

Board of Governors

Minutes of the meeting held on 26 February 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, Ivna Reic, Nick Robertson, Jon Scott, Paul Wood

Apologies:

Lucie Armstrong-Kurn, Nick Pitts-Tucker, John Skelton,

In attendance:

Steve Clark (Audit Partner, EY), Emma Finlay (Governance Assistant), Mark Hall (Director of Finance), Wray Irwin (Director of Enterprise and Employability), Miriam Lakin (Clerk to the Board), Terry Neville (Chief Operating Officer), Cathy Smith (Director of Research), Shân Wareing (Deputy Vice Chancellor)

01/20 Welcome, Apologies and Quorum

01.1 The Chair welcomed those present, and in particular welcomed the governors who had recently joined the Board. The Chair noted apologies and confirmed that the meeting was quorate.

01.2 The Chair advised the Board that Cameron Vanloo stepped down from his role as Vice President for Education in the Students' Union and was therefore no longer a member of the Board. The Board was advised that since elections for Students' Union sabbatical officers would take place shortly, no interim appointment would be made either to the Board or the Sabbatical Officer role.

02/20 Declarations of Interest

02.1 Matthew Hanmer noted an interest in relation to a project discussed in Paper L. This interest was already held on file.

02.2 There were no further declarations of interest in addition to those held on file by the Clerk's Office.

03/20 Minutes of the Previous Meeting

03.1 With one amendment, the Board approved the minutes and confidential minutes of the meeting held on 18 December 2019 as a true record of that meeting.

04/20 Action List and Matters Arising

04.1 The Board received and noted Paper A on actions arising from previous meetings.

04.2 In respect of action 19/175.4, the Director of Finance confirmed that the financial scenario analysis which had been requested by the Board had been covered by Paper A presented to the Board on 18 December 2019.

04.3 In respect of action 19/84.3, the Chair suggested that the independent governors met to review and consider the recommendations from the Board Development Working Group. A date would be sought.

04.4 In respect of action 19/238.1, the Clerk advised the Board that a register of governors' interests had been made public. Members were reminded of their responsibility to keep the register of interests up to date by informing the Clerk whenever an interest changed or a new interest was added.

05/20 Update on Submission of University Annual Report and Financial Statements

05.1 The Board received and noted Paper B, an update on the submission of the University's Annual Report and Financial Statements.

05.2 It was confirmed that the University's Annual Report and Accounts had been submitted to the Office for Students on 20 February 2020. This was after the second deadline set by the Office for Students.

05.3 The Director of Finance introduced the paper and gave further detail about the issue with regards to the receipt of LGPS pension fund information from Northamptonshire County Council (NCC). This had caused a delay in the signature and submission of the University's Annual Report and Financial Statements. The Chair of the Audit Committee advised the Board that the issue and the related risk had been discussed in detail by the Audit Committee with the external audit team from EY. The Audit Committee had recognised that additional regulation for audits had added complexity and contributed to the delay.

05.4 The Audit Partner advised the Board that EY had a higher level of confidence about the submission of the Annual Report and Financial Statements for 2019/20. EY had been appointed as auditors for Northamptonshire County Council (NCC) and would therefore have access to the relevant information, giving a better chance of carrying out their work in respect of the University's pensions even should there be a delay to the signature of NCC's accounts.

The Audit Partner from EY left the meeting.

06/20 Quarterly Management Accounts

06.1 The Board received and noted Paper C, the University's Management Accounts to 31 January 2020. The Director of Finance introduced the accounts.

06.2 Members asked whether a favourable variance on income from overseas students would increase by the end of the academic year. The Director of

Finance confirmed that this was possible and advised the Board that a substantial increase in the recruitment of overseas students had been seen across the sector.

06.3 Members asked whether the University were taking full advantage of the increased trend in overseas recruitment. The Director of Finance advised the Board that the University were increasing staffing levels in the International Office and felt confident that staff had expert knowledge of the relevant growth markets.

06.4 Members asked about the increase in capital expenditure for 19/20, compared with the previous year, and asked for assurance that this spend was under control both in the current year and in budget setting for 20/21. The Director of Finance reported that there had been additional items of capital expenditure in the current year, principally related to Cliftonville House and IT. He advised the Board that, in the preparation of a budget for 2020/21 and beyond, budget holders were required to submit business cases for capital projects and these would be subject to robust scrutiny in order to ensure that capital expenditure was controlled.

06.5 Members asked about the outstanding debt for tuition fees shown in the accounts, and the likelihood of recovering the debt. The Director of Finance advised the Board that the debt reported in the management accounts was contemporary and would be managed by the University. Older debts were handed to commercial debt collectors. A bad debt provision of £500-750k per annum was made in the accounts.

06.6 Members asked whether a decline in research funding was part of a general downward trend. The Board was advised that access to EU research funding was declining, and in general the research funding environment was difficult. However, the newly appointed Director of Research was positively shaping the leadership of research. The Vice Chancellor advised the Board that research

funding was a smaller part of the University's income and there was a greater tendency for that income to vary year on year.

07/20 Draft Budget Plan

07.1 The Board received and noted Paper D, the Draft Budget Plan for 2020/21.

07.2 The Director of Finance outlined the proposed budget process for 2020/21 and the Board confirmed that they were satisfied with the proposal.

07.3 Members asked whether there was any intelligence about the OfS' view of funding methodology and potential changes. The Director of Finance confirmed that the University currently received £6m from the OfS, and that as yet there was no firm information about the future funding methodology.

08/20 Budget Briefing

08.1 The Chair proposed that the budget briefing meeting scheduled for April 2020 was cancelled. He suggested that a detailed review of the budget was no longer required, given the improvement in the financial position compared to 2018/19. The Board agreed to cancel the budget briefing scheduled for 22 April 2020 at 5.30pm.

09/20 TRAC for Teaching Compliance for 2018/19

09.1 The Board received Paper E1, an update on the University's compliance with TRAC for Teaching requirements for 2018/19.

09.2 The Board confirmed the University's compliance with TRAC for Teaching requirements for the 2018 – 2019 return.

10/20 Minutes of the TRAC Approval Committee held on 27 January 2020

10.1 The Board received and noted Paper E2, the minutes of the TRAC Approval Committee held on 27 January 2020. This Committee of the Board had reviewed

the TRAC results for reasonableness and confirmed compliance with the TRAC requirements.

The Director of Research joined the meeting

11/20 Preparation for Research Excellence Framework

11.1 The Board received and noted Paper F, which set out details of the University's preparation for the next Research Excellence Framework (REF) exercise.

11.2 The Director of Research outlined both preparation for the REF exercise, and longer term changes to the University's research culture. She highlighted the emphasis of both the REF exercise and the University on equality and diversity and the need to reward in an equitable way.

11.3 The Director of Research advised the Board that the University was on track to complete the required work schedule for the REF exercise in 2021. She advised the Board that the University had used external support to assess its performance and had selected assessors who were likely to be rigorous in order to ensure a realistic view of the REF outcome. Members welcomed this approach.

The Deputy Vice Chancellor left the meeting.

11.4 Members asked when the results of the REF exercise would be known and the new funding allocation decided. The Director of Research advised the Board that the reallocation of funding would start in 2020/21, for the following seven years.

11.5 Members asked about the internal impact of the REF, especially with reference to staff perceptions. The Director of Research advised the Board that slightly less than one third of academic staff were research active. These staff

were on Teaching and Research contracts. Many other staff had been recruited for their professional expertise, for example many staff in nursing and teaching. Teaching and Scholarship contracts had been created for those staff who were not research active, and had been welcomed in many cases. The Director of Research emphasised that both types of contract were valued equally by the University, and staff were able to move between contracts.

11.6 Members asked whether the research output target for staff on Teaching and Research contracts was ambitious enough to drive research culture and funding. The Director of Research advised the Board that the target reflected the University's current position and reality. The target was inclusive for early career research staff. It was also a minimum requirement, with the aim that further development would enable Teaching and Research staff to exceed the target.

11.7 Members asked about Research Institutes as vehicles for growing research volume and income, with specific reference to the Institute for Public Safety, Crime and Justice (IPSCJ). The Director of Research discussed the IPSCJ in further detail. Members commented that the Research Institutes provided good opportunities to align with public agendas and sources of funding. The Director of Research confirmed that all Research Institutes worked on the basis of covering their costs. In the event of the closure of an institute, its expertise and ability to win funding could be retained within a faculty.

11.8 The Chair advised the Board that he had attended the recent Diamond Research Awards ceremony and had been very impressed by the global impact of the University's research. The Chair thanked the Director of Research for her informative presentation.

The Director of Research and Richard Horsley left the meeting. The Director of Enterprise and Employability joined the meeting.

12/20 Access and Participation Plan Monitoring Return

12.1 The Board received Paper G, the Access and Participation Plan Monitoring Return for 2018/19.

12.2 The Director of Enterprise and Employability introduced the Access and Participation Plan and guided the Board through the different parts of the return.

The Deputy Vice Chancellor and Richard Horsley re-joined the meeting.

12.3 Members asked whether the Access and Participation Plan Monitoring Return was in the public domain and whether the University had any plans to promote the information held in the return. The Director of Enterprise and Employability advised the Board that the Access and Participation Plan Monitoring Return would be in the public domain from the time of the return in respect of 2019/20. The University was therefore considering how best to present this.

12.4 Members referred to the 17.3 percent of higher fee income spent on widening access and participation and asked how it compared with similar institutions. The Director of Enterprise and Employability advised the Board that the published statistics showed that the spend of similar universities ranged from 12 percent to 25 percent of higher fee income.

12.5 In respect of expenditure on students in financial hardship, members asked if the ratio of spend on staffing to spend on supporting students was the correct one. It was reported that the staff spend encompassed a range of financial guidance, much of which was designed to help students before they fell into financial hardship. The President of the Students' Union advised that the financial guidance provided to students had great impact in what were often complex cases.

12.6 Members asked whether the University was gathering feedback from students to evaluate the impact of the Access and Participation Plan. The

Director of Enterprise and Employability confirmed that the University was gathering this information.

12.7 The Board approved the Access and Participation Plan Monitoring Return 2018/19. The Chair thanked the Director of Enterprise and Employability.

The Director of Enterprise and Employability and the Director of Finance left the meeting.

13/20 Student Recruitment Update

13.1 The Board received an update from the Chief Operating Officer on student recruitment.

13.2 The Chief Operating Officer provided the Board with an overview of the different recruitment streams and intake dates that made up the totality of the student body.

13.3 The Vice Chancellor advised the Board that focusing on undergraduate Home and EU fee status recruitment excluded the other recruitment streams. He asked the Board to consider how it might receive future reports in relation to all recruitment streams, so that the Board received a complete picture.

13.4 The Chief Operating Officer advised the Board that the risk profile of the University was changing. The majority of recruitment from outside the UK and EU was postgraduate. This meant that a proportion of three-year undergraduate income was being replaced by one-year international postgraduate income. The Vice Chancellor noted that the UK government's decision on the two-year work visa for international students had been beneficial in terms of overseas recruitment, but also recognised the risk of changes to government policy.

13.5 In respect of the changing profile of recruitment to the University, the following points were noted:

- There was a greater reliance on partnerships with other institutions than previously

- There may be an impact on curriculum and academic staff
- There were size constraints on the current campus
- There may be an impact on the University's local and regional agenda as set out in the Changemaker Challenges

13.6 In respect of reporting to the Board on student recruitment, the following presentation suggestions were received:

- Data comparative to other institutions, indicating the University's market share
- An analysis based on the changing risk profile
- Data on the target number of students in each stream, and how shortfalls in one target could be managed
- Presentation by the executive of the key changes and issues the Board should be aware of
- Recruitment streams relative to the entire University income and debt service cover ratio
- A segment-based view, with targets by segment. Segments could be based on the profitability of different income streams

13.7 The Board welcomed the report on student recruitment and looked forward to further iterations.

14/20 Student Continuation, Withdrawals and Progression

14.1 The Board received and noted Paper I, an update on the University's work on student continuation, progression and withdrawal.

14.2 The Deputy Vice Chancellor provided the Board with an overview of the metrics and the University's planned response. She advised the Board of the importance of students' commitment to their academic programme in ensuring that they remained at the University. Therefore, the University needed to take a longer term holistic view and focus on improving the curriculum and portfolio.

14.3 Members welcomed the paper and the focus on this important area. Members recognised the critical importance of the University's educational offer and the work of the Deputy Vice Chancellor in driving this.

14.4 Members noted that progression in some partner institutions was lower than progression at the University. The potential for reputational risk arising from this was recognised.

14.5 Members asked whether the University was optimising the physical environment, and whether it was customer-focused in terms of its academic offer.

14.6 It was noted that the Office for Students (OfS) was being more explicit about its expectation of improvement in rates of retention and progression across the sector. Minimum thresholds would be set and monitored, and may trigger OfS intervention.

14.7 Members asked for assurance that the University was transparent to applicants and students about the fact that courses may change in year. It was reported that this was clear, and that consultations were held as necessary.

15/20 Senate Minutes from 11 December 2019

15.1 The Board received and noted Paper J, the minutes of the Senate held on 11 December 2019. In respect of equality and inclusion, it was noted that the issue of anonymous marking had been discussed.

16/20 Perceptions Audit

16.1 The Board received and noted Paper K, a survey of stakeholder perceptions of the University.

16.2 The Board agreed to defer a full discussion of the paper to its meeting in March 2020.

17/20 Development of Links with Business

17.1 The Vice Chancellor provided the Board with an update about links with business. He advised the Board that a team led by the Director of Enterprise and Employability was in place and was organising a programme of work.

17.2 In respect of degree apprenticeships, the Vice Chancellor advised the Board that the University had had its first Ofsted inspection of degree apprenticeships. The Deputy Vice Chancellor provided the Board with further detail about the areas Ofsted had inspected and the provisional result given by the inspection team.

17.3 The Vice Chancellor noted that degree apprenticeships were a growth area for the University and suggested that they should be placed on the risk register. The Vice Chancellor and Martin Pettifor left the meeting.

18/20 Report from the Innovation Committee

18.1 The Board received and discussed Paper L, an update from the Innovation Committee.

18.2 The Chair advised the Board that the Innovation Committee had been discussing with the Chief Operating Officer the options for the disposal of the Avenue site. The Innovation Committee was an advisory body only and could recommend actions to the Board.

18.3 Two options for the disposal of the site had been explored in detail. These were sale for development, or sale to a company, hereafter referred to as Company A.

Minute 18.4 is in the confidential section of these minutes

18.5 The Chair emphasised that the site would continue to be marketed for development during conversations with Company A.

18.6 The Chair stated that the site had value to Company A as an educational facility. He advised the Board that there was a proposition to create a joint

venture company with Company A that had the potential to generate more income for the University than a direct sale. He stated that under the proposal, educational programmes delivered at the site would be delivered by the joint venture company not the University.

18.7 It was reported that the Vice Chancellor had a conflict of interest as a non-executive director of Company A. This interest had been declared and recorded. The Vice Chancellor had been and would be kept separate from the University's discussion with Company A. The Chief Operating Officer would lead on behalf of the University and report back to the Board.

18.8 Members asked whether the Avenue site had been marketed as a potential educational site and whether there were other interested parties. The Chief Operating Officer stated that planning permission was currently awaited. Real estate company Savills had run soft market testing which had included educational providers.

Minutes 18.9 and 18.10 are in the confidential section of these minutes.

18.11 Members expressed their concerns about the optics of the VC's directorship of a company with which the University may enter a commercial arrangement. It was stated that the Board would need additional information about the marketing of the site for educational use, and how Company A had been identified as a partner.

18.12 The Chair advised the Board that the Innovation Committee had been kept informed about progress on the sale of the site, and had received details about the available options.

18.13 Members stated that as the VC was a director of Company A there needed to be clear evidence that due diligence had taken place and that any agreement with Company A was manifestly better than any other available option. 18.14 Members noted that the University was skilled in running the site for educational use and could therefore subject Company A's business plan to

interrogation. Whilst the conflict of interest was undoubtedly a cause of concern, a well-constructed business plan may be found to be demonstrably better than other options and the Board therefore had a duty to consider this.

18.15 Members suggested that before further discussion took place, a fully-worked proposal should be presented. Members also commented that there was sufficient time to work through the details of any proposal.

18.16 Members asked about the process of Company A's approach to the University, and whether this was through the Vice Chancellor or through Company A. It would be important for the Board to understand this in order to have visibility of the process. The Chair advised the Board that there had been a relationship with Company A before the VC became a director. It was also reported that Company A was in discussion about other similar sites elsewhere in the UK.

18.17 Members asked whether the University had talked to other parties that might be interested in a similar joint venture and stated that information about this should also be presented.

18.18 Members asked if the discussions with Company A had a preferred or exclusive status. The Chair confirmed that this was not the case. The Chief Operating Officer confirmed that the site was still being marketed.

18.19 Members asked about the listed buildings on the Avenue site. The Chief Operating Officer confirmed that the Newton Building and two towers on the Maidwell Building were listed and were preserved in the planning application. Members commented that the existence of listed buildings limited the use of the site.

18.20 Members commented that the proposal with Company A could be a significant opportunity, which would broaden the financial capabilities of the University and allow the University to sell an otherwise difficult site.

18.21 It was noted that there could be a reputational risk of a joint venture agreement with a Chinese-owned company, as there had been negative press in other circumstances regarding the economic pressure China could exert. It would therefore be essential to demonstrate that any agreement with Company A was the best possible option.

18.22 It was reported that the Innovation Committee had developed a list of the key questions about the proposal to which it required answers before making further recommendations to the Board. These would be circulated to Board members for their additional comments and shared with the Chief Operating Officer so that answers could be prepared.

Action: Clerk

18.23 Following this discussion, the Board gave its support to the executive to begin a process of negotiation towards a joint venture agreement.

18.24 The Clerk stated that due to the confidentiality of the matters discussed, and the need for transparency about any decision-making process, Board members were strongly advised to use their University email accounts for this and all Board-related matters.

18.25 The Board discussed the progress of the other innovation projects reported in Paper L.

Minute 18.26 is in the confidential section of these minutes

The Vice Chancellor re-joined the meeting.

19/20 Proposal for New Company

19.1 The Board received and noted Paper M, a proposal to create a new company to work on a demand responsive transport project.

19.2 Paper M made the following recommendations:

- The creation of Leading Transport Solutions Ltd, in which the University would be the majority shareholder
- The appointment of Terry Neville and Tony Ciaburro as directors of the company
- To authorise the Clerk to the Board of Governors to register the new company.

19.3 Members asked about the financial risks to the University. The Chief Operating Officer confirmed that there was no direct financial risk to the University. The Chief Operating Officer confirmed that there was a commitment that there would be no cash cost to the University arising from the Company.

19.4 Members asked about the ownership of the intellectual property (IP) created in the Company. It was reported that some IP was already owned by the technology partner company. IP developed by the new company would become the property of the company.

19.5 Members asked if the demand responsive transport project could be run in Societal, the University's existing transport company. It was reported that Societal was 50% owned by Northamptonshire County Council which had effectively withdrawn its support and involvement.

19.6 The Board approved the proposals as set out in the paper, and noted good alignment between the proposal, the University's strategy and income diversification plans, and current national conversations about bus travel.

Jeff Halliwell left the meeting.

20/20 IT Controls Maturity Assessment – Report from PWC

20.1 The Board received and noted Paper N, the outcome of a recent IT Controls Maturity Assessment carried out by PWC.

20.2 The Chief Operating Officer advised the Board that the University was addressing the recommendations made in the report. There had been

significant progress since the last review in 2016. It was noted that the Audit Committee had considered the report in detail.

20.3 The Chief Operating Officer advised the Board that the recommendation to appoint a new IT Director was not considered to be appropriate at this time and would be reviewed in future.

20.4 On behalf of the Board, the Chair thanked the Chief Operating Officer and the IT team for the progress made since the previous report.

21/20 Audit Committee Minutes from 13 November 2019

21.1 The Board received and noted Paper O, the minutes of the Audit Committee meeting held on 13 November 2019.

22/20 Academic Assurance Committee Minutes from 29 January 2020

22.1 The Board received and noted Paper P, the minutes of the Academic Assurance Committee meeting held 29 January 2019.

22.2 The Chair of the Academic Assurance Committee highlighted the importance of the involvement of the Board in discussions of academic assurance. It was noted that the Academic Assurance Committee would follow up on the discussions from the Risk Workshop at its next meeting and report back to the Board.

23/20 Board Agenda Plan from February 2020

23.1 The Board received and noted Paper Q, the draft Board agenda plan from February 2020.

23.2 The Chair welcomed feedback about the system of white and claret Board meetings.

24/20 Review of Subsidiary Company Boards and Level of Scrutiny required by University Board

24.1 The Board received and noted Paper R, a review of the boards of the University's wholly-owned subsidiary companies.

24.2 The Board agreed that a four-yearly external review of the performance of the wholly-owned subsidiary company boards would be carried out. Findings and updates on how recommendations were embedded would be reported to the University's executive and the Board of Governors.

24.3 The Board agreed that, with this additional measure, it had a sufficient level of scrutiny of the boards of the wholly-owned subsidiary companies.

25/20 Consultation on HE Code of Governance

25.1 The Board received and noted Paper S which set out details of a re-written Higher Education Code of Governance about which the Committee of University Chairs was consulting.

26/20 Bad Debt Procedures

26.1 The Board received and noted Paper T, a report on the bad debt procedures employed by the University's Credit Control team.

27/20 Statement on Research Integrity

27.1 The Board received Paper U and noted the Research Integrity Annual Statement for 2018-19 which it contained.

28/20 Ratification of signatures under seal

28.1 The Board received Paper V and ratified the signature of documents under seal as set out in the paper.

29/20 Confirmation of Availability of Papers

29.1 The following papers were confirmed as confidential to the meeting:

- Confidential Minutes of the Meeting of 18 December 2019
- Paper B – Update on Submission of University Annual Report and Financial Statements
- Paper D – Draft Budget Plan for 2020-21
- Paper E1 – 2018-19 TRAC for Teaching Compliance
- Paper E2 – Minutes of the TRAC Approval Committee held on 27 January 2020
- Paper F – Preparation for Research Excellence Framework
- Paper G – Access and Participation Plan Monitoring Return 2018-19
- Paper H – Application Data at 24 February 2020
- Paper H1 – Comparative Recruitment
- Paper I – Student Continuation, Withdrawals and Progression
- Paper J – Senate Minutes of the Meeting of 11 December 2019
- Paper K – University Perceptions Audit
- Paper L – Report from the Innovation Committee
- Paper M – Proposal to Create a New Demand Responsive Transport Company
- Paper N – IT Controls Maturity Assessment
- Paper O – Audit Committee Minutes from 13 November 2019
- Paper P – Academic Assurance Committee Minutes from 29 January 2020
- Paper R - Review of Subsidiary Company Boards and the Level of Scrutiny required by University Board
- Paper S – Consultation on HE Code of Governance
- Paper T – Bad Debt Procedures
- Paper V – Ratification of signatures under seal

30/20 Any Other Business

30.1 Risk Workshop

Members stated that the Risk Workshop on portfolio and curriculum change which they had attended before the Board had been extremely useful.

30.2 Graduation Ceremonies

The Chair stated that he had enjoyed the February graduation ceremonies, and encouraged all Board members to attend a ceremony if they could.

31/20 Dates of Forthcoming Meetings

Remuneration Committee – Monday 2 March at 4.00pm

Nominations Committee – Monday 9 March at 4.00pm

Academic Assurance Committee – Wednesday 11 March at 10.00am

UCEA Presentation – Thursday 12 March at 3.30pm

Board of Governors – Wednesday 18 March at 9.30am



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Approved by Chair

20/05/2020

Date