1 The Chair welcomed the Dean of the Faculty of Social Sciences & Law to the meeting, and congratulated him on his recent appointment as Dean.
- 10.2 The Dean presented to the Board. The presentation highlighted the following points:
- the Faculty's diverse student profile, as well as its size and contribution to the University as a whole.
 - the Faculty's strong performance in the REF2015 and potential for a larger contribution to REF2021, given the likely growth.
 - Challenges and opportunities facing the Faculty in terms of education and the student experience, exemplified by NSS scores. The Dean noted the particular importance of those scores due to the reliance placed upon them by league tables and the ensuing impact of the Faculty's position in those tables on its international student recruitment.
 - Challenges and opportunities facing the Faculty in improving maintaining and improving REF performance, particularly in generating more research dynamism and developing impact capacity
- 10.3 In response to questions from the Board:
- Staff morale was generally high, and had been boosted by the excellent REF2015 result. The challenge of maintaining and improving staff morale in the face of significant change projects was acknowledged. The Dean praised the determination of staff to address issues raised in the NSS. Overall, the Faculty must continue to be an attractive place to work, in order to continue to attract and retain high-quality staff.
 - ***[REDACTED: likely to prejudice commercial interests]***
 - The Trustees praised the future-focused presentation, and the Dean's willingness to use student feedback as an evidence base for change.
- 11. Student Lifecycle Support Programme (SLSP)**
RECEIVED and NOTED: (reference **CN/15-16/041**).
- 11.1 The Deputy Registrar (Academic Services) reminded the Board of previous discussions, noting that it had previously supported the programme and its rationale. Costs had been approved on an initial basis, with the acknowledgment that this might require further refinement as the procurement process progressed.
- 11.2 ***[REDACTED: likely to prejudice commercial interests]***
- 11.3 ***[REDACTED: likely to prejudice commercial interests]***
- 11.4 ***[REDACTED: likely to prejudice commercial interests]***
- 11.5 ***[REDACTED: likely to prejudice commercial interests]***
- 12. Fossil Fuel investment policy**
RECEIVED and NOTED: (reference **CN/15-16/042**).
- 12.1 The Deputy Vice-Chancellor advised the Board of the background to the report, and discussions that had occurred within the University and its governance structures (including Court and Senate). The positions and proposals put forward in the report were felt to be a pragmatic solution to a potentially divisive issue. The Deputy Vice-Chancellor outlined the range of stances that had been adopted by other institutions,

noting that they ranged from absolute divestment to a commitment to taking no stance at all.

- 12.2 Discussions had been held with the academic community, and the outcome of those conversations were reflected in the report. The Finance Director noted that there was no panacea for this issue, but echoed that the proposals set out in the report

were widely felt to be a pragmatic solution to the issues. The Finance Director reminded Trustees of their fiduciary duties to secure an appropriate return on the University's endowment.

- 12.3 In discussion, Trustees highlighted the following points:
- Generally, the proposals struck a good balance between the environmental imperative and the fiduciary duties of the Board.
 - There was discussion as to the University's other ethical stances regarding investment, and the importance of consistency of approach was noted.
 - The University's primary influence was likely to be as an opinion-former, rather than as an investor, but Trustees believed that formally adopting the proposals set out in the report would send a clear message to fossil fuel companies, and it was hoped that this would move the discourse forward.
- 12.4 Once the details had been agreed, it would be important to communicate clearly the outcome to the University's various communities, given the level of interest that these issues had engendered.
- 12.5 Having considered the matter carefully, the Board of Trustees:
- AGREED in principle the University moving its endowment investment funds into an 'engaged investor' fund **[REDACTED: likely to prejudice commercial interests]** - subject to delegation to Finance Committee to agree the detailed arrangements.
 - APPROVED the proposed approach to the alignment of academic policies to the investment approach, as outlined in the report.
- 13. Ethics of Research Committee: Annual report and report of most recent meeting**
- 13.1 RECEIVED and NOTED: (reference **CN/15-16/043** and **CN/15/16/044**).
- 13.2 The Chair of the Ethics of Research Committee reflected on the focus of the Committee, noting that in the past year in particular they had focussed on cross-representation with the Research Committee. The Chair of the Committee also reflected on recent appointments, that were felt to have contributed enormous value to the Committee.
- 13.3 The Committee continued, as ever, to consider the University's prosecution of its research in general. Of particular focus this year had been consideration of our processes and due diligence regarding partnerships and data management.
- 13.4 In response to questions from Trustees, the Chair of the Committee and the Pro Vice-Chancellor (Research) reflected on lessons learned following recent media attention.
- 13.5 The Chair thanked the Chair of the Committee and the other Committee members for its work.
- 14. MAGG**
- 14.1 RECEIVED and NOTED: (reference **CN/15-16/045**).
- 14.2 The Chair noted that now MAGG had considered and approved revised composition of the other committees of the Board. It would shortly be considering its own composition.

14.3 Any member of the Board could ask to attend a committee meeting, with the permission of the Chair. This would be included in the 'standing order on committees'.

14.4 The Board APPROVED the appointment of Sir Ron Kerr as Chair of the Remuneration Committee, and the appointment of Dr John Manley as the Chair of the IT Committee.

15. Remuneration Committee

15.1 RECEIVED and NOTED: (reference **CN/15-16/046**).

15.2 The Chair noted that this was the report of the first 'second' annual meeting of the Remuneration Committee. Its Terms of Reference had been amended in light of CUC good practice and approved by MAGG.

16. Finance Committee

16.1 RECEIVED and NOTED: (reference **CN/15-16/047**).

17. Report of the 14 December 2015 meeting of Senate

17.1 RECEIVED and NOTED: (reference **CN/15-16/048**).

17.2 The Chair noted that one of the sub-themes of the new University Strategy would be governance and management, and as part of that there would be further discussion about the effectiveness of Senate.

18. Amendments to Statute 14 and Ordinance 3

18.1 RECEIVED and NOTED: (reference **CN/15-16/049**).

18.2 The Board noted discussions at Court regarding the proposed amendments, and also the views expressed by MAGG as to the rationale for them. The Board considered whether it would be prudent to consider these changes as part of a more holistic review of Court and its powers, and of consultation/communication with stakeholders. There was some support for this, but the Board noted that the provisions of the Charter required that (as Court had declined to consent to the amendments) the proposed amendments could only be approved at the Board meeting immediately following the second annual meeting of Court that declined to consent to the proposed amendments.

18.3 In light of this, the Board agreed that it would be sensible to proceed as had been originally proposed to Court. The Board therefore APPROVED BY SPECIAL RESOLUTION the proposed amendments to Statute 14 and to Ordinance 3, as set out in the report.

19. Standing items

Equality and diversity implications

The Board of Trustees encouraged the continual consideration of equality and diversity throughout the development of the University's Strategy. In particular, the Board noted the intent signalled in discussion of the new University Strategy, which was much welcomed.

Communication and consultation

The Board of Trustees reflected on the significant consultation being conducted in respect of the Strategy, which was again very much welcomed.

Date of next meeting

The next meeting of the Board of Trustees would be held on Thursday 17 and Friday 18 March 2016.