

M15/01 – M15/49

Minutes of the meeting held on Wednesday 4 March 2015 at 5.00pm in MX034

Present:	Mr Stephen Cox (Chair) Mr John Brannan Mr Dave Cobb Ms Gillian Craig Mr Gurpreet Dehal Ms Ann Ewing Professor David Gilbert Mrs Christine Goodyear Mr Majid Hawa Mrs Margaret Jack Ms Sarah King	Professor Paul Layzell Mr Jeremy McIlroy Ms Sarah Moffat Mr Mark Newlands Mr Gerry O'Hagan Ms Emma Peagam Mr Nick Perryman Mr Iain Ross Professor Liz Schafer Professor Anne Sheppard Mrs Chris Shoukry Mr David Spence
Apologies:	Mr Paul Blagbrough	Ms Colette Wilson
In attendance:	Professor Rosemary Deem Ms Marie Ennis Professor Paul Hogg Professor Rob Kemp Ms Cheryl Newsome Professor Katie Normington Professor Bob O'Keefe Mrs Julia Roberts Mr Graeme Robinson Mr Simon Higman Mrs Hilary Baker Mrs Pauline Martin	Vice Principal (Education) Director Communications and External Relations Dean of Research & Enterprise/Science Deputy Principal (Planning, Resources and Partnerships) Director of Human Resources Dean of Arts & Social Science Dean of External Engagement/Management & Economics Director of Strategic Development Director of Finance Registrar and Secretary Secondary Minutes Governance Support Officer
With advisers (part)	Sarah Seed Alex Pickett Tom Metzgen Gwyn Llewelyn Andrew Watson	Mills & Reeve Mills & Reeve KPMG KPMG QMPF
Observers:	Dr Alan Bradshaw	UCU

FORMAL BUSINESS

- MEMBERSHIP**
Noted that there were no vacancies on Council. 15/01
- REGISTER OF INTEREST**
There were no declarations of interest, not previously declared, with an item on this agenda. 15/02

3. **MINUTES**
Agreed and signed the minutes of the last meeting held on 18 November 2014 (M14/232- M14/287) 15/03
4. **MATTERS ARISING FROM THE MINUTES**
NOTED that pool member David Williams had been co-opted onto the Finance Committee 15/04
5. **UNSTARRING OF ITEMS**
None requested. 15/05
6. **PRIVATE PLACEMENT**
- 6.1 RECEIVED an update on the private placement process from the Debt Fundraising Oversight Group (CL/15/01) which was established by Council to monitor the process of putting in place the private placement to raise £80m debt funding to support the estates development programme. 15/06
- NOTED the appointment of professional advisers and an agent to act as arranger. Legal adviser Sarah Seed and Alex Pickett (Mills & Reeve), Financial adviser Andrew Watson (partner QMPF) were in attendance to advise and answer questions on the documentation. Tim Metzgen and Gwyn Llewelyn (KPMG) were in attendance to advise on the review of the financial forecast carried out on behalf of Council. 15/07
- NOTED receipt of a letter from HEFCE that consented to the proposed borrowing as required under the Memorandum of Assurance and Accountability with HFCE. Consent was given subject to a number of conditions including requirements for ongoing monitoring. It was AGREED that these would be undertaken and reported to HEFCE with the annual report in November. 15/08
- NOTED the insurance cover, of £10m on a claims made basis, for Directors and Officers that provided protection, including for Council members past and present, in the event of a claim against an individual. The level of cover at £10m was deemed typical for the sector by the insurance broker and DFOG had discussed increasing the level of cover but decided against as other HEI's had not increased their cover for similar or greater issuances and that the risk was extremely low provided Council acted collectively, reasonably and taking appropriate advice. 15/09
- AGREED to check the detailed terms and conditions of the insurance cover and to seek quotations for cover of £20m and £50m for DFOG to consider. 15/10
- NOTED the latest indication of pricing and the proposed timetable for reaching the final private placement decision and that in order for this to be achieved Council would need to delegate the decision to accept offers and to consider and agree changes to the terms of the Note Purchase Agreement arrangements. 15/11
- 6.2 RECEIVED a report on a review of the financial forecasts and the affordability of borrowing from KPMG (CL/15/02) that looked at the assumptions behind the model and key ratios. The review concluded that the financial model was based upon a reasonable set of base case assumptions that supported the affordability of the proposed borrowing and that the College would retain healthy levels of cash liquidity under the base case scenario that safeguarded against a number of downside events. 15/12
- NOTED that in considering the downside scenario, should a combined number of adverse factors occurred simultaneously, mitigating actions would be required in order to 15/13

overcome a shortfall in the targeted levels of cash reserve (60 days of expenditure). Mitigating actions would include the possible scaling back of expenditure on the later phases of the capital expenditure programme.

6.3 RECEIVED the documentation and delegated arrangements (and the tabled addendum of changes to the documentation) for the Private Placement to raise £80m of debt funding (CL/15/03) which included the Note Purchase Agreement (NPA), Private Placement Memorandum (PPM) and investor presentation (IP) and the delegated arrangements for finalising the documentation and agreeing the bids. 15/14

NOTED the briefing from Sarah Seed (Mills & Reeve) on the legal aspects of the NPA, the legal document upon which loan notes would be issued. The document included matters to be finalised or on which agreement had not been reached with the legal counsel appointed to represent the prospective investors. Matters to be finalised would be tested by the response from investors. Points that investors would like to be changed would be the subject of negotiation. 15/15

NOTED the representations and ongoing restrictions in the draft NPA and the inclusion of provisions that would apply only to US investors participating in the transaction. These US provisions would be removed if US investors did not participate. 15/16

NOTED the process of drafting the Private Placement Memorandum and Investor presentation and the review of documentation by Mills & Reeve in order to ensure they met the obligation in the NPA (5.3) not to make an "untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading..." 15/17

NOTED that Mills & Reeve advised that as this was a private placement in which only professional investors would be eligible to participate there was no requirement for a section of risk factors. 15/18

AGREED the following resolution: 15/19
REPORTED:

1 That the business of the meeting was to consider the borrowing by means of a private placement of £80m (the "Private Placement"), as approved in principle at the Council's meeting of 2 July 2014 to fund RHUL's debt requirements in relation to the development of its estate (the "Transaction").

2 That RHUL had appointed Mills & Reeve LLP to provide legal advice on the proposed structure of the Private Placement and, following a competitive tender process, Barclays Bank PLC had been chosen to act as sole arranger of the Private Placement.

RECEIVED

3 A draft note purchase agreement setting out the terms on which the notes (the "Notes") will be issued to investors in the Private Placement (the "NPA");

4 An information memorandum for circulation to potential investors (the "Information Memorandum");

5 A form of investor presentation to be delivered to potential investors at a series of roadshows (the "Investors Presentation"),

6 An explanatory note produced by Mills & Reeve LLP on the NPA;

7 A report produced by KPMG LLP on the Private Placement; and

8 A report produced by Barclays Bank PLC on the pricing of the Private Placement,

(together the documents listed in paragraphs 3 – 5, the "Documents").

NOTED

- 9 That the meeting had properly been convened and a quorum was present.
- 10 That no member of the Council at the meeting had, directly or indirectly, any interest in the transactions contemplated by the documents referred to above which she or he was required by the constitutional documents of RHUL or by statute or otherwise to disclose or was for any reason disqualified from voting at the meeting or forming part of the quorum.
- 11 It is necessary or expedient to borrow £80.6m by means of a private placement, and to effect this by entering into the Documents and is in accordance with the powers of the College under the Royal Holloway and Bedford New College Act 1985.
- 12 That the Private Placement would have a maturity expected to be between 20 years and 40 years.
- 13 That the Private Placement would be unsecured and rank at least pari passu with RHUL's other senior unsecured borrowings.
- 14 That an interest rate of not more than 5% be payable semi-annually.

RESOLVED

- 15 That the following be and are hereby approved:
- 15.1 the Transaction;
- 15.2 the publication of the Information Memorandum and the making of the Investor Presentation to prospective investors;
- 15.3 Graeme Robinson (Director of Finance) be authorised to make such further minor amendments to the Information Memorandum and Investors Presentation as he sees fit;
- 15.4 any one of Graeme Robinson (Director of Finance), Paul Layzell (Principal) or Simon Higman (Registrar and College Secretary) (together the "Authorised Officers") be authorised to continue negotiations of the NPA with the prospective investors and their legal counsel;
- 15.5 at least two of the Authorised Officers, together with at least three from any of the Chair of Council, the Vice-Chair of Council and the members of the Debt Fundraising Oversight Group, be authorised:
- 15.5.1 to approve the final form NPA;
- 15.5.2 to agree the pricing and tenor of the Private Placement on or around 17 March 2015 provided that the agreed pricing shall not exceed 5% without further authority from the Council,
- 15.6 Professor Paul Layzell (Principal), Simon Higman (College Secretary) and Stephen Cox (Chair of Council) or Iain Ross (Vice-Chair of Council) be authorised to execute and deliver those documents which are to be executed as deeds by the affixing of the Common Seal of RHUL, and those documents to be executed under hand, by signing (either jointly or severally) for and on behalf of RHUL; and
- 15.7 any one of the Authorised Officers be authorised to do all such things (except as provided in 15.3-15.6 above) including the execution of documents, certificates and notices, in such form and including such amendments as they (acting jointly or severally), in their absolute discretion, see fit and to provide further information to any party involved with the transaction as is necessary or desirable in order to give effect to the Private Placement.

7. RESEARCH STRATEGY

NOTED the results of REF2014 (CL/15/04) and an explanation of the process and its impact in determining the distribution of around £2bn research funding from 2015/16 to the 154 UK universities that took part. 15/20

	NOTED that the College was within the top 25 per cent of universities in UK for research rated "world leading" (4*) or "internationally excellent" (3*) and that 81 per cent of research was within these categories. This was an increase of more than 20 per cent from the last time the exercise was conducted in 2008. In addition 30 per cent of research was rated in the top category of 4*, an increase of more than 50 percent since 2008. The top performing departments for 4* and 3* research were congratulated.	15/21
	NOTED that work was underway to ensure that research would be supported in a manner that would produce the best future outcomes of REF and that a future research strategy would ultimately be brought to Council.	15/22
8.	PRINCIPAL'S REPORT	
	RECEIVED a report from the Principal (CL/15/05).	15/23
	NOTED the Labour Party proposal to reduce the cap on undergraduate tuition fees in England from £9,000 to £6,000 and concern for how the gap would be funded. If enacted with no funding for the gap this would have a direct impact on the unit of resource for undergraduate teaching.	15/24
	NOTED the Counter Terrorism Bill and Prevent duty consultation which resulted in an amendment that emphasised the role of free speech and academic freedom in the exercise by Universities of the new duty in the Bill. College was satisfied that it, with the help of friends of the College, was doing everything needed.	15/25
	NOTED the post general election scenario planning underway. The review of the key risks that might arise from possible policies of an incoming government and the mitigation that might be put in place had highlighted that the most significant policy change that would impact the whole sector was withdrawal from the EU. This would significantly reduce research funding and include a potential loss of EU students, currently around 900, for the College.	15/26
	NOTED the College success in its bid to the Leverhulme Doctoral Scholarship Scheme. The award, with a value of £1m, would fund 15 doctoral students over five years in a new Magna Carta Doctoral Centre for Individual freedom.	15/27
	NOTED the increase in number of applications for 2015/16 (+14.1 per cent in total for the College) compared to the HE sector in general (+2.2%). Particularly of note was the 500+ applications for 40 places in the new School of Law.	15/28
	NOTED the changes to the electoral registration process and the "I am voting because..." promotional programme organised by the Students' Union to encourage students to register and vote.	15/29
9.	THE ESTATES PROGRAMME	
9.1	RECEIVED the update on progress with capital projects, the summary of all estate projects and the project reference guide (CL/15/06).	15/30
	NOTED the management committee structure in place and the Council oversight of the major projects through the Capital Projects Assurance Committee (CPAC). The Estates Projects Development Group managed the interaction of all estate projects and provided reports to CPAC.	15/31
9.2	NOTED the minutes of the first meeting of the Capital Projects Assurance Committee (CL/15/07) and the additional resources being put in place to ensure capacity to deliver the estates projects.	15/32

10	FINANCIAL MATTERS	15/33
10.1	NOTED that a surplus of £7.9m, £1.1m higher than budget, was forecast for the year 2014/15 (CL/15/08)	
10.2	AGREED amendments to the Treasury Management Policy (CL/15/09) recommended by the Finance Committee for approval.	15/34
11	DRAFT STATUTES	
	RECEIVED an update on progress and the draft statutes including statute 9 (CL/15/10). A verbal update on the meeting that had been held with Unions regarding Statute 9 was provided by the Director of Human Resources.	15/35
	NOTED that the changes requested by the Unions UCU and Unite were minor and primarily about clarification however there would be resistance to the inclusion of "...while engaged in teaching, scholarship and research..." and this was not the generally accepted statement of academic freedom.	15/36
	AGREED that the outcome of the discussion at Academic Board and the requested changes from the Unions would be fed back to the Project Board for consideration and the Board would report to Council.	15/37
12.	ANNOUNCEMENTS	
	Katherine Worth 1922-2015	15/38
	It is with great sadness that I announce the death of Katharine Worth, founder of the Department of Drama and Theatre at Royal Holloway. Katharine, an alumna of Bedford College, set up a joint degree in English and Drama at Royal Holloway in 1978. A couple of years later, Katharine launched the single honours degree and with it the Department of Drama and Theatre. The early eighties were a tough time to found a Drama Department; several others were closing across the country, but Katharine battled and defended the department, leading it from strength to strength right through the 1980s. Even after Katharine retired, she continued to contribute to our College, playing a leading role in the Boiler House fundraising campaign, among other things. She was a leading scholar of Modern Theatre, particularly the work of Beckett, with whom she had strong affinity, both as a scholar and a practitioner, producing several acclaimed productions of his plays. Katharine was a remarkable and historic figure in the discipline of Drama and Theatre. She pioneered the integrated practical and theoretical study of theatre that is still reflected in the curriculum today. In 2013, the building complex occupied by our Drama and Theatre Department was renamed the Katharine Worth building in her honour. Katharine was a great leader, teacher and researcher, who will be greatly missed. Over the next few months, we will be celebrating Katharine's life and we will share more information about this on iQuad. In the meantime, our thoughts are with Katharine's family. Katie Normington, Vice Principal (Staffing) and Dean of Arts and Social Science 30/01/2015	
13.	REPORT OF DECISIONS TAKEN BY THE CHAIRMAN	
	None	15/39
14.	REPORT OF DECISIONS TAKEN BY CIRCULATION	
	None	15/40
15.	HONORARY AWARDS	
	AGREED a change to the criteria for the award of honorary fellowships (CL/15/11)	15/41

16. **REPORT OF DECISIONS TAKEN BY THE STUDENT DISCIPLINARY (APPEALS) COMMITTEE**
NOTED that the Committee met on 8th December 2014 the decision of the original Major Misconduct Hearing was upheld. 15/42
- 17 **ANNUAL REPORTS**
- 17.1 RECEIVED the 2014 annual report regarding formal Student Complaints (CL/15/12) 15/43
- 17.2 RECEIVED the 2014 annual report regarding Major Misconduct disciplinary proceedings (CL/15/13) 15/44
- 17.3 RECEIVED the University of London annual services statement to colleges 2013/14 (CL/15/14) 15/45
18. **ANNUAL RETURNS**
NOTED the signed copy of the HEFCE report sent to HEFCE on 1 December 2015 (CL15/15) 15/46
- 19 **RECEIVED THE FOLLOWING MINUTES (CL/15/16)**
Finance Committee 5 February 2015 15/47
Audit and Compliance Committee 9 February 2015
NOTED that Council Executive met 18 February 2015 and Equality & Diversity Committee met 26 February; minutes will be circulated at the next meeting of Council.
Academic Board met 10 December 2014; minutes will be circulated at the next meeting of Council.
20. **NOTED THE FOLLOWING COMMITTEES HAVE NOT MET SINCE THE LAST MEETING OF COUNCIL**
Health & Safety 15/48
Remuneration Committee
21. **SEALING OF DOCUMENTS**
None 15/48
22. **DATE OF THE NEXT MEETING**
NOTED that the next meeting of Council would be held on Wednesday 13 May 2015 at 5pm 15/49
in the Management Lecture Theatre.

Signed:

Mr Stephen
Chair of Co

