

COUNCIL

17 March 2016 at 1600

Oak 1 and 2

MINUTES

Sections marked with *CC are exempt from publication under Section 43 of the Freedom of Information Act on the grounds of commercial sensitivity.

Members:	Chair – External member	Dr Jim Glover
	Vice-Chair – External member	Ms Anne Watts
	President & Vice-Chancellor	Vacant
	Acting Vice-Chancellor / DVC R&I	Prof Michael Kearney
	External member – Treasurer	Mr Tony Stuart
	External member	Dr Helen Bowcock
	External member	*Dr Anthony Bragg
	Member elected by Senate	Professor Rachel Brooks
	External member	Mr Mike Goodfellow
	External member	Mr Ashley Herman
	External member	*Dr Sally Howes
	External member	Ms Claire Ighodaro
	External member	*Mr Peter Maskell
	External member	Mr Michael Queen
	Member elected by Senate	Professor Lisa Roberts
	External member	Ms Jan Sawkins
	President, Students' Union	Mr Mustie Smith
	External Member	Dato Dr Kim Tan
	External member	Mr Keith Taylor
	Member elected by Senate	Dr Rick Woods

*denotes member unable to attend

In attendance Dr David Ashton – VP and Registrar
Ms Martine Carter – Director of Strategic Planning
Ms Sarah Litchfield – University Secretary & Legal Counsel (Clerk to Council)
Mr Greg Melly – VP Corporate Services
Mr David Sharkey – Chief Operating Officer
Ms Ros Allen – Secretariat Officer (minutes)

By invitation: Mr Malcolm Ace
Professor Stephen Baker (minute 16/008)
Professor Kamila Hawthorne (minute 16/007)
Dr Malcolm Parry (minute 16/008)
Ms Sarah Seed (Mills and Reeve) (minute 16/006)

A INTRODUCTORY ITEMS

16/001 Apologies for absence

.1 Apologies were received from Anthony Bragg, Sally Howes and Peter Maskell.

- .2 Rachel Brooks and Rick Woods were welcomed to their first meeting of Council.
- .3 It was noted that both Sally Howes and Peter Maskell had wished to attend Council via conference call but that the facilities had not been available at the University to allow this.
- .4 Lisa Roberts was congratulated on her new appointment as Deputy Vice-Chancellor for Research and Innovation at the University of Leeds.

16/002 Conflicts of interest

- .1 None.

16/003 Minutes of previous meetings.

- .1 The minutes of the meeting held on 19 November 2015 were **approved**.

16/004 Matters arising

.1 Actions Log

- .1.1 It was noted that all actions were either dealt with elsewhere on the agenda or not yet due. However, whilst the SPAR meeting was recorded as 'not yet due', it was agreed that it needed to be organised with all due speed.

.2 Additional Matters

- .2.1 It was noted that David McNulty had been asked to serve in an advisory capacity on a University body.

16/005 Chair's Items

.1 External members meeting

- .1.1 The external members had been very concerned to hear of a recent student death, the fourth in four years. There was concern that there appeared to be a small group of students who did not engage with the University's processes and support networks, and that we needed to reflect on how we could engage with these students, providing them with the support they needed. It was noted that a prize would be established in the student's name.

Action: MJK to consult colleagues.

.2 Appointment of an independent review for a USSU complaint

- .2.1 Council **noted** the report and **ratified** the Chair's action taken.

.3 Cyber-security Response and Compliance investigation team report *CC

- .3.1 Council received an update on a data security breach to which we had been alerted by a member of staff. It was noted that the breach had been reported to the Information Commissions Office and to HEFCE and we awaited their responses. It was believed that the issues had now been resolved and that no information had been accessed inappropriately. A firm of external

penetration specialists had been engaged to check more widely on the security of our systems and would provide a written report. The Information Security Steering Group would discuss the issues in depth.

.4 Recommendations from the Nominations Committee

.4.1 Council **approved** the appointment of Dame Linda Dobbs as Pro-Chancellor for an initial period of three years from 1 April.

4.2 Council **approved** the appointment of Ms Nicola O'Connor to Audit and Assurance Committee for an initial term of three years commencing 1 April.

4.3 Council **approved** the appointment of Mr Jon DaCosta to Audit and Assurance Committee subject to a second meeting with Mr DaCosta taking place. Subject to a satisfactory outcome of that meeting, the appointment would be for an initial term of three years commencing on the first day of the month following the meeting.

.5 Achievements of the University Community

.5.1 Council **acknowledged** the achievements of the University community.

B ITEMS FOR CONSIDERATION AND APPROVAL

**16/006 Private Placement Capital Funding Plan *CC
REDACTED AS COMMERCIALY SENSITIVE**

**16/007 Medical School
REDACTED AS COMMERCIALY SENSITIVE**

**16/008 Blackwell Developments (Guildford) Limited *CC
REDACTED AS COMMERCIALY SENSITIVE**

**16/009 Student Recruitment Position
REDACTED AS COMMERCIALY SENSITIVE**

16/010 Prevent

.1 Council **noted** the report from the Prevent Duty Group.

.2 It was noted that the required information would be submitted to HEFCE before Easter, despite a late requirement from HEFCE for more information.

.3 It was noted that section 3.1.1 of the Report should be amended to confirm the Council's governance responsibility for the University response to the Prevent duty.

Action: DJA

.4 It was **agreed** that Dr Ashton would provide Council with a copy of the final submission.

Action: DJA

16/011 Examination Issues in Health Sciences

- .1 Council **noted** the report on exam issues in Health Sciences.
- .2 It was noted that the events had highlighted governance issues and could call into question the academic integrity of the University. A communications plan had been started. The next step was to receive the report of the independent review in July. It was agreed that further discussion was needed at the July Council.

Action: LR.

16/012 Non Primary Purpose Trading

- .1 Council **noted** the report.

C ITEMS FOR INFORMATION ONLY

- 16/013** The outcome of the HEFCE Assurance Review was **noted**.
- 16/014** The University's response to the Green Paper was **noted**.
- 16/015** The latest risk management report and balanced scorecard was **noted**.
- 16/016** The annual TRAC return was **noted**.
- 16/017** The annual E&D report was **noted**.
- 16/018** The minutes from the Audit and Assurance Committee were **noted**.
- 16/019** The minutes from Finance Committee were **noted**.
- 16/020** The minutes from Senate were **noted**.
- 16/021** The report from the Executive Board was **noted**.
- 16/022** The annual Health and Safety Report was **noted**.

C CLOSING ITEMS

16/023 AOB

- .1 Council **approved** the award of an honorary degree to Professor Sir Christopher Snowden.
- .2 Council **approved** an Emeritus Professorship to be conferred on Professor Jeffrey Tostevin.
- .3 It was **noted** that the University had come 91st out of 166 institutions in Women Count: Leaders in Higher Education.
- .4 The USSU was congratulated on moving from 48th to 5th in the Sunday Times Best Companies list. It was the highest ranked SU in the country.
- .5 It was **noted** that the USSU elections had taken place and the new President from July 2016 was Alex Mackenzie Smith, the current VP Activity. It was noted that 20 out of the 27 newly elected USSU officers were women and around 15-20% were BME.

16/024 Dates of Future Meetings

All meetings (except away days) are at 16:00 unless otherwise advised.

2016

21 July

6/7 October (prior to away day sessions)

24 November

Dr Jim Glover
Chair of Council

The University of Surrey
(the "University")

Extract from the minutes of a meeting of the Council of the University (the "Council") held on 17 March 2016 at 4pm

1. Reported

1.1 The Chair reported that:

- (a) a resolution set out in the Deputy University Secretary's email of 15 January 2016 (the "**Email Resolution**") had been passed which approved:
 - (i) the seeking of new funding via a private placement of £120 million; and
 - (ii) the appointment of Santander as the University's agent for the private placement (subject to the full commitment of Tony Fordham to lead the deal, and the resolution of relationship issues to the University's satisfaction).

These two issues have been resolved satisfactorily; and

- (b) HEFCE has approved a revised financial commitment threshold, subject to the University providing minutes of this meeting at which the Council confirm their approval given by email of the Email Resolution.

1.2 The Chair also reported that:

- (a) professional advice had since been sought from, and the following firms had been engaged in connection with the proposed private placement (the "**Private Placement**") of up to £120 million fixed rate notes (the "Notes") and for general corporate purposes (including the development and refurbishment of student accommodation) (the "**Transaction**"):
 - (i) Santander Investment Securities Inc ("**Santander**") – to act as arranger of the Private Placement; and
 - (ii) Mills & Reeve LLP - to provide legal advice on the debt documentation and related matters, including governance and charity law issues; and

- (iii) Greenberg Traurig LLP – to provide legal advice to the potential investors in the Private Placement, and
- (b) the Council now needed to consider and, if thought fit, approve the Transaction and confirm the Email Resolution in accordance with the HEFCE approval.

2. **Received**

2.1 Council received a detailed paper from the Interim Director of Finance consolidating earlier discussions, setting out the projected financial consequences of the new loan, and explaining the pathway to the completion of the loan. Council members also received by email a draft version of the Information Memorandum and the Note Purchase Agreement described below. It was reported that the Investor Presentations would be consistent with the Information Memorandum and the report from the Interim Director of Finance made to Council at the meeting. As there will be a need for rapid decision making on the part of the University, the paper recommended establishing a small sub-group with delegated authority from Council to approve the final precise terms of the deal and to approve the final version of the following three key documents fundamental to the deal:

- (a) an information memorandum for circulation to potential investors (the “**Information Memorandum**”);
- (b) a form of investor presentation to be delivered to potential investors at a series of roadshows (the “**Investor Presentations**”);
- (c) a Note Purchase Agreement (NPA) prepared by Mills & Reeve LLP in conjunction with Greenberg Traurig LLP which would set out the terms on which the Notes will be issued to the purchaser(s).

The sub-group would consist of the Chair of Council, the Chair of Finance Committee, Professor Michael Kearney, Mike Goodfellow and David Sharkey. All representations included within the Information Memorandum and Investor Presentations to be supported by source materials and where necessary validated by the appropriate member of the University’s executive.

3. **Noted**

3.1 It was noted that:

- (a) the NPA will set out the proposed terms on which the Notes would be issued, including the following:
 - (i) the Private Placement is for an amount of up to £120 million for an intended term of up to 35 years; and
 - (ii) the Notes would be unsecured and would rank at least pari passu with the University’s other senior unsecured borrowings;
 - (iii) a financial covenant (based on the financial covenant package in the University’s current borrowing documents [but updated to reflect the revised HE SORP based on FRS 102]) to be tested on an annual basis; and

- (iv) certain restrictions on providing security to third parties and disposing of assets which would apply for as long as any Notes remained outstanding.
- (b) the actual interest rate payable on the Notes would be fixed by reference to the level of the appropriate reference Gilt at the time and date of pricing the deal;
- (c) the NPA would be based on a standard template for private placements in the UK market and broadly followed the terms achieved by other investors accessing this market.

4. **Resolved**

4.1 After due and careful consideration and taking into account their duties and obligations under the Charities Act 2011 and the University's constitutional documents and considering the best interests of the University, **it was duly resolved** by the Council that the Email Resolution be and is hereby confirmed and the following be and hereby are approved:

- (a) all powers, authorities and discretions of the Council be delegated to a sub-group comprised of the Chair of Council and the Chair or Finance Committee, Professor Michael Kearney, Mike Goodfellow and David Sharkey (the "**Private Placement Sub-Group**") as may be necessary for the authorisation of all acts, matters or documents in connection with the Private Placement, including, but not limited to authority to negotiate and finalise the documents (the '**Transaction Documents**') required to give effect to the Private Placement, such documentation to include, but not be limited to the NPA, the Investor Presentation and the Information Memorandum;
- (b) the authority to make the final decision on fixing the price and terms of the Notes (including participating in any pricing call with the purchaser(s)) be delegated to a minimum of any two members of the Private Placement Sub-Group, to consist of at least one lay member and at least one executive member of Council (the "Authorised Members") with authority limited to negotiation of the Private Placement up to a maximum amount of £120 million, a maximum term of 40 years, with a fixed interest rate of no more than 4.0% per annum and a financial covenant no more onerous, in the opinion of the Authorised Members, than the current financial covenant with Lloyds Bank plc (the "**Authorised Parameters**"); and
- (c) in the event that the proposed terms of the Private Placement are outside the Authorised Parameters, the Private Placement Sub-Group will seek Council approval for the revised terms by email in accordance with Ordinance 5.10 (with the requirement that Council members reply to the University Secretary's email within 24 hours);
- (d) either of Vice-Chancellor or Chief Operating Officer or Chief Financial Officer be authorised on behalf of the University to execute and deliver those Transaction Documents to be executed under hand, by signing (either jointly or severally) for and on behalf of the University;
- (e) any member of Council (together with the University Secretary or, in her absence, the Chief Operating Officer or Chief Financial Officer) be authorised on behalf of the

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University to execute and deliver those Transaction Documents to be executed as deeds, by affixing the University's seal; and

- (f) any of the members of the Private Placement Sub-Group be authorised to do all such things including the execution of documents, certificates and notices in such form and including such amendments as they (acting jointly and severally), in their absolute discretion, see fit and to provide further confirmation to any party involved with the transaction as is necessary or desirable to give effect for the Private Placement.
- (g) subject to compliance with the Authorised Parameters, the Transaction.