

**UNIVERSITY OF SALFORD
COUNCIL
MINUTES OF THE MEETING HELD ON
2 OCTOBER 2012**

Present: Dr A Mawson (Chair)

Cllr D Antrobus
Mr M Appleton
Mr T Britten
Prof M Bull
Dr M Burrows
Mr N Collins
Mr P Crompton
Mr T Doyle
Prof M Hall
Mr E Healey
Ms C Kennedy
Ms A Mullan
Prof G Murphy

Apologies: Mr K Brady
Ms J Fawcett
Mr M Johnson
Mr W Smith
Ms R Turner (maternity leave)

In attendance: Dr A Graves (Registrar and Secretary)
Mr D Reeve (Interim Executive Director of Finance)
Mr D Drury (Chief Information Officer)
Mr J Forshaw (Acting Director of Planning and Performance – item COU 12.47-48 only)
Mr S Mullholland (Director of Student Information Directorate – item COU.12.45 only)
Mr M Rollinson (Head of Governance Services and Deputy Secretary)

COU.12.42 AGENDA MANAGEMENT

Council noted that the report from Nominations and Governance Committee (which appeared later on the agenda – COU.12.47) recommended a change to agenda compilation and management, enabling non-contentious items to be starred and thus approved or noted without discussion. An amendment to standing orders was proposed to facilitate this change. Council **resolved** to accept the recommendation, noting that members could request items to be unstarred. The Chair confirmed that the following items were starred:

- List of Council members (COU.12.43)
- Treasury Management Policy (COU.12.50)
- Freedom of Speech Code of Practice – revision (COU.12.53)
- Report from Council Advisory Group (COU.12.57)
- Use of University Seal (COU.12.58)

COU.12.43 **MEMBERSHIP (COU/12/35)**

Council received the list of Council members for 2012/13 and, in accordance with the recommendation of Nominations and Governance Committee (item COU.12.56 below), **resolved** to confirm the appointment of Jane Luca, Claire Moreland and Stephen Sorrell as independent members of Council.

Council was advised that since the publication of the agenda, Mr Sorrell had confirmed that his appointment as a Board member had been ratified by the Board of Directors of his employer.

COU.12.44 **MINUTES (COU/12/36)**

Council confirmed the minutes of the meeting of 5 July 2012.

COU.12.45 **VICE CHANCELLOR'S MANAGEMENT REPORT (COU/12/37)**

Council received a report from the Vice Chancellor summarising the key aspects of the work of the Executive and significant developments since the previous meeting of Council on 5 July 2012. The Vice Chancellor commented further on four particular elements of the report.

(Secretary's note; the published minute has been amended to avoid disclosure of information where such disclosure is exempt under s43 of the Freedom of Information Act)

1. Student Recruitment/Clearing

Nationally it appeared that there were approximately 60,000 fewer students in the system compared to 2011/12; there was no discernable pattern across the sector, with institutions across mission groups and with different maximum fee levels affected by under recruitment. A reduction in HE funding in the order of 3-4% appeared to be a likely outcome from the Comprehensive Spending Review, with Treasury consolidating the reduction in student numbers. It seemed evident that the sector was entering a phase of competitive contraction (anecdotally, it was reported that virtually all North-West Universities were below their recruitment targets).

The Vice Chancellor's report (reinforced by the report from the Interim Executive Director of Finance and the Appendix to the Lead Member's report) set out the scale of the problem. Noting the University's commitment to a surplus of £6.5 million in 2012-13, a Task Group led by the Deputy Vice Chancellor and Registrar and Secretary has been established to analyse the current situation and to bring forward strategic and operational recommendations to assure the University's academic and financial sustainability.

The Task Group had already met once, to confirm its terms of reference, and would produce a report to Executive on 5 November and the next Council meeting on 22 November. Over the next month, the Task Group would be engaged in intensive, forensic analysis of all programmes, assessing factors such as demand, entry qualifications, progression, National Student Survey outcomes and employability data. Current and potential future revenue streams would be considered (noting that both Salford Professional Development and the

University's validation service were already beginning to generate significant income) along with Professional Services and non pay costs. The Task Group's focus was both short-term – addressing the in-year income shortfall and long-term – consideration of the optimal size and shape of the University. The latter was likely to involve controlled contraction to areas of greatest strength and quality, allowing some potential for future development should circumstances allow. Ensuring short-term and longer-term compliance with bank covenants was also a key element of the Task Force's remit.

In response to comments and questions from members, it was noted that assessment of future demand trends, from a sound evidence base, was a key element of the Task Group's work. Members agreed that maintaining market share was crucial; this would be more challenging in the context of a regional decline in 18-21 year olds in the next decade and the disproportionately adverse impact of the new fees regime on mature (over 21) students (the latter was an important market for the University, the 12th highest recruiter of mature students in the sector).

The need for a differentiated approach to marketing was noted; the regional market was key for some disciplines (e.g. Health) whilst in others (e.g. programmes based at Media City) national and international markets were crucial.

The Vice-Chancellor's report noted international and postgraduate under-recruitment, with varying performance between schools. Second semester intake would mitigate some of the shortfall and the refreshment of the postgraduate taught programme offer was under active consideration (the relatively short duration of programmes meant that there was greater scope for a flexible, agile response).

The disappointing outcome of the recently published Sunday Times League Table (down 15 places to 79th) was noted; the reasons for the decline were will be analysed, but appeared related to the retention measure. The University had benefited in the previous year from the implementation of an Academic Regulation introduced as a consequence of a HEFCE directive on completion. The effect of this had been to remove a significant proportion of students from retention calculations; the benefit of this change was realised in the 2011 Table and the position was now closer to the pre-2011 norm. Council noted the release of comparative data on both the Unistats website (the Key Information Set – KIS) and the "Which" magazine website. Richer, targeted and more nuanced data could be obtained from the KIS, compared to relatively crude metrics such as League Tables (which had a marked correlation to entry tariffs) and could better demonstrate the University's strengths in certain key subject areas.

2. IT Outage

The Chief Information Officer (CIO) provided further detail about the major IT outage which had occurred on 13 September. This was the third major incident in recent months and the cause of the problem was still unclear. The Dual Data Centre was of a standard industry norm design, and simultaneous hardware failure which prevented the usual failover safeguard was extremely unusual. The supplier had escalated the matter to the highest level – the UK CEO of the

supplier was in daily contact with the CIO and Senior staff were on site carrying out investigatory work. Further testing would be carried out later in the week, including removal of storage processors. The investigatory work involved an initial remedial phase, followed by a review of the storage configuration and wider infrastructure.

The CIO outlined the measures that had taken place to enable partial recovery by 14 September and full recovery early in the following week, enabling orderly processing of student registration. Regular communications explaining the situation had been issued to staff and students. Council acknowledged the significant efforts made by IT staff to minimise the impact of the outage and asked that its appreciation be relayed to relevant staff, particularly those who had worked through the night and over the weekend in an effort to resolve the problem.

In response to questions from members, Council noted that whilst some mitigating actions could be taken (e.g. increased physical security presence when electronic security systems failed) a future outage would have a significant impact, making identification of the root cause of the problem critical. Clear identification of the fault would enable the University to consider what (if any) further action it might need to take. A further report would be presented to the next meeting of Council.

3. Timetabling

The Head of Student Information provided further information about the timetabling difficulties outlined in the report. An independent review of the problem had been commissioned, and initial indications were that the problem had resulted from a convergence of risks producing a situation which was very difficult to manage. Contributory factors included:

- the timing of decisions about provision of teaching at Media City UK and uncertainties about the completion date for the Chapman Building;
- relatively late changes to programmes and modules as the impact of Academic Portfolio Review was operationalised;
- higher than anticipated staff turnover in key roles as model school structures were introduced.

Full analysis and diagnosis would be provided by the independent report, the outcome of which would be disseminated to Council.

Mitigating actions had been taken (publication of PDF versions of timetables on the Blackboard Virtual Learning Environment) and it was anticipated that online access to personal timetables would be available by mid-October. Throughout the recent difficulties, there had been close liaison between key University staff and the Students' Union President and sabbatical officers. Council endorsed management action to address the problem, noting the significant problems that late availability of timetables caused for the student population (especially for those with work, childcare and carer responsibilities). Council noted that once achieved, the online availability of timetables would enhance the student experience and agreed that corrective action to avoid any recurrence of this year's issues was essential.

4. Estates Matters

The meeting had been preceded by a tour of the Chapman Building and members commended the refurbishment and the significantly enhanced student environment it provided.

Selection of a supplier for the Student Residences project had been deferred and competitive dialogue with interested parties was ongoing; a further report would be made to Council at its next meeting. Council noted that delivery of the project by the originally envisaged date of September 2014 was now unlikely.

COU.12.46 **FINANCE REPORT (COU12/38 and 38A)**

(Secretary's note; the published minute has been amended to avoid disclosure of information where such disclosure is exempt under s43 of the Freedom of Information Act)

Council received a report from the Interim Executive Director of Finance setting out the 2011/12 Quarter Four accounts and commentary. Alongside this report, Council considered further the Appendix to the Lead Member Finance report, a document which had been requested by the Lead Member following the most recent meeting, on 10 September 2012.

Council noted the historical cost deficit was £9.1 million after exceptional items, a marginal improvement on the £9.5 million previously forecast to HEFCE. The Interim Executive Director of Finance advised that expenditure which could be reasonably assigned to 2011/12 had been included (e.g. academic restructuring costs) and this would relieve pressure on the 2012/13 position. A prudent approach towards potential liabilities had been adopted as outlined in the report. Council noted that review of the Financial Statements by external auditors was nearing conclusion and the Statements would be considered along with other HEFCE assurance returns at the next meeting (November 22 2012). No difficulties were anticipated in relation to the audit of the 2011/12 outturn, although Council noted the need for full assurance about the going concern requirements for 2012/13 and beyond. The Appendix to the Lead Member Finance report clearly articulated the current position regarding student numbers, planned cost reductions, the Campus Master Plan and bank covenants and as such provided a helpful starting point for the work of the Task Group referred to in COU.12.45.1 above.

The report from the Interim Executive Director and the Appendix to the Lead Member's report confirmed the shortfall in income from new students. However, significant mitigating factors were in place including the previously approved £2.5 million contingency, significant savings (c£4 million) against budget in relation to severance costs (resulting from early release of staff and a greater number of staff achieving alternative appointments than originally anticipated) and, as mentioned above, a very prudent approach to liabilities which had the potential to generate further significant savings.

The Lead Member emphasised the importance of securing a sustainable financial and academic environment beyond 2012/13 (including protection of bank covenants), recognising the likely constraints of a contracting sector as outlined in COU.12.45.1 above. The report from the Nominations and Governance Committee (COU12.56

below) recommended the continuation of the Budget Review Group in light of the current financial position and Council **resolved** to endorse this recommendation.

COU.12.47 PERFORMANCE REPORT (COU/12/39)

Council considered the Quarter Four Performance report prepared by the Acting Director of Planning and Performance. Council noted that indicators remained green for the National Student Survey (NSS) measures, although following the recent release of NSS scores, some recalibration was required to reflect the national position.

The KPI for percentage of students in employment was red, reflecting a marginally poorer performance than the previous year in the Destination of Leavers in Higher Education (DLHE) Survey. The Vice-Chancellor advised that there was general recognition in the sector that DLHE was no longer fit for purpose as an indicator and the employment data in the KIS would in future be seen as a more helpful, nuanced source of information.

Council noted that the Research KPIs were disappointing; implementation of the revised Research and Innovation Strategy would begin to address highlighted areas. Council was advised that work to improve doctoral completion rates was already well underway although there would be a slight lag before this was reflected in performance data.

COU.12.48 CORPORATE RISK REPORT (COU/12/40)

Council considered the latest version of the Corporate Risk Report, prepared by the Acting Director of Planning and Performance highlighting the twelve most significant risks for the University; the report had been reviewed by the Executive on 24 September 2012.

The Acting Director of Planning and Performance reiterated that the most significant risks for the University were shortfalls in student recruitment and the consequent impact on the financial position. The risk arising from UKBA and potential compromise of Highly Trusted Status and the risk arising from the recent IT outage failure had been added to the register. Members (including the Lead Member for IT) noted the potential for the IT infrastructure to be shown as red rather than amber; noting further that this was a moot point, Council agreed that the position was likely to be clarified after the completion of testing over the next few days.

In response to a further question, the Acting Director of Planning and Performance advised that the risk of an unsatisfactory outcome from the QAA Institutional Review did feature on the Register, albeit not in the top twelve. Preparations for the Review were being managed appropriately, and the Executive would continue to keep this matter under close scrutiny in the lead up to the visit (May-June 2013).

COU.12.49 RECONFIGURATION OF PROFESSIONAL AND ADMINISTRATIVE SERVICES

(Secretary's note; the published minute has been amended to avoid disclosure of information where such disclosure is exempt under s43 of the Freedom of Information Act)

The Registrar and Secretary gave a presentation on the proposed reconfiguration of professional and administrative services. The presentation covered the following;

- i) achievements of Phase 1 of the Transformation Programme including the establishment of an integrated coherent professional services operation, development of a set of standard operating procedures for professional services, implementation of the model College structure (and establishment of the role of College Registrar) and delivery of £1 million pa sustainable pay savings;
- ii) achievements of Phase 2 of the Transformation Programme including the establishment of the model schools across the University with consistent role definitions, structure and operating procedures, implementation of the service catalogue for all professional services, reduction in operating costs of professional services in schools and colleges by £2.8 million p.a. and delivery of £6 million non-pay savings on a sustainable basis.
- iii) the vision for the future development of professional services, viz, “to establish the most contemporary, cost effective and continuously improving professional services in the UK HE Sector; dedicated expressly to the University of Salford’s values and the achievement of its six strategic goals.”
- iv) the immediate challenges facing professional services;
 - a) shape and size – the need to remove the organisational “bulge” established for transformation (e.g. in HR) and the opportunity to eliminate any remaining duplication across central services;
 - b) the imperative to modernise; embedding the principle that process improvement and innovation delivers both cost and service benefits and assuring performance by assessment against external benchmarks and appropriate consequent action.
- v) the principles for ensuring greater efficiency including priority based assessment, the capacity to manage uncertainty, understanding and surpassing benchmarks and embedding change as part of business as usual;
- vi) the establishment of a leaner structure reducing the number of direct reports to the Registrar and Secretary, establishing greater synergy and collaboration between extant units and providing a sound base for required achievement of further savings;
- vii) the following senior officers would continue to report directly to the Registrar and Secretary;
 - Chief Financial Officer
 - Head of Governance Services
 - General Counsel

- viii) the creation of a new post of Chief Executive Officer, Media City UK, reporting directly to the Registrar and Secretary;
- ix) the following reconfiguration of existing entities
 - a) Planning and Performance and Change Management under an Executive Director: Planning and Change;
 - b) Advancement Services and Communication Directorate under an Executive Director: Advancement Services;
 - c) The three Colleges under a Deputy Registrar; Colleges;
 - d) Student Information Directorate, Student Life Directorate, Research and Innovation Division and the Library under a Deputy Registrar: Academic
 - e) Estates and Property Services, IT Services and Human Resources Division under a Deputy Registrar: Resources.
- x) it was anticipated that the new Executive Director and Deputy Registrar roles would be filled by existing senior role holders from the respective constituent entities and would therefore not involve an additional executive salary (albeit those appointed to new roles would receive appropriate salary recognition);
- xi) the proposed timetable for implementation, with new structures fully in place by September 2013.

In response to questions, the Registrar and Secretary confirmed that senior professional service leaders not appointed to the new Executive Director/Deputy Registrar roles would retain their ability to liaise directly with the Registrar and Secretary on matters of strategy or significant operational matters touching upon the reputation or finances of the University. Council endorsed the proposal, noting that further costing details would be made available to Council in due course.

COU.12.50 TREASURY MANAGEMENT POLICY (COU/12/41)

Council **resolved** to approve the Treasury Management Policy

COU.12.51 EQUALITY AND DIVERSITY ANNUAL REVIEW 2012 (COU/12/42)

Council **resolved** to approve the Equality and Diversity Annual Review commending its quality and concision.

COU.12.52 MEMORANDUM OF UNDERSTANDING WITH STUDENTS UNION (COU/12/43)

Council **resolved** to approve the Memorandum of Understanding with the Students' Union, noting that it had been the subject of full consultation with the Union and approved by the Trustees Board.

COU.12.53 FREEDOM OF SPEECH CODE OF PRACTICE – REVISION (COU/12/44)

Council **resolved** to approve the revised Freedom of Speech Code of Practice.

COU.12:54

SALFORD PROFESSIONAL DEVELOPMENT LTD; APPOINTMENT OF BOARD AND REMUNERATION OF CHAIRMAN AND NON EXECUTIVE DIRECTOR (COU/12/45)

(Secretary's note; the published minute has been amended to avoid disclosure of information where such disclosure is exempt under s40 of the Freedom of Information Act)

Council considered the report from the Vice Chancellor which sought approval for the appointment and remuneration of the founding Directors and Chairman of Salford Professional Development (SPD), a wholly owned subsidiary of the University. The Registrar and Secretary and Nick Collins withdrew from the meeting during consideration of this item.

Council **resolved** that;

- i) the following directors be appointed to the Board of SPD:

Peter Tavernor	Chairman
Marc Davis	Executive Director
Nick Collins	Non-Executive Director
Prof Sue Braid	Non-Executive Director
Dr Adrian Graves	Non-Executive Director
- ii) Paul Ward be appointed as Nominated Officer;
- iii) the Chairman, Peter Tavernor be awarded a Director's fee ;
- iv) Nick Collins be awarded a Director's fee.

Council noted that the fees were within the range of awarded to directors of similar, publically or University owned, Companies and that the requirements and expectations of recommended directors would be explicit in letters of appointment. Council noted the potential for an additional external non-Executive Director, with no existing links to the University, and agreed to suggest to the newly established SPD Board that it consider this matter further. In response to a question, Council was advised that, typically, appointments would need to be for an initial three year period.

COU.12.55

REPORT FROM AUDIT COMMITTEE (COU/12/46)

Council received the report from the meeting of the Audit Committee on 18 September 2012 and **resolved** to approve the appended internal audit annual report. Council noted the reference in the report to high risk findings and agreed that measures being taken to mitigate and resolve these findings would be made clear in other elements of the HEFCE Annual Accounting Return, including the Audit Committee Annual Report.

COU.12.56

REPORT FROM NOMINATIONS AND GOVERNANCE COMMITTEE (COU/12/47)

Council considered the report from the Nominations and Governance Committee held on 13 September 2012. Council noted that recommendations relating to agenda

management, membership and the future of the Budget Review Group had been approved earlier in the meeting. Council endorsed:

- i) the change in Standing Orders consequent upon the revised approach to agenda management;
- ii) the discontinuation of the position of Lead Member Performance and deferral of appointment to various committee vacancies until the next Committee meeting.

COU.12.57 REPORT FROM COUNCIL ADVISORY GROUP (COU/12/48)

Council noted the report from the Council Advisory Group including the appended reports from the various Lead Member meetings.

COU.12.58 USE OF UNIVERSITY SEAL (COU/12/49)

Council noted the report outlining the use of the University seal since the previous meeting.

COU.12.59 DATE OF NEXT MEETING

Thursday 22 November 2012 at 2pm.