



University Council

Paper no: 2023-10-25-03

Paper title: Minutes of previous meeting

Minutes of the Council meeting held on 19 July 2023 in SC1, Stafford Cripps, Cranfield

Present:

Ferguson, Iain (Chair)	Holford, Karen (<i>by videoconference</i>)
Atkinson, Helen	Hubble, Jane
Carter, Caroline	Hynes, Alice
Chen Davison, Lesley	Imafidon, Ehizuelen
Day, Colin	Rowlands, Simon
Greening, Connie	Saggu, Jaz
Hill, James	Watkins, Peter

Apologies: Hart, Ian and Stokes, Claire

Attending: Aspinall, Philip, Chief Operating Officer
Douglas, Gregor, University Secretary
King, Vincent, Health & Safety Director (*for item 4*)
Morris, Julie, Governance Officer
Pollard, Simon, Chair of CU H&S Committee (*for item 4*)
Sibbald, Ian, Director of Finance (*for item 7*)

1. Introduction

- 1.1 The Pro-Chancellor and Chair of Council welcomed members and attendees to the meeting; in particular, Mr Ehizuelen Imafidon, CSA President, who was joining for his first meeting.
- 1.2 Council congratulated Professor Holford on receiving an Honorary Fellowship from Cardiff University.
- 1.3 The Chair reported on the research briefing given by the Pro-Vice-Chancellor Research and Innovation at the Council dinner on 18 July 2023. This had given Council members a good overview of the outcome of the last REF exercise and insight into the next one. Members had actively engaged in open discussion about how to better attract businesses to commission research at Cranfield and the future model for the PhD. There had also been the opportunity to reflect on challenges and opportunities around student recruitment in the short term.

2. Disclosure of interest

Anna Smallwood would be joining the staff of Cranfield University with effect from October 2023 as Professor and Head of Air Transport Management. Council congratulated Anna, noting that she would be stepping down as an Independent Member of Council with effect from 21 July 2023.

3. Minutes of previous meeting and matters arising

Received: Paper 2023-07-19-03 being the minutes of the meeting held on 20 April 2023.

Noted: Council had confirmed the publication of the EDI strategic plan by correspondence ex-committee. The Chair thanked everyone for their contributions, noting that there had been input from a large number of individuals and it had not been possible to include every editorial suggestion, in particular around disability. In further discussion it was noted that the document would be updated each year.

Resolved: Council approved the minutes of the Council meeting held on 20 April 2023.

4. Health and Safety report

Simon Pollard and Vincent King joined for this item

Received: Paper 2023-07-19-04 being the health and safety report to Council.

Noted: (a) The Council lead on H&S reported that the Chair of the Cranfield H&S Committee had briefed her ahead of the Council meeting. This was the first report prepared by Vincent King, Health & Safety Director; the report covered the period 1 January 2023 to 31 May 2023

(b) Specific points for Council to note included:

- receipt of HSE enforcement and improvement notices for x-ray equipment which had been transferred from Shrivenham to Cranfield. The equipment had been installed but had not been in use; there had been no actual exposure. Cranfield was working with the HSE to make the necessary improvements.
- the University had commissioned a consultancy firm to review current and future hydrogen-related activities at the Cranfield site. This included consultation with staff in the hydrogen community, safety and risk, and the required regulatory regimes (EU and international). The consultancy firm had recently delivered its detailed report which had given Cranfield confidence going forward. The Hydrogen Safety Committee would receive the report and disseminate to staff before implementing the recommendations.
- the Health & Safety culture tool, which had successfully been tested in one of the Schools and a Professional Service, was being rolled out across the University.

(c) In discussion, Council considered the reputational risks, recognising that the enforcement and improvement notices would be recorded on the HSE website for five years.

(d) The Chair of Health & Safety responded to a query on the number of working days lost to sickness. The sector had seen an increase in the number of mental health and wellbeing cases. Cranfield had recently set up a EDI & Wellbeing Committee, and there was a vast amount of support available. Council requested that the statistic be presented as a percentage in future.

- (e) Colin Day would succeed Anna as the Council lead for H&S with effect from 21 July 2023.

Resolved: Council thanked health and safety colleagues for their report.

Simon Pollard and Vincent King withdrew from the meeting

5. Chief Executive Report

Received: Paper 2023-07-19-05 being the Chief Executive and Vice-Chancellor's report.

- Noted:
- (a) The CEVC took the report as read noting that it was pleasing to see that there was positive news on people successes, as well as reputationally with regard to SGD 17, and graduate outcomes.
 - (b) The CEVC provided a detailed update on media coverage on several named UK universities, including Cranfield, related to research and Iran. Council was assured that matters were being addressed appropriately through investigation and review of sanctions and export control requirements, supported by legal advice and external expert input. All individuals were being actively supported throughout. A decision on the nature and timing of a response to allegations, if any, would be taken by Cranfield in the light of further investigation and developments, and in consultation with others in the sector as appropriate. Key Cranfield stakeholders were being kept informed.
 - (c) Council discussed national security risks more broadly commenting that geo- and party-political interest was growing. Council welcomed and endorsed the systematic review of research activities and ongoing liaison with governmental bodies further to strengthen practice in future.

Resolved: Council thanked the CEVC for her report.

6. Report from University Executive

Received: Paper 2023-07-19-06 being the quarterly report from the University Executive.

Noted: The Chief Executive and Vice-Chancellor took the report as read, highlighting the establishment of the Resilience Institute, which had grown and transitioned from one of Cranfield's former grand challenges. The remaining grand challenges, which had been set up at a different time, and for a different need, were being wound down to focus instead on developing interdisciplinary research powerhouse institutes, over the lifecycle of the Corporate Plan. These would reinforce the research strategy and be multi-disciplinary networks.

Resolved: Council thanked the University Executive for their report and noted the Energy and Environment Committee's Quarterly update, June 2023.

7. Update from Council Committees

Ian Sibbald joined for this item

Finance Committee

7.1 Management Accounts to 30 April 2023

Received: Paper 2023-07-19-07a being the Management Accounts to 30 April 2023

Noted: The Director of Finance presented the management accounts to 30 April 2023, which included a forecast for the remainder of the year and actuals at nine months. The following points were noted:

- (a) in the first nine months, income was £1.2 million below budget due to decreased award bearing income. The net operating deficit was worse than budget and arose because of increased utility costs, and an onerous research contract.
- (b) The onerous research contract had been costed and agreed in 2019; in 2020 the project was halted due to the pandemic. Post-pandemic, the original supplier was unable to fulfil the parts order, so an alternative supplier was found, but their costs were significantly higher. Cranfield had approached the contract sponsor to apply for additional funding, but this had been rejected.
- (c) The Director of Finance briefed Council on the cash challenges, which included continuing pressure from commercial organisations regarding payment terms; and changes to payment terms following transfer from EU funding, which released a percentage of funds upfront, to UKRI funding, which paid out three months in arrears. The research order book was strong, but the change in process had created an increase in work-in-progress of around £6M compared to the previous year. This could not have been forecast as universities had been led to believe that the payment terms would remain the same.
- (d) In terms of energy costs, Cranfield was part of a consortium that bought its energy mostly in bulk, and some in real time. Cranfield had never reached the government cap put in place for industry, but it had seen a significant increase nonetheless. The University had reduced its overall energy usage through initiatives such as temperature control, more efficient space utilisation, restricting building opening times and running other energy saving campaigns. Council recalled that the Energy and Environment Manager had won a third round Public Sector Decarbonisation Scheme bid to extend the district heating network from the technical to residential site; work would commence in April 2024.

Resolved: Council noted the challenges and thanked the Director of Finance for his report.

7.2 University Budget 2023/2024

Received: Paper 2023-07-19-07b being the University Budget 2023/2024

- Noted:
- (a) The Director of Finance presented the budget for 2023/2024 summarising that Cranfield had taken account of its best estimates at this point in time across the board. Finance Committee, and the Pro-Chancellor, had gone through the detail of the budget on 10 July 2023 and had endorsed the budget for submission to Council.
 - (b) The highest degree of uncertainty and downside risk was around student numbers. The budget showed that there was a slight downturn in the number of deposits received, but there was an increase in acceptances. Government policy and currency fluctuation in some markets were proving challenging for some applicants. A number of management actions were in train to reach budgeted numbers including early engagement with students to get them to the position of accepting their CAS (Confirmation of Acceptance for Studies), thereby enabling them to make a timely application for visas. University Executive, in consultation with colleagues, had identified opportunities for additional income generating work streams which would be taken forward to maximise upside opportunities.
 - (c) Referring to other income streams, it was noted that:
 - CPD (Continuing Professional Development) courses were returning to pre-pandemic levels, but were very much market driven so always an area of risk;
 - MOD income was increasing and provided an element of certainty;
 - the research order book was strong, with an increase in the number of new contracts being signed;
 - the budget assumed the same occupancy rates as in the current year with the second phase of the Baroness Young Halls (c200 rooms) now being available for the full year; there was also a 10% increase on rental fees.
 - (e) Staff costs remained the University's greatest cost. The Director of Finance reported that there was currently a recruitment pause in place, with a number of posts already being held, with more added over time. The budget did not assume a reduction on employer contributions to the USS pension, although this was expected.
 - (f) Council engaged in broad discussion on KPIs, overheads, income generation, cost reductions, student numbers, visa application process, application fees, deposits, accommodation, school contributions, and the need to start to generate a sufficient year-on-year surplus to pay off the bond in due time.

Resolved: Council approved the working budget recognising that once the student numbers were known by early October 2023, the budget would be updated accordingly, with any revisions to the budget presented to Council. Council further encouraged the University Executive to implement new income generating streams swiftly.

7.3 Airport Update

Received: Oral update on Airport related matters.

Noted: The Director of Finance reported that the Marshall Section 106 planning application was nearly complete with final sign off expected this month. In response to a query about the airport currently running at capacity, the Director of Finance confirmed that this was in terms of team capacity rather than site capacity. The day-to-day operations were unaffected, but there was limited capacity for additional research work.

7.4 Pension Update

Received: Oral update on the pension schemes.

Noted: The Director of Finance reported that the LGPS pension discussions were ongoing, with the scheme stepping away from their original statements to a more mitigated position. Cranfield continued to work with ISIO to get to a position it was comfortable with. The USS triennial valuation was progressing and from comments made to date it was likely that the contribution rates for both employers and employees would be reduced from April 2024.

7.6 Audit Committee

Received: Oral update on matters considered by Audit Committee

Noted: The Chair of Audit Committee updated Council on matters being discussed by the Committee, including:

- (a) *LGPS Pension analysis* – a key action from the April 2023 Audit Committee meeting was to review the material received by the external auditors for the University's forthcoming audit. Audit Committee had received assurances from the external auditors that the processes established around analysis of the LGPS pension in the previous year would be followed again this year. Audit Committee understood that the external auditors would also undertake more detailed reviews in regard to IR315.
- (b) *Internal Audit reports* – there had been two significant and interesting audits undertaken during the period, one had received limited assurance and the other received reasonable assurance. In both cases Internal Audit had made several recommendations which were supported by the Committee. Audit Committee had provided appropriate challenge around the limited assurance audit given that the matter was critical to business. The University had set up task and finish groups to address the recommendations. Audit Committee expectations were that the actions would be closed out by 31 October

2023. The Chief Operating Officer would monitor progress in the meantime.

- (c) *Cyber security* – the external auditors had advised that cyber crime was on the increase and the risk level for the UK higher education sector was increasing, with business recovery time being 6 months plus. The Chief Operating Officer reported that Cranfield had recently commissioned a review of its IT systems by JISC (Joint Information Systems Committee (UK)¹). The JISC report was still being drafted but Cranfield understood that it was in the top quartile in terms of readiness. Cranfield had a full communication plan in place should Cranfield be targeted.
- (d) *External audit services tender* – Audit Committee had discussed the timing and process for launching a tender for external audit services, as opposed to extending the current contract for a further year. The external audit firm had already delivered their fee increase for 2023/2024 and Audit Committee noted that similar increases were being made across the sector.
- (e) In response to a query regarding the EU taxonomy (a classification system that established a list of environmentally sustainable economic activities), the Director of Finance advised that Cranfield did not fall under the requirements for reporting at present, but the Energy and Environment Manager was looking in to this to ensure that the right information was being recorded in case Cranfield came into scope in future.
- (f) Audit Committee commented that it wished to focus attention on outstanding actions at future meetings. A report would be forthcoming from the Head of Internal Audit.

Resolved: Council invited Audit Committee to reconsider the challenges of tendering for external audit services at this time and to bring forward its final recommendation in October 2023.

7.7 Council Advisory Group on Defence and Security (CADS)

Received: Oral report from the Chair of the CADS

- Noted:
- (a) CADS had not met formally since October 2022, but the independent members had met several times informally with the Pro-Vice-Chancellor CDS, the new Director of Defence, and the new Director of Security.
 - (b) CADS had originally been set up to advise Council on CDS's strategic positioning for the future beyond the current MOD Academic Provider contract running until

¹ [JISC](#)

2028 and the development of private venture work outside of the contract. It was also important to note that CDS provided good connectivity into government, with significant benefit to Cranfield's other Schools.

- (c) The Chair of CADS believed that CDS was making good progress towards its strategic repositioning and that Council had seen some of this at the visit earlier in the year and at the Council strategy day. There were a number of initiatives on the table that meant that 2028 would cease to be such a cliff edge, with lines of business that would continue beyond that. The defence market was growing, and there was greater emphasis on technology. The non-MOD security market was growing exponentially, and Cranfield was extremely well placed because of its reputation.
- (d) The Security theme strategy was well developed: a Security Advisory Board had been established with strong membership. The Defence theme strategy was at an earlier stage but was developing well.
- (e) Council asked if more entrepreneurial capability was needed. The Chair of CADS reported that there was confidence in the two Theme Directors, but there were opportunities to develop their respective teams.

Resolved: Council noted that CADS had largely served its original purpose and would hold a further meeting in October 2023; this could possibly be its concluding meeting subject to any future Council need.

8. Any other business

- 8.1 No comments had been received on the five papers included for information. The Secretary's report included forthcoming governor development opportunities. Members were invited to contact the Governance Officer if they were interested in attending any of the sessions.
- 8.2 This was the last meeting for Anna Smallwood as a Council member. Council thanked Anna for her contributions to Council and Audit Committee.

Julie Morris
Governance Officer
July 2023