

**UNIVERSITY OF SALFORD  
COUNCIL  
MINUTES OF THE MEETING HELD ON  
4 JULY 2013**

Present: Dr A Mawson (Chair)  
Mr M Amin  
Mr M Appleton  
Mr K Brady  
Mr T Britten  
Prof M Bull  
Mr N Collins  
Mr P Crompton  
Mr T Doyle  
Prof M Hall  
Mr E Healey  
Mr M Johnson  
Ms A Mullan  
Prof G Murphy  
Mr S Sorrell  
Mr W Smith  
Ms R Turner

Apologies: Cllr D Antrobus  
Dr M Burrows  
Ms J Fawcett  
Ms J Luca  
Ms C Moreland

In attendance: Professor H Morris, (Interim Deputy Vice-Chancellor)  
Ms V Goddard (Registrar)  
Mr D Reeve (Interim Director of Finance)  
Mr J Forshaw (Director of Planning and Performance)  
Ms J Halliwell (Associate Director of Finance item COU.13.15 only)  
Mr M Rollinson (University Secretary)  
Mr A Snowden (Chief of Staff)  
Mr M Askem (Davis Langden item COU.13.57 only)  
Mr S Talboys, (Executive Director of Estates and Property Services item COU.13.57 only)  
Mr K Watkinson (Executive Director of Human Resources item COU.13.59 only)  
Mr T Meachin (Associate Director, Health, Safety and Wellbeing item COU.13.59 only)

**COU.13.49 WELCOME: INTRODUCTIONS AND FAREWELL**

The Chair welcomed the incoming Students' Union Sabbatical Officers, Mishal Saeed and Todd Hewitt, who would be Council members in 2013-14. The Chair noted that, in addition to the outgoing student members, this would be the final meeting for a number of members, namely Mike Appleton, Kevin Brady, Peter Crompton and Alison Mullan. All outgoing members were thanked for their contribution to the work of Council and offered best wishes for the future.

**COU.13.50 MINUTES (COU/13/37)**

Council confirmed the minutes of the meeting held on 23 May 2013.

**COU.13.51 CONFIRMATION OF STARRED ITEMS**

Council confirmed that the following items were starred and would therefore be approved or noted without discussion;

- Report from Council Advisory Group
- Report from Senate
- Report from Remuneration Committee

- Use of University Seal

#### COU.13.52 VICE-CHANCELLOR'S MANAGEMENT REPORT

Council considered the report from the Vice-Chancellor which summarised major management and operational issues since the previous report to Council on 23 May 2013. The Vice-Chancellor reported on the following matters which had occurred since the report was drafted;

i) HEFCE Annual Visit

The Vice-Chancellor and other Senior Leaders had met with the HEFCE regional team (led by Mark Allanson) on Friday 28 June; the meeting had covered a broad range of issues (both institutional and sector-wide) and had gone well, with no areas of concern raised by the HEFCE team.

ii) QAA Institutional Review

Further to the visit in May referred to at the previous meeting, the full QAA Institutional Review had taken place in the period Monday 24 – Thursday 27 June. The outcome would be known within two weeks; tribute was paid to the staff who had led the project, specifically Prof H Morris, Prof G Murphy, Mr G Clark and Ms J Lloyd.

iii) Industrial Relations

UCU had recently advised that it had suspended its trade dispute with the University; the dispute would not be closed until remaining issues surrounding Phase 2 of the current programme were resolved. The Vice-Chancellor confirmed that the suspension of the dispute was indicative of an improvement in industrial relations, notwithstanding the fact that a national ballot on industrial action in response to the proposed pay award appeared likely.

iv) Living Wage

The University had signed up to the Living Wage initiative, along with other local public sector employers, including Salford City Council. The University was the first in the region to sign up to this initiative, which guaranteed £7.45 per hour (£1 per hour more than minimum wage). None of the University's employees were paid below this level, but the commitment would benefit casual, student employees.

v) Deputy Vice-Chancellor

Shortlisting had taken place and a list of five candidates had emerged, with interviews taking place on 11 July; the Students' Union were involved in the selection process. It was noted that this would be the final meeting attended by Prof. H Morris (currently Interim Deputy Vice-Chancellor) before he took up post in a senior role in the Welsh Government. Prof Morris was thanked for his significant contribution to the work of the University over the past three years and his clear and insightful presentations to Council on matters related to the Teaching and Learning Strategy.

vi) National Teaching Fellow

Council congratulated Mary Oliver, Lecturer in the School of Arts and Media on the award of a prestigious National Teaching Fellowship.

The Vice-Chancellor invited questions on the report and the following matters were discussed;

- vii) The decline in research applications was in line with the national average, although the University was exploring the potential development of more sophisticated metrics allowing comparison with similar institutions. Bidding rates were lower than expected in two schools and the Vice-Chancellor would be exploring this matter further with the schools in question;

- viii) the timetabling issues at MediaCity referred to in the report were no longer a barrier for scheduling of non-teaching, income generating activity;
- ix) in relation to the Living Wage initiative, the University was encouraging contractors to observe its principles, without imposing restrictions; this was felt to be a proportionate and balanced approval;
- x) whilst fundraising activities were always likely to be marginal for the University (because of the make up of its alumni and student population) this did not imply a lack of focus in this area (there was recognition that large donations were often the result of previous, serial, relatively small donations). The importance of ensuring that the most appropriate metrics for this area were adopted was acknowledged;
- xi) it was noted that compliance with bank covenants would be addressed under the report on HEFCE Financial Forecasts;
- xii) in response to a question on the USSU-University Summit, the student member present advised that the Students' Union were generally happy with the current state of the relationship with the University. Recent discussions with University management had been open and constructive and the incoming sabbatical team would ensure that relevant actions referred to in the Summit report were implemented.
- xiii) on the question of staff morale, the Vice-Chancellor acknowledged that there was scope for improvement. Over recent years, a succession of section 188 notices had been issued, although these had resulted in very few redundancies. It was recognised that the University needed to restore credibility with staff and the revised Strategic Plan (and its implementation) provided an opportunity to do this by re-emphasising core values (including the University's commitment to widening participation and improving the student experience). The Vice-Chancellor advised that he wanted to re-emphasise the primacy of academic ideas and values, ensuring that the University's teaching and learning and research priorities were at the forefront. There was commitment to widespread consultation on the strategic plan, actively bringing staff into conversation and dialogue about its contents. Comments from members welcomed the Vice-Chancellor's commitment on this, which would help to ensure the retention of the most able staff and increase the University's attractiveness when recruiting to key positions.
- xiv) it was agreed that the joint University – Students' Union action plan to address the recommendations of the written submission to the QAA would be circulated to members.

#### COU.13.53 FINANCE REPORT (COU/13/39 – 40B)

Council considered;

- i) the University's Financial Forecasts and Commentary to 2015-16; approval of these was required prior to submission to HEFCE as part of the Annual Accountability return (submission date 31 July 2013);
- ii) the 2013-2014 to 2014-2015 budgets which underpinned the Financial Forecasts;
- iii) the minutes of the meeting of the Budget Review Group held on 4 June 2013;
- iv) for information, the Quarter 3 accounts as presented to the Executive Board ;
- v) a draft resolution to amend one of the signatories to the Lloyds loan facility.

Council noted that the 2012-13 accounts indicated a forecast cost surplus of £4.5million which was in line with the Forecast return made to HEFCE in December 2012. The forecasts indicated a cost surplus of £5.3million in 2013-14, £8.3million in 2014-15 and £12.2million in 2015-16, with surplus as a percentage of income rising from 2.9% to 6.4% over the three years. Included in the forecasts were the programmes that were being taught out (Modern Foreign Languages, Linguistics and most programmes in Politics and Contemporary History). Council noted further that, once these areas were excluded, the underlying surpluses on continuing activities in 2013-14, 2014-15 and 2015-16 were £3.1million (4% surplus as percentage of

income), £7.4 million (4% surplus as percentage of income) and £12.1million (6.5% surplus as percentage of income) respectively.

Council noted that the key element to delivery of the financial forecasts as reported was achievement of planned student numbers. The report contained details of the University's upper and lower Student Number Control limits and the Interim Executive Director of Finance (IEDF) emphasised the importance of achieving numbers within this "cap and collar"; Council was reminded that student achieving ABB A level grades or equivalent were exempt from Student Number Controls

Council noted further that the volatility in the sector remained a concern and regular and ongoing monitoring of applications and forecasting of likely admissions against targets continued to be a high priority. All academic areas had been requested to submit contingency plans illustrating how overall contribution levels would be maintained if there was a reduction in income (at 1%, 3% and 5%). The IEDF advised that for the few schools deemed to be at highest risk of under recruitment (Salford Business School, School of Built Environment, School of Computing, Science and Engineering and School of Environment and Life Sciences) the financial forecasts reflected activated contingency plans. The contingency plans for other academic areas remained in place and would be activated if required when actual recruitment numbers were known.

The IEDF advised that pay costs as a percentage of income continued to decline across the three years of the forecasts (from 52.6% to 52%) and significant progress had been made since 2010/11 when the figure stood at 58%. Further attention would be given to staff grading profile during the lifetime of the forecasts.

In relation to the potential breach of the Barclays covenant referred to at earlier meetings, the IEDF advised that restructuring of other loan repayments (to Lloyds) might resolve the matter; Confirmation of consent to this approach from Lloyds was awaited. It was noted that the renegotiation of the relevant loan proposed by Barclays would result in a significant increase in interest charges.

Questions on the report were invited and the following matters were discussed;

- i) the Admissions Decisions Group had the ability to adjust admissions targets between programmes, within the overall SNC limit; the Group would meet regularly over the summer period. The Vice-Chancellor noted the difficulties in obtaining reliable, sector wide trend data as an aid to inform discussions. Council noted that there were some areas of significant growth and agreed that it would be helpful to provide further detail on this at the next meeting;
- ii) the importance of continuing to improve on current retention rates was emphasised (noting that each percentage point improvement in retention equated to approximately £400,000)
- iii) competition in certain budget areas (eg Business School) was intense and this emphasised the importance of establishing effective differentiation and unique selling points of the Salford proposition;
- iv) there had been no commitment to the additional capital expenditure bids outlined in the report; £3.6 million had been provided in the Financial Forecasts but this had not been allocated (total bids outlined in the report comprised £5.84 million)
- v) an outline of current pensions strategy (including the extent to which matters were within and outside the University's control, assumptions made and relevant activity across the sector) would be welcomed either at a future Council or Audit Committee meeting. The IEDF agreed to provide further advice on this matter.

Council resolved

- i) to approve the Financial Forecasts for submission to HEFCE by 31 July 2013;

- ii) in relation to the Lloyds loan facilities that Dr A Graves be removed from the list of authorised signatories for the Lloyds loan facilities and be replaced by Mr M Rollinson (University of Salford Secretary) so that Mr M Rollinson along with Professor M Hall and Mr D Reeve is authorised on behalf of the Borrower to give telephone instructions to the Bank for the purposes of (i) selecting interest rates or (ii) selecting certain interest periods that are to apply from time to time on an amount outstanding under the Facilities and one of Professor M Hall, Mr D Reeve and now Mr M Rollinson be and hereby authorised on behalf of the Borrower:
- a) to give all written instructions to the Bank in respect of the drawdown and continuance of the Facilities; and
  - b) to give written confirmation of all instructions that are not given to the Bank in writing.

#### **COU.13.54 HEFCE ANNUAL ASSESSMENT OF INSTITUTIONAL RISK (COU/13/41)**

Council noted the letter outlining HEFCE's annual assessment of institutional risk which advised that HEFCE's overall assessment was that the University is not at higher risk; HEFCE requested the University to bring the letter to the attention of its governing body. Council noted the reference to the continued need for strong governance, and strategic and financial leadership, and in this context reiterated the importance of the continued operation of the Budget Review Group and the detailed level of scrutiny and challenge which it provided.

#### **COU.13.55 CORPORATE RISK UPDATE (COU/13/42)**

Council considered the latest corporate risk update from the Director of Planning and Performance; Council noted that the only significant change since the report considered by the most recent Council and Audit Committee meetings was the addition of the risk relating to failure to achieve Student Number Control targets which had been considered under item COU.13.53 above.

Council expressed some concern about the legibility of the Risk Summary; even though it was presented on A3 paper, the print size made the detailed comments hard to discern. Members noted that copies were also made available electronically; Nominations and Governance Committee had asked the Secretary to consider the viability of the establishment of a portal and repository for Council and committee papers, and this would remove the need for extensive e-mail attachments. Council noted that future developments, when implemented, might enable Council members, on request, to opt out of receipt of Council papers.

#### **COU.13.56 DRAFT STRATEGIC PLAN (COU/13/43)**

Council considered the draft revised Strategic Plan which would be subject to extensive further consultation before the final draft version was presented to Council for approval on 8 October 2013.

The Vice-Chancellor advised that in drafting the Plan he had consulted a number of other HEI Strategic Plans reviewing format, content and presentation; he outlined the approach including the identification of determinants and strategic priorities as set out in the Plan.

In response to questions from members, the Vice-Chancellor advised that the current metrics shown against each of the strategic priorities were to a large degree placeholders whilst more definitive indicators were developed. The importance of effectively integrating the Key Performance Indicator data and the Corporate Risk Register into the Strategic Plan was emphasised. The Vice-Chancellor stressed that the University's approach to indicators would be nuanced allowing discipline specific, stretching targets which were robust but realistic; it was agreed that generic "top quartile" target were not always the optimal solution and did not allow for differentiation between disciplines. The importance of metrics which allowed comparison with competitor performance (including use of Key Information Set and UNISTATS data) was also emphasised.

The report outlined the proposed approach to consultation on the Plan and Council agreed that this should include the ability for Council members to be involved in consultation at a formative stage, allowing interaction with University staff.

Whilst Council agreed on the importance of effective and clearly defined metrics, comments about this not precluding the inclusion of inspirational and aspirational content (particularly, for example in relation to the student experience) were noted. Observations about the value of iterative consultation on the staff and student experience were also noted. One member noted the potential to define some of the strategic priorities as prerequisites which ensured delivery of the priorities (ie Financial Stability, Approach to Learning, Estates and Environmental Sustainability)

The Vice-Chancellor welcomed initial comments and observations on the draft Strategic Plan, noting that members would have further opportunity to comment.

#### **COU.13.57 CAMPUS PLAN INVESTMENT: GATEWAY BUILDING AND RESIDENCES PROJECT (COU/13/44-47B)**

Council received reports which brought together the work on the business case for investment by the University in both the Gateway Building and the Residences Project; these developments were key investments in the delivery of the first phase of the Campus Plan. The reports considered comprised;

- a summary report setting out objective, background and strategic case.
- a summary of the Business Case for the Gateway Building
- a summary of the Business Case for the Residences Project

Draft resolutions relating to the Gateway Building and the Residences Project were tabled at the meeting. Minutes of the Projects Review Group meetings held on 19 and 25 June had also been made available to Council members.

The Vice-Chancellor introduced the item by emphasising that the proposal was critical to delivery of the Campus Plan and the University's future strategic objectives; the investment was key to unlocking the potential of the Peel Park Campus. The Vice-Chancellor paid tribute to the leadership of Mike Appleton in his role as Lead Member Estates and Chair of the Sub-Group which had scrutinised the proposals in detail; he also thanked the Executive Director of Estates and Property Services (EDEPS) and colleagues involved in coordinating the projects and bringing them to the point where they were before Council for approval.

The EDEPS introduced the business case for each proposal, noting that the projects were mutually beneficial and to some degree inter-dependent; as an example, the EDEPS advised members that a key determining factor in the decision of Standard Life to invest in the Residences Project had been the University's commitment to the Gateway Building.

##### **1. Gateway Building**

The EDEPS reiterated that realisation of the Gateway Building project was integral to delivery of the Campus Plan. Construction of the Building would allow the University to move out of current sub-optimal facilities and accommodation at Adelphi, Allerton Studios and Centenary Building and result in both space and environmental efficiencies. BAM Construction had been appointed as main contractors for the project and assignment of work packages was currently ongoing with a conclusion anticipated in August. The EDEPS advised that currently about 50% of work packages had been allocated and the cost was slightly higher than the original budget; as a result it was proposed that the contingency for the project be increased, an issue which would require a slight variation to the tabled resolution.

The EDEPS confirmed that the Business Case contained details of other options and noted that none of these realised the same level of Net Present Value (£1million per year) as the Gateway Building.

Council noted that the report indicated a projected increase of 600 students (compared to the “do minimum” option) against current plans over a three year period (2016/17 – 2018/19); the projected payback on investment period, based on key metrics as set out in the report, was 14 years.

The EDEPS invited questions on the Business Case and the following issues were discussed;

i) The extent of management confidence in achievement of the projected increase of 600 students,

The Vice-Chancellor noted that the projected increase was against numbers that had been reduced in the latest plan, so could be seen as recovery and consolidation. Council noted that the increase represented an additional 200 students per year and in order to benefit from the improved facilities in the Gateway Building, Heads of School would be required to give firm commitment to and be accountable for agreed increases in student numbers. Firm commitments had already been given in the area of Digital Architecture (a distinctive offering for the University once fully approved) which would realise 50 students per year; moreover academic colleagues in areas of strength and significant demand in Arts and Media (for example Popular Music and Recording) recognised that the Gateway Building provided far greater scope for expansion than current accommodation. Council noted that decisions on fit out for the Building were required by December 2013 and this would focus minds on optimal allocation of programmes to the facility; Council noted that the relatively small proportion of specialist space (approximately 15%) emphasised the flexibility and adaptability of the Building.

ii) Projected completion date

The EDEPS advised that lessons had been learnt from the Chapman Building project where difficulties had arisen because events had been timetabled in for September 2012 and final delivery was not achieved until October 2012; as a result, although the intention to open in September 2015 remained, no events would be scheduled in the Building until January 2016 in order to minimize potential disruption to timetable compilation.

iii) Changes to contract specification

The importance of ensuring no or extremely limited change to contract specification once approved was made explicit. The University would lose the benefit of a fixed price contract if there were material changes to the specification and this would result in significant financial cost as well as potential reputational damage. In this context, the importance of ensuring that fit out captured the full range of specialist space requirements was reiterated.

iv) Extent of any contractual interdependence between projects

The EDEPS advised that although there was no contractual interdependence, Standard Life had emphasised that the commitment to the Residences Project had been underpinned by the University’s commitment to the Gateway Project; it was possible that a decision not to proceed with the Gateway Building would affect the investment decision of Standard Life.

v) Name

The Vice-Chancellor confirmed that the current name of the building, “Gateway”, was a placeholder until a more relevant and appropriate name was chosen.

vi) Disposal

The Vice-Chancellor advised that any recommendation about disposal of surplus land or buildings would be made after consultation and liaison with the City Council, given the two institutions shared interest in ensuring effective urban regeneration, Council noted that the Projects Sub-Group had recognised that whilst conditions for disposal of assets were not currently propitious, there were other potential options if buildings were mothballed (e.g. potential rent free occupancy if running costs were met).

Following the detailed review of the papers presented to Council as outlined above, it was noted that, further to the submission of a fixed price lump sum offer by BAM Construction Ltd in relation to the proposed design and construction of the new Gateway Building and associated public realm (the "**Project**"), the University would shortly be in a position to enter into the relevant legal documents relating to the Project being: a version of the JCT Design and Build Contract 2011 (the "**Project Documents**").

Subject to:

1. The fixed price lump sum offer when considered with all other commitments and budget allowances for the project does not exceed the total budget allowance of £55,000,000 (including contingency and VAT);
2. The contractors proposals remaining compliant with the Employers requirements or any variation is confirmed to be of acceptable quality by the University;
3. The contract completion date allowing sufficient time for the University to migrate from its current facilities into the new Gateway Building and be operational no later than the start of Semester 2 in the 2015-16 academic year; and
4. the Project team updating the Council's Project sub-group to confirm points 1 to 3 above.

It was **resolved** that:

1. the Project be approved by the Council;
2. the Interim Executive Director of Finance, the Executive Director of Estates and Property Services and the General Counsel be authorised to finalise the Project Documents and approve any amendments they consider appropriate;
3. the University enter into the Project Documents (and any additional documents relating to the Project as the Interim Executive Director of Finance and the Executive Director of Estates and Property Services and the General Counsel consider appropriate) once finalised and the Registrar, Secretary or Director of Finance be authorised to witness the affixing of the seal, execute and deliver them on behalf of the University; and
4. The Director of Estates and General Counsel be authorised to issue a Preliminary Works Instruction under the Stage One Agreement with BAM Construction Ltd to the order of £350,000 (incl VAT) in advance of the Project Documents being signed, to allow further enabling works to be undertaken, such works to commence in July 2013.

2. Residences Project

The EDEPS introduced the Business Case which articulated the rationale for progressing with the Residences Project as a business critical investment; the Residences Project was integral to the delivery of the strategic imperative of rationalising and modernising the University's offer and core proposition.

The proposal involved the provision on 1,367 student bedrooms (the first part of a total scheme of 2,100 bedrooms) through a private sector Consortium comprising four partners, with finance provided by Standard Life (£76million) and the Consortium (£8million) through a

Special Purpose Vehicle, Salford Villages. Under the proposal, the University would grant a 169 year lease to Standard Life with an option to buy back the lease at a peppercorn fee (£1) after 45 years.

Council noted that the proposal was consistent with the University's aim of withdrawal from direct provision of services outside its core competence; after discussion with the partners, rents had been set at £107 per week which was believed to be fair and reasonable for the quality of accommodation that would be provided. The Interim Executive Director of Finance (IEDF) confirmed that the intention of the proposal had been to keep the Project "off balance sheet". Discussions with the University's external auditors, Grant Thornton, about the treatment of the Project was ongoing (i.e. whether or not there was an asset and contingent liability, whether provision needed to be made in the accounts or a note to the accounts would suffice). Council noted that this was a complex, technical issue and the University's Lead Partner at Grant Thornton was liaising with technical colleagues in order to ensure resolution. The IEDF advised that if the advice received was that full liability of the scheme should be shown as a long term loan (and thus impact on loan covenants) the University would also require HEFCE approval, as the project would take the University above the 4% Annualised Service Cost threshold. HEFCE had advised that full Board approval would be required if a 7% Annualised Service Cost threshold was exceeded. Council noted that any resolution on this matter would need to be conditional on resolution of this issue.

The IEDF and EDPS invited questions and comment on the proposal and the following matters were discussed;

i) Rent levels

The EDEPS advised that the view of the Consortium and the funder (Standard Life) was that rent levels (at £107 per week) were at a level commensurate with the quality of the accommodation. Whilst it was recognised that the proposed rent levels represented a significant increase on current costs at Castle Irwell, the quality of the accommodation and the on-campus location provided a significantly enhanced experience. The EDEPS noted comments about apparent increased uptake of multiple occupancy houses in the Manchester student market (on grounds of cost). However, it was noted further that the proposed new build would not represent an overall increase in student bedrooms (once existing accommodation was taken out of commission); current occupancy levels were approximately 82% and there was optimism that this would grow significantly once the improvement in quality of the new accommodation was recognised.

The Vice-Chancellor also commented on the significant international student population and the significant demand for University accommodation from these students (this was particularly the case for first year students). Such students tended to prefer the assurance of a confirmed, year round contract and the current good level of take up from international students was expected at least to maintain and potentially to improve.

In response to a question, the EDEPS advised that there appeared to be some exploratory interest from developers in other sites in the vicinity of the University, for the purpose of student accommodation; however, the City Council had advised that working with the University on its proposed scheme was its preferred option.

ii) Degree of Control

It was noted that, in some other sectors (e.g. schools, hospitals) Private Finance Initiative arrangements had resulted in institutions experiencing difficulties in responding to complaints or comments from service users about quality of service, facilities and arrangements. In this context, the Vice-Chancellor noted that CLV (the operators in the Consortium) was an existing supplier to the University and that good working relationships already existed; there was confidence that CLV was committed to an excellent student experience and, to that end, was taking part in a workshop with the University in the autumn on the changes required to develop contemporary, effective learning and living spaces.

The EDEPS confirmed that detailed service level agreements and other related documentation provided appropriate levels of security and reassurance on these matters; this included annual review of rent. Rent increases of 5% or more per annum were prohibited and in practice discussions would take place about appropriate market levels and ensuring that any proposed increase would not impact significantly on demand.

iii) Impact on Local Services

The Lead Member Estates advised that the Sub-Group had asked that the potential impact of the development on local services be considered and the report included some reference to this; Council noted the potential to improve the vibrancy of the campus and surrounding area through the attraction of additional national and multi-national retail and other service providers.

iv) Risk of under occupancy

Council noted that the structure of the proposal meant that the principal risks of the Project were being borne by the Consortium and the funder. Council requested the provision of greater clarity around the circumstances in which the University's position as guarantor of last resort would be activated. Council noted that there was a sensitivity analysis in the appendix to the Business Case provided by the University's financial advisors and that this indicated that, with appropriate mitigating measures to reduce operating costs, occupancy could fall to approximately 63% before the SPV was at risk. Nevertheless, Council asked for a clearer exposition of potential occupancy scenarios and the degree of risk that would be incurred in each case; it was agreed that this should include an explanation of the treatment of the £8 million funding provided by the Consortium in such circumstances.

Council noted further that, whilst credit and due diligence checks on the partners in the consortium were useful, it was equally important to establish the extent to which the parent companies would act as guarantor in the event of failure by the SPV. The General Counsel advised that, in the event of the project not proceeding, the University would have a right of first refusal as and when the funder disposed of the Headlease.

Following a detailed review of the papers presented to Council, it was noted that, further to the ongoing negotiations between the University, Salford Village Limited and Standard Life Assurance Limited in relation to the proposed construction of the new residences on the Peel Park Campus (the "**Project**"), the University would shortly be in a position to enter into the relevant legal documents relating to the Project being: the Project Agreement, the Agreement for Leases, the Headleases, the Underleases, the University Option and Pre-emption Agreements, the Step-in Agreement, the Shareholder Pre-emption deed, the Advanced Works Agreement, the Independent Certifier's Deed of Appointment and Collateral Warranties (the "**Project Documents**").

Subject to:

1. the expiry of the judicial review period without effective challenge to the planning permission for the Project;
2. completion of the advance/enabling works without discovery of contamination or other matters which would have a material detrimental effect on the project costs or the timing of the Project;
3. there being no material changes to the Project after the Council meeting on 4 July 2013;
4. confirmation from the University auditors that the Project does not materially impact on the current loan covenants;

5. any necessary consent of HEFCE being obtained;
6. confirmation that the level of risk of under occupancy of and deficiencies in rental income from the Project had been appropriately and rigorously assessed to the satisfaction of the Chair of Council and another independent member of Council (Mr M Amin) appointed for this purpose; and,
7. the Project team updating the Council's Project sub-group to confirm points 1 to 6 above.

It was **resolved** that:

1. the Project be approved by the Council;
2. the Director of Estates and the General Counsel be authorised to finalise the Project Documents and approve any amendments they consider appropriate (noting that authorisation of the Project Sub-Group would be required if there were any material changes to these Documents); and
3. the University enter into the Project Documents (and any additional documents relating to the Project the Director of Estates and the General Counsel consider necessary and appropriate) once finalised and the Registrar, Secretary or Director of Finance be authorised to witness the affixing of the seal, execute and deliver them on behalf of the University.

#### COU.13.58 **LONGER TERM INVESTMENTS (COU/13/48)**

Council approved the report prepared by the Interim Executive Director of Finance on Longer Term Investments, which amended the existing Treasury Management Policy.

#### COU.13.59 **HEALTH AND SAFETY ANNUAL STATEMENTS (COU/13/49)**

Council considered the Annual Statement on Health and Safety prepared by the Executive Director of Human Resources and the Associate Director of Health, Safety and Wellbeing and approved by Executive.

Council welcomed the generally very positive nature of the report and encouraged the greater use of comparative data in the report to enable year on year monitoring of performance.

Council resolved to approve the Annual Statement on Health and Safety.

#### COU.13.60 **REPORT FROM AUDIT COMMITTEE (COU/13/50)**

Council noted the report from the meeting of Audit Committee held on 4 June 2013; Council was advised that institutions were now expected to submit an Annual Sustainability Assurance Return as part of the HEFCE Annual Returns in December; the return would be reviewed by Audit Committee and Council in November and December respectively.

#### COU.13.61 **REPORT FROM NOMINATIONS AND GOVERNANCE COMMITTEE (COU/13/51)**

Council considered the report from the meeting of Nominations and Governance Committee held on 11 June 2013 and resolved;

- i) to reappoint the following members to Council for a further three year term, ie until 31 July 2013:
  - Councillor D Antrobus
  - Ms J Fawcett
  - Mr M Johnson
  - Ms R Turner

- ii) to reappoint Mr T Britten for a further year (ie until 31 July 2014); this extension beyond the normal nine year maximum was to ensure continuity in the key role of Lead Member for IT;
- iii) that the following members not be reappointed;
  - Mr M Appleton
  - Mr K Brady
  - Mr P Crompton

#### iv) Audit Committee

- a) in light of his considerable relevant professional experience, to appoint Mr M Amin to fill one of the two vacancies which would arise from the retirement of Mr K Brady and Mr P Crompton from Council;
- b) to invite expressions of interest from other independent Council members in the remaining vacancy;
- c) to confirm all other appointments.

#### Nominations and Governance Committee

- a) to invite expressions of interest from independent Council members in the existing vacancy;
- b) to invite all Council members to submit the names of potential candidates to fill the vacancy for a co-opted member;
- c) to invite Senate to submit nominations to fill the existing vacancy and the vacancy that would arise when Prof H Morris left the University at the end of August 2013 (these vacancies were for the meetings of the Committee to consider honorary degree nominations);
- d) to confirm all other appointments.

#### Remuneration Committee

- a) to invite expressions of interest from independent Council members to fill the vacancy arising from the retirement of Mr M Appleton from Council;
- b) to confirm all other appointments.

#### Lead Members

- a) to defer appointment to the position of Lead Member for Estates pending the outcome of discussion with a potential new member of Council with knowledge and expertise in this area;
- b) to invite expressions of interest from independent Council members to fill the vacancy for a Lead Member for the College of Health and Social Care arising from the retirement of Mr P Crompton from Council.

#### Budget Review Group

- a) to confirm continuation of the operation of the Budget Review Group in 2013-14 (subject to review of existing terms of reference);
- b) to confirm current membership and constitution (including the attendance of the Chair of Audit Committee as an observer) and invite expressions of interest from independent Council members in the vacancy arising from the retirement of Mr M Appleton from Council.
- v) that the Secretary draw up a specification for a Council Effectiveness Review, reflecting on the Leadership Foundation/CUC Framework, to enable a procurement exercise to be carried out
- vi) in relation to declarations of interest and actual and potential conflicts of interest:

- a) that all members of Council be contacted and asked to verify that their current declaration of interest includes full disclosure of all financial and other relevant interests;
  - b) that members be reminded of the importance of notifying the University (via the University Secretary) of any actual or potential conflicts in a timely fashion;
  - c) that all organisations listed in the Register of Interests be notified to relevant staff involved in ordering goods and commissioning services and to relevant staff in Finance;
  - d) any request to obtain goods and services from organisations listed shall be referred to the General Counsel and the University Secretary; members shall make such notifications themselves, although it is recognised that on occasion members may not be aware of requests. In such situations, staff with responsibility for commissioning goods and services as outlined in c) above shall ensure appropriate referral;
  - e) on receipt of a request (as outlined in d) above) where the value of goods and services is £5,000 or more, the University Secretary shall notify the Chair of Council and two other independent members of Council (other than the member for whom there is a conflict of interest). These members will review the request and consider whether it should be approved. In reaching its decision, members shall consider, inter alia, the potential to obtain relevant goods or services from other organisations, thus avoiding a conflict of interest. Decisions to approve such requests may be influenced by the lack of availability of particular advice, goods or services from other sources. All requests (as outlined in d) above), whatever the value shall be notified to the Chair of Council for information
  - f) all such requests and the outcome of decisions reached shall be reported to the Council at the first available opportunity.
- vii) that, at governing body level, compliance with health and safety responsibilities and obligations be added as an explicit element of the terms of reference of the Audit Committee, given that Committee's responsibility for risk management, control and governance.

**COU.13.62 REPORT FROM COUNCIL ADVISORY GROUP (COU/13/52)**

Council noted the report from the meeting of Council Advisory Group held on 11 June 2013, including the appended reports from the Lead Member meetings.

**COU.13.63 REPORT FROM SENATE (COU/13/53)**

Council noted the report from the meeting of Senate on 22 May 2013 and resolved to approve the appointment of Professor Sue Powell as Professor Emeritus.

**COU.13.64 REPORT FROM REMUNERATION COMMITTEE (COU/13/54)**

Council noted the report from the meeting of Remuneration Committee held on 19 June 2013.

**COU.13.65 USE OF UNIVERSITY SEAL (COU/13/55)**

Council noted the report setting out the use of the University Seal since the previous Council meeting.

**COU.13.66 DATES OF MEETINGS IN 2013/14**

Tuesday 8 October 2013 (all day; Conference, followed by business meeting – final details to be confirmed)  
 Thursday 21 November 2013 at 2pm,  
 Thursday 6 February 2014 at 2pm  
 Thursday 1 May 2014 at 2pm  
 Thursday 3 July 2014 at 2pm