

**UNIVERSITY OF SALFORD
COUNCIL
MINUTES OF THE MEETING HELD ON
5 JULY 2012**

Present: Dr A Mawson (Chair)
Mr W Smith (Deputy Chair)
Cllr D Antrobus
Mr K Brady
Prof M Bull
Dr M Burrows
Mr N Collins
Ms C Dangerfield
Mr T Doyle
Ms F Goodey
Mr J Greenough
Prof M Hall
Mr E Healey
Mr M Johnson
Dr H Takruri-Rizk

Apologies: Mr M Appleton
Mr T Britten
Mr P Crompton
Ms J Fawcett
Ms R Turner (maternity leave)

In attendance: Dr A A Graves (Registrar and Secretary)
Mr S Avery (Interim Executive Director of Finance)
Ms C Kennedy (Incoming President, Students' Union)
Ms J Halliwell (Associate Director of Finance)
Mr P Hopwood (Director of Planning and Performance – until item COU12.28)
Prof G Baxter (Director of Research and Innovation – items COU.12.29-31 only)
Mr S Wells (Research and Innovation CPD Manager – item COU.12.29 only)
Mr M Rollinson (Head of Governance Services and Deputy Secretary)

Before the meeting began, Council received a presentation from Mr R Levy, Kuits, Steinart and Levy and Ms M Abas, Osborn, Abas and Hunt on Corporate Manslaughter Awareness. Copies of the presentation were circulated to members subsequently.

COU.12.22 MINUTES (COU/12/18)

Council confirmed the minutes of the meeting of 22 March 2012, noting that the reference to an “ad hoc” group in COU.12.5.1 reflected the establishment of the group for the particular purpose of reviewing the budget (as opposed to the establishment of a permanent standing committee of Council). The Committee noted that the selection of membership of the Group had followed a process of careful consideration led by the Chair.

COU.12.23 **MATTERS ARISING**

1. **ICT Transformation – Post Project Debrief**

Further to Minute COU.12.11, Council requested confirmation that the post project debrief exercise had been completed and had included consultation with students.

COU.12.24 **VICE-CHANCELLOR'S MANAGEMENT REPORT (COU/12/19)**

Council received a report from the Vice-Chancellor summarising key aspects of the work of the Executive and significant developments since the last meeting of the Council on 22 March 2012. The following matters were highlighted during consideration of the report;

- i) the number of staff participating in the strike on 26 June 2012 was still being clarified (staff had until 13 July to declare whether they had taken action); UCU members had picketed a number of University buildings and there had been no incidents. There had been no news of any further strike action (UCU were required to provide seven days notice). In addition to the local industrial action, UCU nationally had resumed action short of a strike in connection with the dispute concerning changes to the USS pension scheme – the impact of this on the University was minimal;
- ii) Stephen Avery was leaving the University after the Council meeting to take up position as Interim Director of Finance at City University. The search for a new permanent Director was underway and in the meantime, a new Interim Executive Director had been appointed ; David Reeve would take up post later in the month, having most recently served as an Interim Director at Bournemouth University. Council thanked Mr Avery for his significant contribution to the work of the University during his interim appointment.
- iii) a minor amendment to the table providing a breakdown of staff leaving under voluntary severance and currently displaced; the total number of staff leaving under voluntary severance as a result of the Academic Adjustment Programme was 22. The total of all staff leaving under voluntary severance as a result of the academic adjustment, restructuring of Salford Business School and Transformation Phase 2 arrangements was 71.
- iv) in response to questions from members, Council was advised that a further report into the IT outage in late May had been prepared and considered by Executive. The problem had resulted from hardware failure in the storage processors and subsequent failover difficulties. Lessons had been learnt from the incident and improvements made to the Disaster Recovery Plan; it was clear that the previous single data centre configuration would have resulted in far more serious problems. The full report could be made available to interested Council members.
- v) in response to questions from members, it was reported that the outturn on the various University league table was a result of different methods of calculation and in particular the weightings given to factors such as Student: Staff Ratio, spend per student and retention. Retention was a more significant factor in the Times League Tables which explained the University's static performance in relation to this indicator.

- vi) the Registrar and Secretary reported that two tenders had been received for the Student Residences project, these were currently being assessed and clarification sought with bidders. Recommendations for appointment would be submitted to both Campus Plan Steering Group (chaired by the Lead Member for Estates) and Executive later in the month. Council **resolved** to devolve consideration of the recommendation from Executive to an ad hoc group comprising the Chair of Council, Lead Member Finance and Lead Member Estates; the Group would report back to Council at its next meeting. Council noted the request from the Students Union President for student involvement in the process and agreed that as this was a governance rather than a representational matter, such involvement was not essential at this stage, noting further that there would be other subsequent opportunities for student involvement and engagement.
- vii) the UKBA visit had gone well and was a precursor to a full inspection later in the year. The Vice-Chancellor apprised Council of the complexity and changing nature of the relevant regulations. Council noted the serious recruitment and consequent financial implications of removal of highly trusted status.

COU.12.24 **RESOLUTION TO VARY ORDER OF AGENDA**

Noting that the Vice-Chancellor would need to leave the meeting at 6.00pm because of another pressing engagement, Council **resolved** to take the report from Senate as its next agenda item to ensure the Vice-Chancellor's presence for that item.

COU.12.25 **REPORT FROM SENATE (COU/12/32)**

Council considered the report from the meeting of Senate held on 13 June 2012 and **resolved** to support the establishment of the Centre for Media, Art and Design, Research and Engagement (MADRE) which replaced three existing Research Centres.

The Vice-Chancellor drew members' attention to the section of the report covering potential modification of the Honours Degree Classification System. The purpose of this was to ensure that University practice was aligned appropriately with the rest of the sector and that Salford students were not unfairly disadvantaged in the competitive jobs market.

COU.12.26 **FINANCIAL REPORTS (COU12/20-20C)**

Council received;

- the latest 2011/12 forecast position
- the 2012/13 budget
- the five year financial plan to 2016/17
- the Financial Forecasts and Commentary up to 2014-15 required for submission as part of the HEFCE Annual Accountability returns (these had been returned to HEFCE by the deadline of 20 June 2012, with the caveat that Council retained the ability to comment)
- the minutes of the three meetings of the Budget Review Group held on 13 April 2012, 30 May 2012 (with Quarter 3 forecast appended) and 27 June 2012

The Interim Executive Director of Finance guided members through a presentation which summarised the current situation. Council was advised that governance of the budget setting

process had been rigorous with Executive, the Council Lead Member for Finance, the Council Budget Review Group and Council Advisory Group all having significant roles. The Lead Member for Finance had chaired the Budget Review Group and commented that the Group had provided rigorous, constructive challenge and fulfilled the brief set by Council in relation to both the 2011/12 and 2012/13 financial years.

The Interim Executive Director reminded members of the historic position in relation to the 2011/12 budget and Council's encouragement to deliver a final outturn figure which was no worse than the £6.9 million deficit figure forecast to HEFCE in December 2011. Council was pleased to note that this had been achieved with a headline deficit figure of £6.5 million. Council noted that additional restructuring costs of £3 million, incurred as a result of earlier than anticipated efficiencies from the Transformation and Academic Restructuring programmes, would be included in the 2011/12 outturn. Council was advised further than once all exceptional items were excluded, the forecast outturn was a small surplus (slightly better than a breakeven position).

The Interim Executive Director also reminded members of the objectives set by Council at its March meeting, in relation to the 2012/13 budget, viz;

- at least a break even position
- ensure compliance with all bank covenants
- provide financial capacity to allow continued investment

The Interim Executive Director advised that, following an iterative process of review with budget holders, the Executive was recommending to Council (with endorsement by Budget Review Group) a 2012/13 budget containing a £6.5 million surplus. The budget contained an explicit contingency of £2.5 million against under recruitment and in response to members' questions, the Interim Executive Director confirmed that this was felt to be a prudent and realistic provision reflecting an appropriate degree of caution in setting student number targets. It was clear that the August clearing round was going to be extremely important for the University and was being treated as a further recruitment opportunity with plans to ensure that the exercise produced the required number and quality of students already well advanced. Nevertheless, members noted that some residual risk was inevitable because of the volatile situation across the sector and consequent uncertainty in relation to student recruitment (in the context, the Vice-Chancellor commented that a number of Universities were experiencing a shortfall in applications approaching 30% (compared to 2011-12); the University's position – a reduction of approximately 12% - placed it in the middle of the pack in this respect). In relation to international recruitment, significant effort had been focused on postgraduate taught students and there was confidence that the 2012-13 targets would be achieved. In response to a question from a member, Council was advised that appropriate payment plans had to be in place before international students were registered and that students were unable to graduate until outstanding debts had been cleared.

The Interim Executive Director explained the risk mitigation plan that had been devised to ensure delivery of the 2012-13 budget;

- non essential expenditure to be deferred until the student number position was certain;
- provision of a financial forecast by mid October 2012;
- use of all available lead data (including clearing data) to assess the likely outcome as early as possible;

- reduction of delegated authority for budget holders, making expenditure more difficult; a risk based approach to expenditure management would be adopted with all discretionary expenditure halted and only essential expenditure allowed to proceed;
- ensure continued and further focus on student retention to protect revenue

In relation to student retention, the Students' Union President commented on the significant change to student support at school level (including the removal of Student Retention Officers). The Vice-Chancellor advised that the Transformation Programme was designed to ensure focus on improving the quality of the student experience and that there was no evidence that Student Retention Officers had significantly improved local retention rates. Council was advised that the most significant correlation regarding retention was with UCAS tariff points; the University was focusing on recruitment of students with the ability to succeed building on its developing relationship with local schools and colleges. Council noted that the University intended to explore in systematic fashion the complex reasons for student attrition.

Council reiterated the importance of ensuring effective articulation between the Financial Plan and the Estates Master Plan. A revision of the Master Plan had been commissioned and would be brought back to Council for approval later in the year. In response to questions from members, the Registrar and Secretary confirmed that commitment to delivery of the Arts Building (to be redesignated as the Gateway Building) remained and was affordable under the current financial plan. The design of the building could allow for greater flexibility of use than had originally been envisaged, ensuring that it could be adapted to reflect changing needs. Council was reminded that once constructed the Gateway Building would allow the University to remove itself from a number of sub-optimal buildings with consequent space efficiency improvements and, in the longer term, potential capital receipts. The Vice-Chancellor noted that the University's ability to obtain future HEFCE capital funding was likely to be dependent on demonstrating its ability to comply with requirements to reduce carbon footprint, further reinforcing the need to retreat from occupation of ageing and inefficient buildings.

Council noted that the key performance indicators showed a reduction in staff costs as a percentage of income from 58% (in 2011/12) to 52% (in 2014-15), noting further that Budget Review Group had previously commented on the modest £324,000 increase in staff costs over this period as a result of pay award assumptions and incremental drift. Generally, Council noted the Interim Executive Director's confirmation that the Key Performance Indicators showed that on current projections the overall position improved from 2013-14 as the full impact of the change in the funding regime was felt.

Council noted the 2011/12 forecast provision, the five year financial plan to 2016/17 and the minutes of the Budget Review Group meetings held on 13 April 2012, 30 May 2012 and 27 June 2012 and after careful consideration **resolved** to;

- i) approve the 2012/13 budget as presented;
- ii) confirm the Financial Forecasts and Commentary (as submitted to HEFCE);

COU.12.27 **PERFORMANCE REPORT (COU/12/21)**

Council considered the Quarter Three Performance report prepared by the Director of Planning and Performance, noting the major performance issues and areas of performance concern as outlined in the report.

Following questions from members and building on discussion which had taken place under the previous agenda item, the Vice-Chancellor confirmed that the University was focusing on the underlying causes of variable retention rates, exploring areas such as student motivation on arrival, the impact of timetabling complexities, the impact of the proportion of sessional academic staff and assessment feedback deadlines. Members were advised that behind the headline indicators contained in the report, detailed programme level information was available allowing focus on individual staff performance which could be explored through Performance Development Review,

Council noted the report and **resolved** that the issue of retention and student progression be addressed at College Lead Member level and that a presentation on overall University performance in this area be scheduled for a meeting during 2012/13.

COU.12.28 CORPORATE RISK REPORT (COU/12/06)

Council considered the latest report on the top 10 risks facing the University, including the actions being taken or planned to reduce risk exposure to an acceptable level, prepared by the Director of Planning and Performance.

Noting the addition of the new risk (covering the maximisation of the financial and reputational return on the MediaCity facility) and in response to members' questions about post occupation/ implementation review, the Registrar and Secretary advised that a conference would be held on 24 July addressing related issues, measuring progress against the business plan. An operational group met on a weekly basis, whilst a strategy group provided additional governance assurance, meeting on a monthly basis.

Members asked about the recent IT outage and its impact on the Risk Register; the Director of Planning and Performance advised that the risk profile of delivery of the IT Transformation Programme had recently been downgraded and events such as the IT outage would be captured through parallel major incident plan and business continuity planning processes.

Members questioned performance against the UK/EU postgraduate taught recruitment target and were advised that this was currently significantly below target (60%) although applications continued to arrive and there was confidence that 85% of target would be achieved. Council was advised that the financial impact of this underachievement was low compared to both UK/EU undergraduate recruitment and international postgraduate taught provision. Council was advised that Executive received weekly reports on the student number position.

Council noted the report and passed on its best wishes to the Director of Planning and Performance who would shortly be leaving the University to pursue a career in management consultancy.

COU.12.29 SALFORD PROFESSIONAL DEVELOPMENT (COU/12/23)

Council received a report from Professor G Baxter, Director of Research and Innovation and Mr S Wells, CPD and Professional Training Manager proposing the establishment of a wholly owned subsidiary company of the University, Salford Professional Development (SPD), to deliver high quality, demand led training and professional development programmes; a more substantial report,

including a detailed business plan was available through the Council members resources website. Mr Wells provided a presentation which guided members through;

- the rationale for the company
- the business model
- market positioning
- proposed CPD division and products
- processes and procedures
- operating structures
- development of international markets
- projected turnover and profit

Council commended the proposal, emphasising the importance of the University differentiating itself in this very competitive market through high quality provision focused on key academic strengths and themes. In response to questions, University staff confirmed that there had been significant work with Heads of School to ensure academic staff support for the initiative; given the importance of CPD and consequent income generation to the development of the University, this activity would be seen as significant as teaching and research. Council was advised that the University recognised the importance of development and training activities to ensure that University staff involved in delivery of CPD were fully prepared for the demanding and challenging market.

Council noted that all CPD activity would be brought under the umbrella of SPD with the exception of a specialist NHS contract and English as a Foreign Language provision; the vast majority of the projected £774,000 income in the first year of operation represented new business.

Members noted that core SPD staff would be incentivised to deliver sales/business targets (following an initial secondment, staff would be transferred to the new Company). In response to a question, University staff confirmed the importance of ISO 9001 as an industry standard and that, where appropriate, that would sit alongside standard University quality assurance mechanisms.

Council **resolved** that;

- i) Salford Professional Development Ltd be established as a wholly owned subsidiary of the University, limited by shares for the purpose set out in the report, with a putative launch date for the company of 1 August 2012 (governance arrangements for the company would be confirmed in a paper on subsidiary company governance deferred for consideration to the October 2012 meeting);
- ii) henceforth, all CPD and Professional training activity in the University would be recruited through SPD, without exception;
- iii) as far as practicable, eligible University staff would be seconded to the company by the launch date of 1 August 2012, with the intention of them being transferred to SPD under TUPE within six months.

COU.12.30 GOVERNANCE AND MANAGEMENT OF UNIVERSITY COMPANIES (COU/12/24)

The above report was withdrawn; a revised report would be presented to the next meeting of Council.

COU.12.31 SALFORD SOFTWARE LTD – UPDATE (COU/12/25)

Council received a report from the Director of Research and Innovation updating Council on the current status and future plans of Salford Software Ltd (SSL). Council noted the improved recent performance of SSL and that the success of its future strategy, as outlined in the report, was dependent on retention of key staff. The report outlined proposals for a share purchase scheme enabling staff to purchase equity in the company (up to 51%) provided that challenging sales targets were achieved. KPMG had evaluated market strategy, governance and the projected share sale/purchase scheme and had been broadly supportive of the proposals. Regular reports on SSL would continue to be made to Executive and henceforth Council would receive a quarterly report on the performance of group companies.

Council noted the report on changes to management arrangements and strategy of SSL and **resolved** to approve the proposal to share equity in the Company through the share sale scheme.

COU.12.32 HEALTH AND SAFETY ANNUAL STATEMENT 2011 (COU/12/26)

Council considered the Annual Statement of Health, Safety and Wellbeing (2011) which had been endorsed by Executive and the Lead Member (Human Resources). The Chair noted that the report was a key element in demonstrating compliance with the University's obligations in this area. The Lead Member (Human Resources) advised members that (as referred to in the Lead Member Human Resources minutes) there was an outstanding request to Student Life for further information about measures undertaken by the University to fulfil its health and safety obligations to students.

COU.12.33 LEASE – ECOMOSQUE (COU/12/27)

Council considered and **resolved** to approve a proposal to make available University land at the corner of University Road and Christchurch Avenue, bordered by Aldred Street, for the consideration of a peppercorn rent. The land would be leased to a Trust established to enable the construction of an environmentally friendly Muslim Prayer facility (subject to the granting of planning permission and the securing of sufficient funds for the project by the Trust).

COU.12.34 REPORT FROM AUDIT COMMITTEE (COU/12/28)

Council received and noted the report from the meeting of Audit Committee held on 31 May 2012.

COU.12.35 REPORT FROM NOMINATIONS AND GOVERNANCE COMMITTEE (COU/12/29)

Council considered the report from the meeting of Nominations and Governance Committee held on 14 June 2012. Council **resolved** to:

- i) endorse the resolutions of the Committee in relation to ensuring the confidentiality of Council business;

- ii) re-appoint Dr M Burrows for a further three year term (ie until 31 July 2015);
- iii) re-appoint Mr N Collins for a further two year term (ie until 31 July 2014, the end of Mr Collins' maximum permitted nine year term);
- iv) note that Mr I Austin had indicated that he did not want to be considered for a further term of office at the current time;
- v) note that Ms F Goodey and Mr J Greenough would retire from Council on 31 July 2012, having served the maximum nine year term;
- vi) note the update on recruitment of new, independent members, with recommendations for appointment to be brought to Nominations and Governance Committee on 13 September 2012 and Council on 2 October 2012;
- vii) appoint Professor G Murphy as academic staff member of Council from 1 August 2012 to 31 July 2015;
- viii) appoint Ms A Mullan as "other" staff member of Council from 1 August 2012 to 31 July 2015;
- ix) defer appointment of new independent members to Audit Committee until the position regarding the appointment of new independent members of Council was clearer;
- x) reappoint Mr N Collins to Nominations and Governance Committee for a further two year period (ie until 31 July 2014) and defer consideration of appointment to other vacant positions on the Committee until the appointment of new independent members of Council was clearer;
- xi) reappoint Dr M Burrows to Remuneration Committee for a further three year period (ie until 31 July 2015);
- xii) reappoint Dr M Burrows as Lead Member for Finance until 31 July 2015;
- xiii) reappoint Mr N Collins as Lead Member for Human Resources until 31 July 2014;
- xiv) defer the appointment of a replacement Lead Member for Performance (position vacated by Mr J Greenough) until the position regarding the appointment of new independent members of Council was clearer.

COU.12.36 REMUNERATION COMMITTEE (COU/12/30)

Council received and noted the report from the meeting of Remuneration Committee held on 19 June 2012.

COU.12.37 REPORT FROM COUNCIL ADVISORY GROUP (COU/12/31)

Council considered the report from the meeting of Council Advisory Group held on 14 June 2012, including the reports from the various Lead Member meetings, noting the resolution of the Group on behalf of Council and with the authority of the Chair regarding the loan facility for the Arts/Gateway Building and refurbishment of the Chapman Building.

COU.12.38 USE OF UNIVERSITY SEAL (COU/12/33)

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

COU.12.39 COUNCIL CALENDAR OF MEETINGS 2012/13 (COU/12/34)

Council noted the calendar of meetings for Council and its committees in 2012/13 and **resolved** (following a recommendation from Nominations and Governance Committee) that all Council meetings in 2012-13 commence at 2.00pm.

COU.12.40 RETIRING COUNCIL MEMBERS

Council offered a vote of thanks to the following members who were retiring from Council;

Mr I Austin
Ms C Dangerfield
Ms F Goodey
Mr J Greenough
Dr H Takruri-Rizk

COU.12.41 DATE OF NEXT MEETING

Tuesday 2 October 2012 at 2.00pm.