

THE UNIVERSITY OF LANCASTER

Minutes of a meeting of the Council held on 19 July 2002

PRESENT: Mr J. B. Heron (in the chair); Vice-Chancellor, Mr D. Boyle, Mr R. Daly, Mr L. Danby, Professor R. B. Davies, Mr H. Dawson, Mr A. Dick, Mr P. R. Elliott, Mr R. Emslie, Dr P. G. S. Entwistle, Professor K. A. O. Fulton, Mr M. Hart, Professor S. Henig, Mrs C. T. Hensman, Councillor P. C. Jackson, Mr G. Johnson, Lord Judd, Dr M. M. Lee, Mr S. A. J. Leyton, Professor R. Macdonald, Mr H. Morris, Mr H. Nichol, Dr C. C. Park, Mr J. Rawlinson, Professor M. I. Reed, Professor P. Rowe, Mr K. Royales, Mr A. Whitaker, Ms J. M. Whiteside.

IN ATTENDANCE: Mr C. Adams, Ms F. M. Aiken, Mr A. Burnett-Scott (Ashurst Morris Crisp), Ms C. Hodson (N. M. Rothschild), Mr M. King, Mr W. S. Lunn, Mr B. MacKenzie, Mr A. Madeley, Ms G. Marshall, Mrs M. E. McClintock, Ms T. McGrath, Mr E. T. McGregor, Mrs M. Needham, Ms E. Nutt, Ms J. Read, Professor N. Taylor (FaulknerBrowns), Mrs V. Watkins.

APOLOGIES FOR ABSENCE: Professor N. Abercrombie, Mr J. C. Dunning, Dr R. B. Henig, Ms C. A. Johnson, Councillor P. Lee, Councillor D. B. Stanley, Mr R. Turner, Ms V. C. Walshe.

CO.2002/39 Welcome to new members

The Pro-Chancellor, on behalf of the Council, welcomed Mr L. Danby to his first meeting as President of the Students' Union, and also welcomed Ms G. Marshall, Education and Welfare Officer.

CO.2002/40 Farewell to retiring members

The Pro-Chancellor, on behalf of the Council, thanked the following people for their services to the Council:

Dr R. B. Henig
Councillor P. C. Jackson
Ms C. A. Johnson
Ms T. McGrath

Ms E. Nutt
Professor M. I. Reed
Mr D. B. Stanley.

The Pro-Chancellor expressed particular thanks to Lord Judd for his independence of spirit, his enjoyment in expressing it, and his many contributions to the work of the Council.

CO.2002/41 Student residences project

Documents: FO/02/49; Appendices 1 to 23; paper (Constructive Criticism) and appendix, President of LUSU; revisions to financial impact of the project on the university; memoranda from Mr R. Turner

(a) Proposals (Vice-Chancellor):

1. To approve the entering into of the project by the university and the conclusion of negotiations of the project by the Authorised Signatory Group as defined below within the agreed commercial tolerances as set out in (5) below.
2. To approve the entry into the project documents (once concluded by the Authorised Signatory Group) in accordance with the procedures and subject to the provisions set out below.
3. To constitute a group (the Authorised Signatory Group), or such others who may be designated or nominated by the Authorised Signatory Group, to carry out the resolutions of the Council. The Council is invited to approve an Authorised Signatory Group as follows, to act in the period from the Council on 19 July 2002 to financial closure when achieved.

Membership of the Authorised Signatory Group shall be officers noted below:

Category of Officers and Position/Person

1. Vice-Chancellor or Pro-Vice-Chancellor (Colleges and Student Affairs)
2. Pro-Chancellor or Deputy Pro-Chancellor (Mrs Hensman)
3. Chairman of the Finance and General Purposes Committee or Deputy Pro-Chancellor (Mrs Hensman)
4. President, Students' Union

5. Director of Resources or Director of Estates Management
6. University Secretary

and any four of whom shall be as a group of people authorised to carry out the resolutions of the Council.

4. To authorise the Authorised Signatory Group to act on behalf of the Council to carry out and conclude negotiations with the SPC, the SPC's funders and sponsors and their professional advisers, and to authorise them to make and agree to any variations, amendments and modifications to the project documents that they in their absolute discretion consider necessary save as set out in (5) below. All such actions by the Authorised Signatory Group will be binding on the university.
5. To note that the Authorised Signatory Group may not act on behalf of the Council where the effect of the agreement to any amendment variation or modification to the project documents is to:
 - lead to the project having to be accounted for on the university's balance sheet; or
 - to adversely affect the VAT or direct tax treatment of the project; or
 - the modelled ground rent once the development phase is completed is less than £750,000 in real terms; or
 - the one-off premium received on financial closure by the university is insufficient to cover the university's operating cashflows foregone during the development phase of the transaction as a result of the transfer of accommodation to the SPV; or
 - the average rent per room in the academic year commencing 2003 for new accommodation owned by the project company is greater than £68.00 in real terms; or
 - the total number of rooms leased to the SPV company once development is completed is greater than 4,500; or
 - the threshold IRR at which the university receives a share of refinancing gains is greater than 15 per cent, calculated on a commitment basis.
6. To authorise the Authorised Signatory Group to continue to instruct and take the advice of the current professional advisers in connection with the project.

7. To authorise the Authorised Signatory Group to do all such things and execute all necessary documents to charge the university's assets which are the subject of the project or provide security in connection with the project as well as the creation of security over any properties substituted for those currently charged to AMBAC Assurance UK Limited.
8. To approve the execution of the project documents under seal and by any two members of the Authorised Signatory Group as conclusive evidence of the university's approval of the project documents which execution will bind the university.
9. To authorise the Authorised Signatory Group to do all other acts and such things so as to carry into effect the purposes of the above resolutions and to sign and deliver on behalf of the University of Lancaster all documents which may be required to effect the project which the Authorised Signatory Group may in their absolute discretion think fit.
10. To authorise for the purposes of these resolutions, the Director of Resources (Mr E. T. McGregor) to represent and act on behalf of the Authorised Signatory Group but only for the purposes of liaising with the relevant parties and their advisers and the university's advisers. He shall not sign or execute any documents on behalf of the Authorised Signatory Group but, for the avoidance of doubt, he may execute documents as a member of the Authorised Signatory Group.
11. To authorise the Clerk of the Council:
 - (i) to issue and certify as true and up to date copies of the Charter, Statutes and by-laws of the University of Lancaster;
 - (ii) to issue copies of the minutes of this meeting and to certify that such copies are true and that the resolutions passed at this meeting remain in full force and effect;
 - (iii) to issue a certificate setting out the names and signatures of the persons authorised to affix the university seal and execute all documents which require to be executed by the university in connection with the project.

12. To agree that the Council Executive Group and the Residences Estates Strategy Group shall continue from 19 July until completion of the negotiations and the execution of the project documents.
13. To agree to establish thereafter a Residential Accommodation Project Executive with a remit and membership as recommended by the Vice-Chancellor to oversee the residential accommodation development programme for the duration of the project.
14. To note the contents of the documents listed below:
 - 14.1 Commercial Term Sheet
 - 14.2 Opinion Ashurst Morris Crisp
 - 14.3 Financial Impact on Lancaster University
 - 14.4 Updated Taxation Paper
 - 14.5 Schedule of Bedrooms
 - 14.6 Analysis of Refurbishment Costs
 - 14.7 Top Risks and Contract Risk Matrix
 - 14.8 Legal Documents Description and Closures Timetable
 - 14.9 Demand Study
 - Jarvis
 - Planning Office
 - Marketing and Recruitment Office
 - College and Residence Office
 - 14.10 Estates Strategy (extract)
 - 14.11 Master Plan
 - 14.12 Life Cycle
 - 14.13 Output Specification
 - 14.14 Hard/Soft FM Performance
 - 14.15 Capital Cost Analysis
 - 14.16 Planning Statement and Construction Programme
 - 14.17 Gerald Eve Valuation
 - 14.18 Construction Programme
 - 14.19 CRILL Analysis
 - 14.20 Minutes
 - Summary of Senate Discussion (extract)
 - Council Executive Group minutes
 - Finance and General Purposes Committee (extract)
 - Council (extract)
 - 14.21 Jarvis – summary of most recent press items.
 - 14.22 N. M. Rothschild and Sons Ltd. – Opinion
 - 14.23 Frequently Asked Questions

- (b) Proposal (President, Students' Union): that the Council should defer the approval of the legal, financial and contractual framework as set out until some or all of the following have been incorporated into it:
 - (a) the inclusion of the cost of setting up new colleges in the financial model;
 - (b) breaks in the contract to create discrete sections;
 - (c) more consultation with the colleges;
 - (d) consideration of keeping some of the existing residences on line for longer.

41.1 A presentation on the development of the new Master Plan for the university was given by Professor N. Taylor of Faulkner Browns. Mr W. S. Lunn, Director of Estates, commented briefly on planned numbers.

41.2 A presentation on the main commercial, legal and financial elements of the project, and on topical issues, was given by Mr E. T. McGregor, Director of Finance.

41.3 The Vice-Chancellor emphasised that he wished there to be no recriminations and no re-working of historical discussions or negotiations in the ensuing debate, especially on the matter of communication, and noted that the project was a crucial part of the future strategic development of the university as a whole. He drew attention to the paper by the Director of Finance and the appendices, particularly the Frequently Asked Questions, and commended to the Council the paper by the President of the Students' Union.

41.4.1 The President of the Students' Union, Mr Danby, indicated that the students would like to see a positive move forward but had over-arching concerns.

41.4.2 It had been said in an earlier presentation that student finances were not on the current day's agenda, but the project could not be considered in isolation from the wider national setting of student finance. Mr Danby noted that, the problem was not with first year students who were seeking good value and pleasant accommodation. For second and third year students, the realities of inadequate and means-tested finance, and for some students the inability or refusal of parents to pay tuition fees, meant that they had wholly unrealistic funding available on which to survive. Council should be clear, if it went ahead with the project, that UK students at Lancaster who were taking out student loans and paying their own fees would be replaced by overseas students.

- 41.4.3 Mr Danby noted that he was happy with Mr Whitaker's proposal for a Student Accommodation Project Executive which would discuss the fine details of the project. The Council was however being asked at the present meeting to decide the footprint and massing of buildings and the modular nature of their building. In the students' view, diversity of layout was essential and the present proposals would detract from the vibrant and individualised college system that the university said it wanted. He would like to have access to the structural reports on The County College, and rather than be told that the options were to do nothing or to approve all the current proposals, to consider other courses of action that might result from the current meeting. He was however glad to see that the setting up of a new college had now been included as a commitment.
- 41.4.4 Mr Danby asked that the contract with the single purpose company should be broken into two semi-discrete sections, of which the second would be subject to further approval by the Council when the university had experience of working with the external partner. If the experience was detrimental, the university could decide not to proceed, but to step away from the project in order to protect itself and its students. He would like there to be some consideration of keeping the older residences on line for longer, in order not to inhibit poorer students from coming to Lancaster. He also questioned whether the large differential in rental levels that would open up between the accommodation provided by the single purpose company and that retained by the university would be sustainable. The accommodation that would continue to be owned by the university would appear to students to be a good bargain, and he would like a guarantee that such accommodation would be retained at an affordable price. He asked that the Council approve his amendments in order to appease concern, to reinstate work on two new colleges, and to agree to undertake separate consideration of whether to move into Phase 2 of the project.
- 41.4.5 The Vice-Chancellor proposed that, while the Council should proceed with the financial arrangements as set out, the wider issues of student funding should be accepted as an issue for the meeting. The current project should be referred to the Government as a case study of the pressures of student poverty in relation to the type of proposal for student accommodation that was under consideration by Lancaster.

41.4.6 Mr Whitaker reassured the Council about the importance of the collegiate system to Lancaster and pointed to the inclusion of the cost of a new college in the calculation of the impact of the project on the university's income and expenditure account. While university finances remained uncertain, and even if the colleges continued to be squeezed financially, there was a need for the cost of the colleges and their associated social space to be taken into account. The revised schedule indicated a willingness to show that this investment could be made, and that at least one and possibly two colleges would be placed on the South-West Campus, perhaps in the form of one new college and one that would be transferred. In any case, the arrangements at the South-West Campus would be consistent with the college system. The decision about the colleges was nevertheless elective, and it should be recognised that not all academic staff would be in favour of it.

41.4.7 Turning to Mr Danby's amendments, the Council was told that (a) had already been met by the amended impact calculation (see above), and that there was no disagreement with (c), seeking more consultation with colleges. The proposal under (d), asking for consideration to keep some of the existing residences (such as County West) on line for longer, would be taken forward. While it was accepted that the 1999 condition survey had shown The County College to present structural and other problems, the information given might be reassessed. The proposal that presented most difficulty was (b), where the Council would have to make a judgement on the package as a whole, rather than to break it into discrete phases.

41.5 Points made in discussion included the following.

(a) Congratulations were due to the professional team for the thorough work that had been done, and to the Vice-Chancellor for his special kind of leadership. The university had faced huge challenges over recent years, and the university had been carried forward by the commitment of everyone involved, a situation that should continue with the present project, including by taking seriously the concerns expressed by the students.

(b) Concern was expressed about proceeding with a large-scale project in the last days of an outgoing vice-chancellor rather than wait until the new one was in post, had reached his own conclusions and had had an opportunity to become a champion of the transaction. The Vice-Chancellor reminded the Council that in October 2001 he had said that a year's planning blight would be the worst position for the university, and the

transaction was time-critical. The Council was invited to note a message sent by Dr Wellings in May, when he had stated explicitly his understanding that a decision would be reached by the Council in June and his support for the present vice-chancellor and his management team to reach a decision. Dr Wellings had recognised that any vice-chancellor taking up his post would inevitably inherit far-reaching decisions that would predate his arrival.

- (c) In response to questions about the attitude of the HEFC(E) to the project, the Council was told that its officers had been fully and properly consulted. In addition, the Vice-Chancellor had received informal support for it from the head of finance at the HEFC(E). The view was Lancaster was a campus university and had to have the quantity and quality of accommodation that would allow the university to succeed on those terms.
- (d) In response to a question about the timing of the transfer of responsibility for the buildings that were planned to be replaced, the Council was told that in all cases this would be co-terminous with the moment of financial closure. The single purpose company would however retain the present mode of operation for existing buildings until they had been replaced. The Council would be wise, as a member had suggested, to undertake a review of the transaction in a year's time, including its strategic consequences and the forward demand for both residential and academic space. The university could vary the contract if there was sufficient cause to do so, although such changes could and should not be made on a whim but in full knowledge of their consequences for costs and income.
- (e) Reference was made to the implications for Jarvis plc. of the recent rail crash at Potter's Bar. The company would be fully aware of the force of public perceptions in this area, and this should be taken into account by the negotiating team in deciding what had to be accepted on behalf of the university.
- (f) The Council noted that Chancellor's Wharf would continue to be available *pro tem* for Lancaster students. A member requested that, if a decision to sell it was being faced, the opportunity for a full debate about such a proposal would be given to the Council. In the meanwhile, the Council was told members could be confident that the transaction took account of the absence of the Chancellor's Wharf accommodation but did not include an allowance for its disposal.
- (g) A member suggested that the proposals were not sufficiently visionary and that they should include a first-class sustainable transport policy.

- (h) The Council's attention was drawn to the fact that the transaction involved £5 million of benefits for the university's infrastructure, primarily for the residences, that would in effect be paid for from student rent, despite the fact that the gain would be for the institution as a whole. In the view of a member, the university should accept this item of expenditure as part of its financial responsibility and not make students pay.
- (i) Questions were raised about the possible effects on the flow of students to Lancaster as the consequence of events over which the university had no control, and whether Lancaster would in such circumstances be able to vary the period of contract after closure, whether the legal documentation would support such variation, whether Lancaster might be able to vary the timetable for implementation or delay or defer the later phases. The Council was told that the transaction was based on demand risk, and initially the university could under the circumstances outlined lose some or all of the ground rent. The *force majeure* conditions written into the contract were however more narrow than the conditions being suggested. The insertion of clauses to allow for delay or deferral would create degrees of uncertainty for the single purpose company, and the owners of it, that would force them to make the most unfavourable assumptions about the impact on their own businesses. The effect of such clauses would therefore be financially detrimental to both costs and pricing of the transaction, for a provision that might not be needed. The Council was told that, if the relationship between the parties was working well, and if all of them were suffering as a result of the kind of circumstances outlined, it would be in all their interests to vary the terms of the contract after discussion and by mutual agreement. It was suggested that the Council Executive Group be asked to satisfy itself that there were sufficient safeguards to manage unforeseen eventualities.
- (j) In response to questions about the ownership of assets, the Council was told that these were being defined as anything with a value ascribed to it. The headlease was however of no worth to the single purpose company because of the effects of the underlease back to the university, while the assets for Jarvis UPP were the shares it held in the single purpose company.
- (k) Concerns were expressed about the impact on student rents of the structure being set up and whether, if there was doubt about the attractiveness of the new and replacement accommodation to students, those in turn could mean that the university moved out of one crisis into another, and took on a new and major risk.

The issue of student rents was noted by several members to be fundamental to the transaction. While it was beneficial to have improved facilities, the costs for types of students that the university was wishing to encourage, especially at the postgraduate level, could prove to be an obstacle.

- (1) In response to a member's suggestion that any rental income above the 96% occupancy level should be placed in a fund to support students in financial difficulty, the Council was told that there were technical reasons related to the interaction between the modelled and actual rent roll why such a procedure would not be feasible. Nevertheless, if after the initial construction period, and in the context of the actual rent roll, excluding refinancing gains, any upside benefits achieved by the university would be for use at its discretion. The Council could at the present meeting express a strong preference for such use to include benefits to students in financial difficulty.

41.6 The President of the Students' Union, in response to points made in discussion, noted that he accepted that where there was a coincidence of interests between the parties, mutual interest should prevail, and where there was a breach of contract, the university had rights that it could invoke. In his view there was nevertheless a range of other potential conflicts between the single purpose company and the university that were not covered by either of the above, including the effect of government incentives to universities to recruit more students from lower socio-economic classes, or public perceptions of the university's relationship with Jarvis plc. He believed the development at the South-West Campus should proceed and the availability of rooms increased, but the university's options should be kept open about the buildings inside the perimeter road. The university needed however to be confident about what was strategic and desirable, and it would be prudent to undertake the second phase in the light of experience of the first. The Council should thus be able to look at a choice of options, with more information, before deciding how to proceed. In the meanwhile the relationship with the single purpose company could proceed on the basis that the whole project would go forward unless there was a decision by the university to stop it. In response, the Director of Finance indicated that, even if the university had been able to take the cost of providing the new accommodation onto its balance sheet, the difference in the direct cost between that position and the proposed transaction would be slight, and the deal was dependent for its cost effectiveness on its scale and integrated financial structure.

- 41.7 Ms Hodson, on behalf of N. M. Rothschild, stated their professional opinion was that the transaction was the best one for the university's purposes, and the terms and conditions on offer were the best that were available in the market. A member expressed pleasure at having a favourable deal on the table and suggested that the Council should focus on looking forward and managing the issues involved.
- 41.8 The Vice-Chancellor, in response to suggestions that a decision on the proposal might be deferred to another meeting while more information was collected and members had had time to reflect on what had been said, stated that no such choice was available. Deferral, while superficially attractive, would negate any chance of completion of new rooms by October 2003. He said that a senior academic colleague whom he much respected had asked for his personal reassurance that this was a deal into which the university should enter. He stressed that he recognised the uncertainties and the risks involved as the project moved forward, including further discussion and contact with interested parties. Thus, not for the first time, he had to make a personal judgement on whether to recommend approval of the proposals before the Council. In considering this decision he was taking into account the proposals by the President of the Students' Union, all but one of which he believed could be accepted. He also believed that the deal was the best one available and that the internal and external project teams and advisers had produced tight, robust and beneficial financial, legal and operational terms of agreement, within a tight framework. Most important of all, however, was his role in shaping the strategic imperatives, and in this capacity he urged the Council not to lose sight of the fact that the project reached into many important facets of the university. If, as it must, the Council took a positive decision, it should do so in the knowledge that universities exist in a turbulent and sometimes unhelpful environment, and, in general, must avoid future costs. Thus although there were no certainties, his judgement was that these proposals were critical to the future of the University. While the Council had not debated the likelihood of new academic space, he believed that it was a necessity to see the contract as an entity, and one for which there was no benefit in dividing it into phases or discrete components. The project was essential for both the short and long term development of the university, to regenerate the physical infrastructure over a phased timetable. It was the only option available, since the advantages to be gained could not be achieved from within the university's own resources. If the Council believed the debate was just about residences, rent levels and similar concerns, then the wider points had been missed. The transaction was a strategic imperative with no middle road, and his personal judgement – which it had to be – was therefore to recommend to the Council that the project be approved as set out in the resolutions.

41.9.1 The Council considered the recommendations of the President of the Students' Union. In relation to (b), the phasing of the project, Mr Danby said he would like to think the Council had been presented with a choice, with facts, and with full knowledge of the consequences of breaking the project into phases as opposed to not doing so. He urged the Council to support the students' recommendation and to return with ideas about how it could be implemented.

41.9.2 The Council resolved, on a vote of 8 in favour and 14 against, not to seek a report on the financial implications of breaking the project into discrete phases before reaching a decision on the transaction as a whole.

41.9.3 Members asked that nevertheless the Council should be provided with the relevant information, including as far as possible a calculation of the effect on the commercial terms, of breaking the project into discrete phases, but not to hold up the decision on the transaction in the meanwhile.

41.9.4 The Council resolved:

- (i) to approve the inclusion of the cost of setting up new colleges in the financial model;
- (ii) to agree that more consultation should take place with the colleges;
- (iii) to give consideration to keeping some of the existing residences on line for longer;
- (iv) not to approve breaks in the contract to create discrete sections, but to approve the preparation of appropriate financial information so that the Council at its next meeting would be in a position to consider the effect on the transaction of such breaks.

41.10 Mr Whitaker, speaking in support of a proposal to set up a Student Accommodation Project Executive, as set out in AR/2002/1012, noted that the proposal was for the establishment of an important mechanism; a group that would on behalf of the Council take charge of the management of the project, but not its detailed implementation. The issues it would consider would include design features, the provision of facilities, the academic purposes of buildings within the terms of reference of the project, two-way communication about its progress, and how the process of moving students between colleges and temporary accommodation during the construction phase would be planned and managed. He asked that it should receive delegated powers from the Council, subject to its accountability to report back to the Council and to raise for discussion by the Council major issues of principle as they arose. In the light of comments made, Mr Whitaker

agreed to take away and consider how the following matters might be addressed: input of the views of all the staff who had connections with the colleges and associated facilities; interactive consultation within the university by all users; and the need to make much more explicit the information about the project and its progress. The Council was also told that a public relations company, that would report to the Director of Finance, had now been engaged for the project.

41.11.1 The Council agreed to consider the proposals laid before it, subject to taking into account the substance of the discussion as minuted above.

41.11.2 The Council resolved as follows.

1. (On a show of hands) to approve the entering into of the project by the university and the conclusion of negotiations of the project by the Authorised Signatory Group as defined below within the agreed commercial tolerances as set out in (5) below.
2. To approve the entry into the project documents (once concluded by the Authorised Signatory Group) in accordance with the procedures and subject to the provisions set out below.
3. To constitute a group (the Authorised Signatory Group), or such others who may be designated or nominated by the Authorised Signatory Group, to carry out the resolutions of the Council, to act in the period from the Council on 19 July 2002 to financial closure when achieved.

Membership of the Authorised Signatory Group shall be officers noted below:

Category of Officers and Position/Person

1. Vice-Chancellor or Pro-Vice-Chancellor (Colleges and Student Affairs)
2. Pro-Chancellor or a Deputy Pro-Chancellor
3. Chairman of the Finance and General Purposes Committee or Chairman of the Estates Committee
4. President, Students' Union
5. Director of Resources or Director of Estates
6. University Secretary,

any four of whom shall be as a group of people authorised to carry out the resolutions of the Council, subject to the following conditions:

- (a) at least one of the four must be a lay member of the Council;

- (b) the decision of the acting group must be unanimous;
 - (c) the minutes of the meeting of the group shall be circulated to the Council; for subsequent formal confirmation.
4. To authorise the Authorised Signatory Group to act on behalf of the Council to carry out and conclude negotiations with the SPC, the SPC's funders and sponsors and their professional advisers, and to authorise them to make and agree to any variations, amendments and modifications to the project documents that they in their absolute discretion consider necessary save as set out in (5) below. All such actions by the Authorised Signatory Group will be binding on the university.
5. To note that the Authorised Signatory Group may not act on behalf of the Council where the effect of the agreement to any amendment variation or modification to the project documents is to:
- lead to the project having to be accounted for on the university's balance sheet; or
 - adversely affect the VAT or direct tax treatment of the project; or
 - the modelled ground rent once the development phase is completed is less than £750,000 in real terms; or
 - the one-off premium received on financial closure by the university is insufficient to cover the university's operating cashflows foregone during the development phase of the transaction as a result of the transfer of accommodation to the SPC, such that the impact on the Income and Expenditure account does not vary substantially from that referred to in paragraph 5.2 of FO/02/49 (dated 19 July 2002); or
 - the average rent per room in the academic year commencing 2003 for new accommodation owned by the project company is greater than £68.00 in real terms; or
 - the total number of rooms leased to the SPC company once development is completed is greater than 4,500; or
 - the threshold IRR at which the university receives a share of refinancing gains is greater than 15 per cent, calculated on a commitment basis; or
 - approval by AMBAC Assurance UK Limited for the transaction is withheld.
6. To authorise the Authorised Signatory Group to continue to instruct and take the advice of the current professional advisers in connection with the project.

7. To authorise, subject to the provisions of the Charter and Statutes of the University of Lancaster, the Authorised Signatory Group to do all such things and execute all necessary documents to charge the university's assets which are the subject of the project or provide security in connection with the project as well as the creation of security over any properties substituted for those currently charged to AMBAC Assurance UK Limited.
8. To approve the execution of the project documents under seal by any two members of the Authorised Signatory Group, who are also members of the Council, as conclusive evidence of the university's approval of the project documents which execution will bind the university, subject only to subsequent presentation for formal confirmation by the Council at its next ordinary meeting.
9. To authorise the Authorised Signatory Group to do all other acts and such things so as to carry into effect the purposes of the above resolutions and to sign and deliver on behalf of the University of Lancaster all documents which may be required to effect the project which the Authorised Signatory Group may in their absolute discretion think fit.
10. To authorise for the purposes of these resolutions, the Director of Resources (Mr E. T. McGregor) to represent and act on behalf of the Authorised Signatory Group but only for the purposes of liaising with the relevant parties and their advisers and the university's advisers. He shall not sign any documents on behalf of the Authorised Signatory Group but, for the avoidance of doubt, he may sign documents as a member of the Authorised Signatory Group.
11. To authorise the Clerk of the Council:
 - (i) to issue and certify as true and up to date copies of the Charter, Statutes and by-laws of the University of Lancaster;
 - (ii) to issue copies of the minutes of this meeting and to certify that such copies are true and that the resolutions passed at this meeting remain in full force and effect;
 - (iii) to issue a certificate setting out the names and signatures of the persons authorised to affix the university seal and to execute all documents which require to be executed by the university in connection with the project.

12. To agree that the Council Executive Group and the Residences Estates Strategy Group shall continue from 19 July 2002 until completion of the negotiations and the execution of the project documents, and that the Vice-Chancellor Designate shall be present in attendance.
13. To agree to establish thereafter a Student Accommodation Project Executive, as set out in document AR/2002/1012, as discussed in paragraph 41.10 with a remit and membership as recommended by the Vice-Chancellor to oversee the residential accommodation development programme for the duration of the project, to permit the Vice-Chancellor to establish the membership to act with effect from the day of financial closure, subject to its minutes being circulated to members of the Council.
14. To note the contents of the documents listed below:
 - 14.1 Commercial Term Sheet
 - 14.2 Opinion Ashurst Morris Crisp
 - 14.3 Financial Impact on Lancaster University
 - 14.4 Updated Taxation Paper
 - 14.5 Schedule of Bedrooms
 - 14.6 Analysis of Refurbishment Costs on the do nothing option
 - 14.7 Top Risks and Contract Risk Matrix
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 - 14.10 Estates Strategy (extract) (1999)
 - 14.11 Master Plan (Faulkner Browns)
 - 14.12 Life Cycle Maintenance and Renewal (Jarvis UPP)
 - 14.13 Output specification (2001)
 - 14.14 Hard/Soft FM Performance
 - 14.15 Capital Cost Analysis (Stephen Davies Associates)
 - 14.16 Planning Statement and Construction Programme (Insignia Richard Ellis)
 - 14.17 Gerald Eve Valuation (substitute securities)
 - 14.18 Construction Programme
 - 14.19 CRILL Analysis
 - 14.20 Minutes
 - Summary of Senate Discussion (extract) of 29 May 2002
 - Council Executive Group minutes of 4 July 2002
 - Finance and General Purposes Committee (extract) of 24 May 2002
 - Council (extract) of 23 June 2000

- 14.21 N. M. Rothschild and Sons Ltd. – Opinion
- 14.22 Jarvis – summary of most recent press items
- 14.23 Frequently Asked Questions.

- 15. To approve a proposal that Mr Hilton Dawson, M.P., present the project to the Government as a case study on the relationship between the funding of student residential accommodation and student poverty.

CO.2002/42 Nominations Committee

Document: AR/2002/1021

The Council resolved to confirm the actions taken on its behalf, as set out in an attached document.

CO.2002/43 College principals: appointment

Document: AR/2002/1022

The Council agreed to note the procedures for the appointment of college principals, as set out, and to confirm the following appointments, in both cases for the period 1 August 2002 to 31 July 2005:

Bowland College: Dr Louise Banton
Lonsdale College: Mr Bob Neal.

CO.2002/44 Retirement of Vice-Chancellor

The Pro-Chancellor, on behalf of the Council, thanked Professor William Ritchie, for his services to the university in the period 1995 to 2002, and for his dignity and gentlemanly conduct during a period of turmoil for the university. The Council offered its sincere thanks and its best wishes for the future.

The Council resolved to endorse the Pro-Chancellor's comments.