

Board of Governors

Minutes of the Meeting held on 20 May 2020

Present:

Mark Mulcahey (Chair), Damilola Akhigbe, Sue Dutton, Jeff Halliwell, Matthew Hanmer, Richard Horsley, Shivani Kaushike, Gemma Lovegrove, Rayna Miller, Nick Petford, Martin Pettifor, Nick Pitts-Tucker, Ivna Reic, Nick Robertson, Jon Scott, John Skelton, Paul Wood

Apologies:

Lucie Armstrong-Kurn

In attendance:

Becky Bradshaw (Director of Estates and Campus Services) to item 65, Emma Finlay (Governance Assistant), Kathryn Kendon (Academic Registrar) to item 65, Miriam Lakin (Clerk to the Board), Terry Neville (Chief Operating Officer), Shân Wareing (Deputy Vice Chancellor)

59/20 Welcome, Apologies and Quorum

59.1 The Chair welcomed those present, noted apologies and confirmed that the meeting was quorate.

60/20 Declarations of Interest

60.1 In light of her recommended appointment to the Nominations Committee, Rayna Miller declared that she was acquainted with Margaret Pratt who is a current member of the Nominations Committee.

- 60.2 There were no further declarations of interest in addition to those already held on record by the Clerk.

61/20 Minutes of the Previous Meeting

- 61.1 The Board approved re-drafted minutes and confidential minutes of the meeting held on 26 February 2020 as a true record of that meeting.
- 61.2 The Board approved the minutes of the meeting held on 18 March 2020 as a true record of that meeting.
- 61.3 The Board approved the minutes and confidential minutes of the meeting held on 15 April 2020 as a true record of that meeting.

62/20 Action List and Matters Arising

- 62.1 The Board received and noted a paper on actions arising from previous meetings.

63/20 University Response to COVID-19

- 63.1 The Board received and noted a paper on the University's response to the COVID-19 outbreak as of 13 May 2020. It was noted that Board members had made comments and raised questions on the document, and written answers had been provided.
- 63.2 The Director of Estates and Campus Services advised the Board that the paper provided an update on actions taken since 15 April 2020. There had been a shift in focus from crisis management to business recovery.
- 63.3 In respect of business recovery, the Director of Estates and Campus Services reported on measures taken to prepare the estate should it become possible to reopen, for example the installation of signage about social distancing. The University would be able to meet the government's COVID-19 Secure Guidelines.

- 63.4 The Director of Estates and Campus Services advised the Board that the transition to the business recovery phase involved a single task force, the Business Recovery Group, which she chaired. The Business Recovery Group had extended its membership to include Student Union and Trades Union representatives in order to ensure wide involvement in planning.
- 63.5 In response to a question about the adequacy of IT provision, it was reported that the number of students experiencing IT issues had increased since lockdown, however, it remained small compared the University's overall student number. Financial support was available to students in need of new equipment. To date around 25 students had been supported to purchase new equipment. There was consideration of how to support some students with Wi-Fi connectivity issues. The IT Team had remained active in providing support to resolve issues.
- 63.5 A member noted that the use of some IT systems had increased, whereas others was static. The Chief Operating Officer reported that there had been an increase in the use of systems for remote engagement, however, other systems such as NELSON, which was used to search electronic library resources, were being used as normal.
- 63.8 A member asked about the extent to which the lockdown had given an opportunity to optimise existing plans for learning, teaching and working. The Chief Operating Officer stated that the lockdown had improved staff awareness of what was possible and demonstrated that courses could be taught remotely. The £25m investment in IT for active blended learning had supported this. It had also demonstrated the need to continue actively with portfolio review, semesterisation, and the development of the University's distance learning offer as a commercial proposition.
- 63.10 A member asked how much of a competitive advantage the University's investment in IT gave it. It was reported that at present information on

the University's position relative to others was anecdotal. However, it was clear that the transition to remote learning had been fairly smooth for the majority of University's students. There were good levels of engagement. Improved engagement and higher pass rates had been seen in some modules.

63.11 The Deputy Vice Chancellor stated that there would be further work to create a narrative for prospective students to demonstrate the University's resilience and ability to provide education in the Autumn term, regardless of whether the campus could be opened. She noted that whilst the University's successful use of technology was a strong point of differentiation, that there was much work still to do to ensure that active blended learning improved student continuation and success rates in the way that had been anticipated.

63.6 A member had asked about furloughed staff. It was reported that furloughed staff had been encouraged to volunteer, although there was no record of how many had done so. There was also a question about plans to return staff from furlough. It was reported that robust mechanisms were in place for this. Some staff had been furloughed on rotation, meaning that the issue was being dealt with regularly.

Minute 63.7 is in the confidential section of these minutes.

64/20 Student Experience and Support

64.1 The Board received and noted a paper on the student experience and provision for student support during the COVID-19 pandemic.

64.2 The Deputy Vice Chancellor advised the Board that the paper covered work which had been completed, was in progress and was planned. There was a need to be flexible and to develop optimal plans for September

2020, given that the future situation was not known, and many factors were outside the University's control. She stated that staff were working extremely well as a team. A focus on planning and preparing for likely scenarios would create resilience and the ability to be flexible.

- 64.4 The Deputy Vice Chancellor reported on the key points in the paper. She stated that it was extremely likely that not all programmes and students would be taught on campus from September 2020, for a variety of reasons including social distancing and personal perceptions of risk. The University were aware that some students would find the prospect of being taught remotely less attractive, with an effect on recruitment. To mitigate this risk, a prioritisation exercise was in progress, ranking courses against four levels of priority in terms of their return to campus. For example, some courses involved the use of specialist equipment or professional experience and could not be delivered remotely. This analysis would be reviewed by the University Management Team on 2 June 2020. The University would be able to publish information about its offer to continuing and prospective students by 16 June. This met a publication guideline from the Office for Students (OfS).
- 64.5 A member asked for the level of confidence that the University would meet the OfS' deadline for the publication of information to continuing and prospective students. The Deputy Vice Chancellor confirmed that it was a challenging timescale, but the process for meeting the deadline was robust and she was confident it could be met. She added that the University was keen to communicate to students.
- 64.6 In respect of the priority level given to courses, a member asked about the balance between loss of income and cost savings. The Deputy Vice Chancellor advised the Board that if certain programmes could not be offered on campus, this may have a negative impact on recruitment to

those programmes, and the reputation of the University. The University could make an informed choice not to run a programme, and minimise the financial impact.

- 64.7 The Deputy Vice Chancellor noted that there was full awareness of the potential impact of increased distance learning on certain groups of students. She gave assurance that equality and diversity considerations remained a central consideration and everything possible was being done to mitigate any differential impacts.
- 64.8 A member asked about moving away from viewing the academic year as a single point of entry and splitting entry cohorts to ensure social distancing. The Deputy Vice Chancellor advised the Board that the University already had multiple entry points, for example for nursing cohorts. She confirmed that multiple start points meant additional complexities in respect of timetabling and induction, but that an online induction and welcome would be easier to run at different times of the year. There were also options to delay start dates and to split cohorts. Once the ranking of programmes had been completed, there would be a full analysis which would include these options.
- 64.9 It was noted that in respect of adjustments to the academic year, the requirements and operations of the Student Loans Company (SLC) would need to be taken into account to ensure that students had certainty about when they would receive loan payments.
- 64.10 A member asked to what extent programmes would be deleted as a result of the ongoing portfolio review. The Deputy Vice Chancellor stated that it was more likely that programmes would be reviewed and revived. She stated that review was a long-term process, and noted the requirement to teach out students when a programme closed, which committed resources.

- 64.11 A member asked for further details in due course about the process of portfolio review and how decisions were taken.
- 64.12 A member asked about planning for the possibility of a second spike of COVID-19, and how the University might cope with high levels of staff and student illness. It was reported that this possibility was being factored into planning. In terms of teaching, the University would be well placed to cope, although there may be an impact on student enrolment. The tools were in place to return to remote working, learning and teaching in case of a second wave.
- 64.13 Members discussed marketing and messaging to prospective students, their parents, and more generally, about the University's success in the delivery of remote teaching and learning. The Board was advised that there was a strong narrative which required further development. The University were actively working on how the message could be communicated to prospective students.
- 64.14 The Chair summarised the discussion and stated that there were still many unknowns, which was a critical issue for the Board's responsibility to set the budget for 2020/21.

65/20 Budget Planning for 2020/21

- 65.1 The Board received a presentation from the Vice Chancellor which covered:
- Cash flow forecast for the next 12 – 15 months
 - Three scenarios based on the forecast
 - Risk and timeline.
- 65.2 The Vice Chancellor showed the Board a basic version of the forecast cash flow which did not include depreciation or loan repayments. It included projections of income and cost by category. The Vice Chancellor noted

some of the risks revealed by the forecast, for example to income from student residences and the Competency Testing Centre.

65.3 The Vice Chancellor advised the Board that the basic cash flow showed the baseline position, however, there was additional complexity as the cash flow was time sensitive and determined by a range of factors, each of which had risk attached.

65.4 The Vice Chancellor showed the Board a projection of cash inflows and outflows between April 2020 and July 2021, and the effect of variable rather than steady cash flows on the University's cash position over the period.

65.5 The Vice Chancellor noted two large capital payments to the University which had been added to the forecast. It was noted that there were potential risks in relation to both payments. The cash position without these payments had been included in scenario planning.

Minute 65.6 is in the confidential section of these minutes

65.7 The Vice Chancellor highlighted peaks and troughs in the forecast cash flow. These included payments from the Student Loan Company and the repayment of the PWLB (Public Works Loan Board) loan which was due in January 2021. He stated that the cash flow forecast allowed the identification of the most significant risks, and consideration of the options to mitigate the risks.

65.8 The Vice Chancellor introduced three scenarios, numbered 0-2.

Minute 65.9 is in the confidential section of these minutes.

65.10 The Vice Chancellor presented a comparison of the fifteen-month cash flow in each of the three scenarios.

Minute 65.11 is in the confidential section of these minutes.

65.12 The Vice Chancellor explained that the scenarios set the basis for planning the budget. The best mitigation would be to ensure that the cash position

remained between Scenario 0 and Scenario 1, and this would be a key task for the Board and the management. However, there would need to be planning for Scenario 2.

65.13 The Vice Chancellor noted that it was concerning how soon the divergence between the three scenarios would begin. It would become clear by autumn 2020 which scenario was more likely, as this was the point at which undergraduate student recruitment numbers would be known.

65.14 A member asked what mitigation had already been factored into the scenarios and the Vice Chancellor reported on these.

Minute 65.15 is in the confidential section of these minutes.

65.16 The Vice Chancellor stated that further mitigations could be applied to ensure that the University avoided the worst-case scenario.

Minute 65.17 is in the confidential section of these minutes.

65.18 A member asked whether, with reduced on-campus recruitment of international students, opportunities for offering education with others would expand. The Vice Chancellor noted the opportunity presented by distance learning

Minute 65.19 is in the confidential section of these minutes.

65.20 A member asked about the impact of the re-introduction of a cap on student recruitment. The Vice Chancellor confirmed that the cap had been set at 5% of each university's student number target. As the University tended to recruit to target, this had little impact.

Minute 65.21 is in the confidential section of these minutes.

65.22 A member asked for more detail on the £0.5m forecast spend on capital projects. It was reported that the refurbishment of Cliftonville House made up a significant part of this spend.

65.23 The Vice Chancellor introduced to the Board three key milestones at which aspects of the financial position would be clearer. These were:

- July 2020 – when there would be:
 - a better understanding of how the impact of the pandemic may affect student start dates in September 2020
 - a clearer idea of the likelihood of international students attending, gauged by financial deposits taken from them. It was noted that applications from overseas were particularly strong compared to previous years
 - a better picture of UK student applications.
- September 2020 – when divergence between the scenarios began.
This was due to:
 - how the University performed in clearing
 - confirmation of the number of Home and EU applicants who had committed to start in September 2020
 - more clarity on what could be offered on campus.
- February 2021 – this was due to:
 - better view of Home/EU and international applicants for 2021/22
 - clarity on the number of international students who had started courses in September 2020
 - the January 2021 overseas student intake, which was typically favourable for the University.

65.24 The Vice Chancellor noted that the point at which the budget would start to be set was before the first of the milestones. This meant that budget setting would be challenging and would need to be flexible.

65.25 The Vice Chancellor showed the Board a risk model developed using the milestones and scenario planning. The risk analysis was based on two key questions on which the Board should be able to hold the executive to account. These were:

- What would it take for the University to no longer be a going concern?
- How likely is this to happen? Was it remote, possible or probable?

65.26 The Vice Chancellor stated that four levels of risk had been identified. Risk levels were equated to the three scenarios, with level 1 describing normal operations and Scenario 0. Probabilities had been assigned to the risk levels. The Vice Chancellor noted that between June and September, the University was 95% likely to be at risk level 2, with Scenario 1 the most likely outcome. By September 2020, it would be clearer whether the University was moving into Scenario 2 and therefore a higher level of risk.

65.27 The Vice Chancellor advised the Board about FRS 102, the Financial Reporting Standard under which the University prepared its annual accounts, and in particular of the requirements of FRS 102 in respect of going concern.

Minutes 65.28 – 65.30 are in the confidential section of these minutes.

65.31 The Vice Chancellor stated that all effort and energy should be focused on maintaining a trajectory between Scenarios 0 and 1. He noted that there was little time before September 2020.

65.32 The Vice Chancellor confirmed that an action plan had been created showing the mitigation response to each level of risk.

65.33 The Vice Chancellor asked for the Board's feedback on the risk model, whether all the relevant information had been captured and how and in what form the Board and the executive would communicate over the coming months.

65.34 The Chair thanked the Vice Chancellor for a very clear and useful analysis.

66/20 Board Discussion of Budget Planning

66.1 The Chair asked the Board to split into smaller groups. Groups should consider the Vice Chancellor's presentation and decide on three to four questions and comments. He noted that responses to questions may be provided in writing after the meeting due to time constraints.

66.2 The questions from the first group were:

- How could the University use the current cash balance, perhaps in a less 'business as usual' way, in order to mitigate future issues?
- Could the University utilise empty buildings for other activities and generate additional income?
- Could the University have discussions with relevant authorities to mitigate the risk?
- Could the University prioritise payments to suppliers and others maximise cashflow?
- The group were encouraged by the work of the University to reshape delivery for remote learning. As an important area directly under the University's control, how could this activity be maximised in order to safeguard the University's ongoing viability?
- Was the University maximising the public relations opportunity of the success of our distance learning approach and capability?

66.3 The Vice Chancellor welcomed the focus of the group on matters which were in the University's control and stated that many of these were actively being considered.

Minute 66.4 is in the confidential section of these minutes.

66.5 The second group commented that:

- The University had an attractive product in an industry the government felt was important. The underlying business model was good. There was a short-term cash flow problem

- The group recommended that the earlier conversations with HMT began, the better
- The University should be considered as a long-term business, and therefore selling assets was not desirable.

66.6 The Vice Chancellor agreed that the issue was short-term but jeopardised the University's survival.

Minutes 66.7 and 66.8 are in the confidential section of these minutes.

66.9 The questions and comments from the third group were:

- Could alternative uses of student accommodation at Waterside be considered, for example long term rental?
- Expansion of EWO (Education with Others) teaching franchises with overseas partners may take 12-18 months. Could the University expand arrangements with current partners?
- The University should be active in demonstrating its success in online teaching. Increasing marketing during a time of crisis had worked well for other organisations. The University had a clear, compelling approach and should capitalise on this unique selling point
- The non-pay costs seemed high. Was there an opportunity to review them?

66.10 The Vice Chancellor reported on a pilot project to deliver high quality distance learning with a partner. He stated that the most efficient approach to distance learning development was in partnership with a provider which already had a successful mode of delivery which could be adapted for University content. Distance learning had gained great traction during the pandemic, and its value and quality were increasingly apparent. However, many universities were likely to be working on similar

plans. The University would take a targeted approach, aiming for the most responsive markets.

66.11 The questions and comments from the fourth group were:

- The University's costs were the key item in its control. Therefore, the Board should have access to detailed information about costs
- Was there a need for an additional Board meeting in August?
- The OfS were likely to be monitoring the financial position of universities. If the University's cash balance dropped below 30 days, there was a requirement to notify the OfS. The external auditors would also examine the University's going concern position in detail
- The largest part of the University's costs was staff, and therefore staff reduction was a potential mitigation.

Minutes 66.12 and 66.13 are in the confidential section of these minutes.

66.14 It was noted that the Board's role was a strategic one. It should challenge the executive but be careful not to overload them with requests for information. A member stated that the decision to work on three probable scenarios seemed practical. These would be refined as new information was received.

66.15 The Chair thanked Board members for their input. He emphasised the importance of the flow of information to the Board. He stated that the Board needed to understand the mitigation options and their timing. He also advised that the Board needed to be aware of the unknowns and uncertainties, and be careful not to make precipitative decisions before the outlook was clear.

66.16 It was reported that the budget to be presented to the Board in June would be based on Scenario 1, and on the best information available at

that time. It would include more detail on the mitigations, the cash implications of the mitigations, and the timing of the cash implications.

67/20 Approval of External Audit Fee

- 67.1 The Board received a paper on the revised fee proposed by the external auditors and a recommendation to extend the contract with EY for a further three years.
- 67.2 The Board approved the audit fee and agreed to extend the contract with EY for a further three years.

68/20 Societal Travel CIC (Company Number: 10829206)

- 68.1 The Board received a report recommending:
- a) that the objects clause in the Articles of Association of Societal Travel CIC was altered to the following:

‘The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to improve access to education, skills development, health and wellbeing services, leisure pursuits, and employment, through commissioning, management of and research into travel, transportation and allied services.’
 - b) that the Articles of Association were altered so as to take the form of the Articles of Association attached to the report. Such Articles were in substitution for, and to the exclusion of, any articles of association of the company previously registered with the Registrar of Companies.
- 68.2 In its capacity as the University of Northampton Higher Education Corporation, the sole member of the University of Northampton Enterprises Ltd, the Board unanimously and by Special Resolution

resolved to alter the objects clause and Articles of Association in accordance with the recommendations made to it.

68.3 The Board authorised the Clerk to the Board of Governors to make the necessary filing at Companies House.

69/20 Connected Together CIC (Company number: 08496240)

69.1 The Board received a recommendation on the appointment of a director of Connected Together CIC.

69.2 The Board approved the appointment of Russell Rolph as a director of Connected Together CIC.

70/20 Nominations Committee

70.1 The Board received and noted the minutes of the Nominations Committee held on 9 March 2020.

70.2 The Board approved the following appointments recommended by the Nominations Committee:

- Rayna Miller to the Nominations Committee
- Shivani Kaushike and Damilola Akhigbe to the Audit Committee
- Jon Scott to the Academic Assurance Committee

71/20 Report from the Innovation Committee

71.1 The Board received and noted a report from the Innovation Committee covering its most recent meeting.

72/20 HR Annual Report to the Board

72.1 The Board received and noted the annual report to the Board from the Human Resources team.

73/20 Minutes of the Senate Meeting held on 25 March

73.1 The Board received and noted the minutes of the Senate meeting held on 25 March 2020.

74/20 Management Accounts to 30 April 2020

74.1 The Board received and noted the management accounts to 30 April 2020.

75/20 Any Other Business

Organisation of the Board's Business

75.1 The Chair stated that the nature of remote meetings meant discussion time was shorter. There had not, for example, been a chance to schedule a detailed review of the quarterly management accounts as part of the meeting. The Chair asked Board members to be active in responding to the papers, writing questions into the documents and engaging with the management team to seek answers to questions. The Chair also noted that the Board should ensure there was a robust process in place for members to raise areas of concern or observation to the whole Board and welcomed comments about this from members.

75.2 The Chair would work with the Deputy Chair and Clerk to develop a proposal for the organisation of the Board over the next six to nine months.

Independent Governors Meeting

75.3 The Chair confirmed that a meeting of the independent governors would take place on 17 June at 6.30pm. The meeting would cover succession planning.

Students Union Member of the Board

75.3 The President of the Students' Union reported that the June meeting would be her last.

76/20 Availability of Papers

76.1 The following papers are confirmed as confidential to the meeting:

- Confidential Minutes of the Board Meeting held on 26 February 2020
- Confidential Minutes of the Board Meeting held on 15 April 2020
- University Response to COVID-19 – 13 May Update
- Approval of External Audit Fee
- Societal Travel CIC
- Appointment of Director of Connected Together CIC
- Nominations Committee Minutes and Recommendations
- Report from the Innovation Committee
- HR Annual Report to the Board
- Minutes of the Senate Meeting held on 25 March 2020

77/20 Dates of Forthcoming Meetings

Audit Committee – Wednesday 10 June at 2.00pm

Board of Governors – Wednesday 17 June at 9.30am

Independent Governors – Wednesday 17 June at 6.30pm

Nominations Committee – Monday 22 June at 2.00pm

Remuneration Committee – Monday 22 June at 2.00pm



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Approved by Chair

17/06/2020

Date