

Board of Governors

Minutes of the meeting held on 18 December 2019

Present:

Mark Mulcahey (Chair), Lucie Armstrong-Kurn, Sue Dutton, Jeff Halliwell, Matthew Hanmer, Richard Horsley, Gemma Lovegrove, Nick Petford, Nick Pitts-Tucker, Ivna Reic (to item 237), Nick Robertson, Cameron Vanloo, Paul Wood

Apologies:

Martin Pettifor, John Skelton

In attendance:

Mark Hall (Director of Finance), Miriam Lakin (Clerk to the Board), Terry Neville (Chief Operating Officer), Shân Wareing (Deputy Vice Chancellor)

229/19 Welcome, Apologies and Quorum

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

230/19 Declarations of Interest

230.1 Terry Neville declared that he had been made a Freeman of the Leathersellers' Company as of 4 December 2019.

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

231/19 Budget Envelope

231.1 The Board received a presentation from the Chair which addressed the budget context including:

- sources of income and expenditure, and the need to grow income

- the impact of bond repayments
- metrics, including the debt service cover ratio (DSCR) covenant with HM Treasury as the guarantor of the University's bond, and the target for two months operating expenses in any month

231.2 It was noted that the DSCR was measured in forecasts such as the one to be considered in Paper A. If the DSCR went below 1.5, additional reporting requirements were triggered. At a DSCR of 1.25 to 1.15, a remedial plan of action was needed. Below 1.15 restrictions on expenditure would be invoked.

231.3 Members noted that whilst it was desirable to maintain the 1.5 DSCR, dropping below 1.5 would not necessarily require emergency action provided that the drop was planned and managed.

231.4 It was noted that the target for operating expenses reflected the fact that cash from the Student Loan Company in respect of student fees was paid in tranches through the year, causing fluctuations in the level of operating cash.

231.5 The Board also noted details of the areas of focus which it had previously identified and noted that these could be possible areas for further investment should funding become available.

231.6 In conclusion, the University's sensitivity to falls in its income, and also the amount that would be generated by the University through meeting its financial obligations was noted. It would therefore be critical to focus on student recruitment and retention, generating additional income, and controlling costs.

232/19 HMT Forecast and Office for Students Annual Financial Return

232.1 The Board received and discussed Paper A which set out the context for the latest forecast to HM Treasury and the annual financial return to the Office for Students.

232.2 The Director of Finance stated that it was important for the Board to ensure that it was comfortable with the assumptions set out in the paper which informed the forecast.

232.3 The Director of Finance reported that subsequent to the publication of Paper A, the LGSS pension fund had asked to reduce the repayment of the deficit on the

University's pension fund from 20 to 15 years. This would increase the University's contribution by £1m per year. The University had asked for further consideration.

232.4 The attention of the Board was also drawn to the forecast for the number of full time postgraduate students from overseas. An increase had been assumed, which was in line with the present situation.

232.5 It was noted that the DSCR dropped to 1.4, and the lowest cash level was in January 2020.

232.6 Members were reminded that forecasts were volatile, and that both positive and negative changes were possible. A sensitivity analysis had been presented as part of the paper.

232.7 Members noted the University's sensitivity to changes in the forecast, and therefore the importance of scenario planning and the University's ability to be agile to make changes.

232.8 Potential mitigations to sensitivity were discussed. Some members felt that there should be further consideration of mitigating actions should this become necessary. It was also stated that the ability to grow revenue was an important mitigation and should be a fundamental part of the University's work.

232.9 In respect of mitigating a worse than forecast position, members agreed that seeking further cuts across all budgets was undesirable and ultimately unsustainable. It was noted that this was especially true given the University's lean staff base. It was suggested that planning for more extensive and general transformation should begin as soon as possible. It was suggested that taking advantage of digital solutions to redesign processes which were currently bespoke and manual processes should be considered, possibly on a sector-wide basis in response to declining central funding.

232.10 Members asked about the basis for the assumption of a 2% rise in the fee cap. The Director of Finance stated that there was a view that the current position was unsustainable, and that the new government had indicated a willingness to reconsider. However, there was no firm evidence to draw on.

232.11 Members asked if there was sufficient space to teach additional students. The Vice Chancellor stated that effective space utilisation was needed as the University was not yet operating at full capacity. Whilst recognising that there were limits on capacity,

especially in areas where teaching required specialist equipment, there were opportunities to flex further.

Minute 232.12 is in the confidential section of these minutes.

232.13 The Board agreed that the forecast as presented was credible and confirmed their confidence in it. The Board approved the forecast for submission to HMT.

232.14 As it was based on the same assumptions and contained the same projections, the Board approved the submission of an annual financial return to the Office for Students.

232.15 The Board was reminded of the decision taken early in the academic year to defer the inflationary pay award to staff. Given the information in the financial forecast, the Board approved the inflationary pay award to staff effective from February 2020. It was confirmed that the award was 1.8% for most staff and would not be backdated.

233/19 Submission of Annual Report and Financial Statements

233.1 The Board received Paper B, the Going Concern and Liquidity review as submitted to the Board at their previous meeting in November 2019. It was confirmed that there had been no changes to the University's going concern and liquidity position since the previous meeting.

233.2 The Chair of the Audit Committee reported that the Northamptonshire County Council (NCC) 2018 accounts had now been signed by the auditors. This meant that an audit team had started work on the NCC 2019 accounts. The University had been advised that NCC's audit team would be in a position to provide the necessary comfort to the University's audit team by mid-January 2020. On this basis, the Chair of the Audit Committee recommended that the Board adopt and approve for signature by the Chair and Vice Chancellor the Annual Financial Statements as presented at the meeting on 20 November 2019. It was noted that the auditors would not be in a position to sign the accounts until after the deadline set by the Office for Students, which was 10 January. The University would therefore not be in a position to submit its Annual Report and Accounts by this deadline.

233.3 It was reported that there would be one change to the text of the annual report. This was to correct a factual inaccuracy. The Board approved this change

233.4 It was reported that the University would be asked by the auditors to produce a brief supplementary report covering any changes until the signature of the external audit report. A small committee of the Board would need to be formed to approve this report.

233.5 The Board approved the signature of the Annual Report and Financial Statements by the Chair of the Board and the Vice Chancellor.

233.6 The Board approved the creation of a committee to approve a supplementary note to the accounts once the auditors were ready to sign them off.

234/19 Minutes of the Previous Meeting

234.1 The Board approved the minutes and confidential minutes of the meeting held on 20 November 2019 as a true record of that meeting.

235/19 Action List and Matters Arising

235..1 The Board received and noted Paper C on actions arising from previous meetings.

235.2 In respect of the revised vision and value statement, the Vice Chancellor stated that he would like to invite interested Board members to meet him by the end of January to give their input. Paul Wood and Jeff Halliwell indicated their interest.

235.3 In respect of the PPA analysis of Board members, the Chair reported that he and the Deputy Chair had met the Head of Staff Development to discuss a team profile which had been created for the Board, and how this could be used to inform future recruitment exercises.

235.4 In respect of the Prevent Duty, members asked for reassurance that the necessary actions were being rigorously embedded. The Chief Operating Officer stated that this was the case.

236/19 Update from the Vice Chancellor

236.1 The Vice Chancellor reported that in the wake of a fire at a privately owned student residence in Bolton, the Minister for universities had written to all universities instructing them to review cladding on their buildings by 31st March 2020. The Vice

Chancellor confirmed that all buildings had been built and clad according to the recommended specifications which were in place at the time of their building. A rigorous review of fire safety had been carried out during the Waterside build. However, due to changing requirements, the St John's residence was likely to need different cladding, and some changes may also be necessary at Waterside.

236.2 Following a suggestion from Board members, a public perceptions audit of the University had been carried out, and the results had been received. The results were broadly very favourable and suggested some areas for further work. The results of the perceptions audit would be on the agenda for the next meeting.

Ivna Reic left the meeting.

237/19 Reappointment of Chancellor

237.1 The Chair reported that the Chancellor's civil partner, the Reverend David Coles had recently passed away. The Board sent its thoughts and deepest sympathies to the Chancellor and his family.

237.2 The Board approved the reappointment of the Chancellor for a further three-year term of office from 01/08/2020 to 31/07/2023.

237.3 As part of the reappointment, the Board approved an adjustment to the Chancellor's role description in order to reflect more accurately the role.

Action: Clerk

238/19 Proposal for Public Register of Governors' Interests

238.1 The Board approved the creation of a public register of the interests of its members, as set out in Paper F.

Action: Clerk

239/19 Compliance with Regulatory Deadlines

239.1 The Board received Paper G which set out the recent correspondence from the Office for Students in relation to compliance with regulatory deadlines.

239.2 In particular, the University had missed a deadline for payment of its subscription to the Quality Assurance Agency. Paper G set out in detail the reason for the late payment, which was due to a changed system of payment. The Board noted the process the University had put in place to ensure that the invoice would be paid on time in future.

240/19 Flood Defences

240.1 The Chief Operating Officer reported that there had been a flood alert on the River Nene during November, and staff at the Waterside Campus had been notified of the possibility of flooding. The University had in place a flood response plan developed with the Environment Agency, and this was used effectively. Flood defences had proved adequate and no flooding had occurred.

241/19 Senate Minutes from 30 October 2019

241.1 The Board received the minutes of the Senate meeting held on 30 October 2019. The Deputy Vice Chancellor reported that the meeting had set the Senate's priorities for the current academic year, and discussed a number of topics including preparation for the next Research Excellence Framework (REF).

241.2 Members asked about direction of travel and targets for the REF. The Vice Chancellor reported that an action plan was in place and a marginal increase in the University's REF position was expected. Actions to improve the University's position were being taken. It was noted that REF case studies provided information which could be leveraged in support of the public perception and reputation of the University. A general publication showcasing the University's research was being prepared. It was noted that the Dean of Research was also looking further ahead than the REF at enhancing the University's research position in support of its strategy and course portfolio.

242/19 Management Accounts

242.1 The Board received and noted the management accounts to 30 November 2019.

243/19 Ratification of Signatures under Seal

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

244/19 Any Other Business

244.1 Innovation Committee

The Chair reported that the Committee had met earlier in the week, and would report to the Board in February. The Chair reminded members that the Committee did not make decisions or commit to strategic investments. It was for a forum for the discussion of projects and potential projects, to take advantage of the experience of Board members and to ensure that as and when a decision came to the Board, there would be members who would be able to comment on the development of the proposals.

244.2 Local Engagement

Members noted that there would be elections in May for new councillors, and this provided an opportunity to engage with newly elected officials and harness the support of local government.

The Vice Chancellor noted this point. He added that he had written to the newly elected MPs locally and had already held some meetings. He noted that Jane Bunce, the former Director of Student and Academic Services was working with the Northampton Town Centre BID group and had offered to make a presentation to the Board.

244.3 Row Britannia

The Board received details about the Row Britannia charity fundraising event and confirmed its willingness to be involved.

245/19 Confirmation of Availability of Papers

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

- Confidential Board Minutes of the Meeting held on 20 November 2011
- Paper A – HMT and OfS Forecasts

- Paper B – Going Concern and Liquidity Review

246/19 Dates of Forthcoming Meetings

TRAC Approval Committee – Monday 27 January at 5.30pm

Academic Assurance Committee – Wednesday 29 January at 10am

Audit Committee (8.30), Risk Workshop (10.30), Board of Governors (2pm) – Wednesday
26 February



.....

Approved by Chair

26/02/2020

.....

Date