

Board of Governors

Minutes of the Meeting held on 22 November 2017

Present:

Andrew Scarborough (Chair)

David Baker

Sue Dutton

Rafael Garcia-Krailing

Jeff Halliwell

Sylvia Hughes

Frank Jordan

Lee Machado

Nick Petford

Martin Pettifor

Nick Pitts-Tucker

Nick Robertson

John Skelton

Danjie Zhong

Apologies:

Sara Goodwin, Richard Horsley, Mark Mulcahey

In attendance:

Jane Bunce (Director of Student and Academic Services), Steve Clark (Ernst & Young), Emma Finlay (Governance Assistant), Bob Griggs (Waterside Project Director), (Mark Hall (Director of Finance), Sadie Janes (Surveyor, Savills), Miriam

Lakin (Clerk), (Deborah Mattock (Director of HR, Marketing and International Relations), Terry Neville (Chief Operating Officer)

188/17 Welcome, Apologies and Quorum

188.1 The Chair welcomed those present, noted apologies and confirmed quoracy.

189/17 Declarations of Interest

189.1 No declarations of interest were received in addition to those held on file by the Clerk's Office.

190/17 Minutes of Previous Meeting

190.1 With a change to 174.3, the Board approved the minutes of the meeting held on 18 October 2017 as a true record of that meeting.

191/17 Matters Arising

191.1 The Board received Paper A on actions arising from previous meetings. Additional comments were received on the following:

191.2 Presentation on the Duties of Trustees (Minute 186.2)

The Clerk advised the Board that the agenda for the December Board meeting included two presentations. The Clerk proposed that the presentation was moved to the January 2018 Board meeting.

191.3 Speaker for the Away Day (Minute 169.2)

The Vice Chancellor advised the Board that he had approached Isabel Napper, a lawyer with a specialism in intellectual property to speak at the Away Day. The Clerk advised the Board that the Away Day agenda would be an item at the December Board meeting.

192/17 Going Concern and Liquidity Risk

192.1 The Board received the Going Concern and Liquidity Risk Report 2017 (Paper B). The Board noted that the Audit Committee had previously seen and approved the report.

Minute 192.2 is in the confidential section of these minutes.

192.3 Members asked if there was an element of cost reduction that could be achieved in a given year. The Director of Finance advised the Board that due to the three year cycle of most degree courses, and the fact that cutting modules could raise issues regarding the offering to students, it was difficult to reduce course related costs significantly in year. However non-pay spend could be restricted in a given year for example through efficient procurement. The Director of Finance advised the Board that the University was in a viable position with current student numbers, however any future drop in numbers would require urgent cost reduction.

192.4 The Board approved the Going Concern and Liquidity Risk 2017 report. David Baker joined the meeting.

193/17 University Subsidiary Companies and Investments Annual Report

193.1 The Board received and noted Paper C1, an annual report on the University's subsidiary companies and investments.

193.2 Members asked about the potential for expansion and growth from the subsidiary companies. The Director of Finance advised the Board that the subsidiary companies each had a particular purpose for example the Waterside Campus Development Company Plc held the bond for the Waterside Campus. They were not therefore a main part of the University's growth strategy. However, there was some potential for growth in some areas.

193.3 The Board noted that Uno Buses was subsidised by the University as it provided inter-campus transport for students. However as the service expanded and became more profitable the subsidy should decrease as usage by the general public grew. The Chief Operating Officer confirmed that Uno Buses were working with other partners to increase non-student usage and advised the Board of the recent investment in new buses.

193.4 In respect of the University of Northampton Enterprises Ltd (UNEL), the Director of Finance advised the Board that it had been established to provide facilities management services to the University. It now encompassed four other business areas. There was some potential for growth in Unitemps, the temporary recruitment agency. It was noted that external directors had been appointed to the UNEL Board, which would ensure that there was further scrutiny and direction of the company's activities.

193.5 Members asked how directors were appointed to subsidiary companies. The Clerk advised the Board that this was subject to the articles of each company, but that in most cases, the Board, in its capacity as the sole shareholder, appointed the directors.

193.6 Members thanked the Director of Finance for his detailed report.

194/17 University Subsidiary Annual Accounts and Letters of Representation

194.1 The Board received Paper C2, the Annual Accounts for the following companies:

1. The University of Northampton Enterprises Ltd
2. Icon East Midlands
3. Icon Operations Ltd
4. Waterside Campus Development Company Plc
5. Uno Buses Northampton Ltd

Members were asked to approve, following their review of the annual accounts, the signature of a letter of comfort for Uno Buses (Northampton) Ltd and letters of representation for the companies listed 1 – 4 above. The Board noted that the Audit Committee had previously considered the report and recommended these signatures.

194.3 The Board authorised the Chair to sign letters as set out above on its behalf.

195/17 Icon Operations Limited: Approval of New Articles

195.1 The Board received Paper C3, a report recommending that the Articles of Association for Icon Operations Ltd were changed. The paper recommended the adoption of the Model Articles based on the Companies Act 2006, following an external review of the existing articles.

195.2 In its capacity as the University of Northampton Higher Education Corporation, the sole member of Icon Operations Limited, the Board unanimously and by Special Resolution approved the adoption of Articles of Association as set out in Paper C3.

195.3 It was resolved that the new Articles of Association of Icon Operations Limited were adopted in substitution for and to the exclusion of the existing Articles, and, for the avoidance of doubt, that those provisions of the old style Memorandum which were now deemed to form part of the Articles of Association of the Company under section 28 of the Companies Act 2006 were hereby dis-applied, thereby removing the previous objects clause and all restrictions on the number of shares that may be issued.

Action: Clerk

195.4 Members asked whether the directors for all subsidiary companies were appointed for a specific term of office. The Clerk stated that this was not part of the model articles for private companies, and was not currently in the

University's Subsidiary Company Governance Framework. The Clerk agreed to bring a proposal to the Board about rotation of directors on subsidiary Boards.

Action: Clerk

196/17 Audit Committee Annual Report

196.1 The Board received the Audit Committee Annual Report to the Board of Governors and the Vice Chancellor (Paper D).

196.2 The Vice Chair of the Audit Committee advised the Board that there had been a satisfactory service from both the internal and external auditors, and that the Committee was satisfied that actions arising from their reports were addressed.

196.3 The Board approved the Audit Committee Annual Report to the Board of Governors and the Vice Chancellor.

197/17 University Annual Report and Consolidated Financial Statements

197.1 The Board received the Annual Report and Consolidated Financial Statements of the University (Paper E1). It was reported that since the circulation of the papers, amendments had been made to the figures on page 52 of the report. A summary of the adjustments was tabled (Clerk's Note: Filed as Paper S).

197.2 The Director of Finance explained the adjustments as set out in the paper. The external auditor confirmed that these were the final adjustments, so the accounts were ready for signature on that day.

197.3 The Director of Finance advised the Board that there was a clawback of funding from HEFCE of £2.3m. This related to student progression and completion, and was a technical matter about the gathering and return of this data to HEFCE, rather than a particular issue of non-completion. The matter was under discussion with HEFCE.

197.4 The Board approved for submission to HEFCE the University's Annual Report and Consolidated Financial Statements contained in Paper E1.

198/17 External Audit Report and Letter of Representation

198.1 The Board received the External Audit Report and Letter of Representation (Paper E2).

198.2 The external auditor advised the Board that the Audit Committee had discussed the report in detail. He also thanked the Finance Team for their support during the audit process. He advised the Board that where there were adjustments to the prior year, relating to Waterside and to pensions, this was due only to a change in the accounting regime used.

198.3 Members noted the data analytics as presented in the report. A high volume of journals was being processed, and the Director of Finance confirmed that the reason for this was known and had been explained to the external auditors.

198.4 Members noted that the overseas operation was not specifically covered in the external audit. The Board was advised that, in accounting terms, the risk was not great, for example no instances of money laundering had been identified.

198.5 The Board received and noted the findings of the external auditors from their audit of the financial statements. The Board thanked the external audit service.

198.6 The Board approved the signature of the letter of representation as contained in Appendix E of Paper E2.

Steve Clark left the meeting.

199/17 Report to HEFCE on Forecast Variances

199.1 The Board received Paper E3, a report to HEFCE on variances between the financial forecast, and the final position. The Board took assurance of the accuracy of the financial statements and approved the report for submission to HEFCE.

200/17 Academic Assurance Annual Report

200.1 The Board received Paper F, the Academic Annual Assurance Report. It was reported that because HEFCE required an additional statement of assurance from the Board about academic quality and standards, a working group had been set up to examine in detail the material that would provide evidence about these. It was reported that the Group had been impressed by the quality and standard of the documentation, and their points and questions had been addressed and answered. Their conclusion was that the Board could take assurance.

200.2 Members were pleased to note from the report that the satisfaction of the postgraduate students was being measured, as their number was growing at the University.

200.3 The Board thanked all of those involved in supplying information to the Academic Assurance Working Group, and agreed that on the basis of the Group's work, it could provide the necessary assurance to HEFCE about academic quality and standards.

201/17 Statement on Research Integrity

201.1 The Board received and noted Paper G, a statement on Research Integrity in 2016/17. The statement ensured that the University was compliant with the Concordat to Support Research Integrity. The Vice Chancellor confirmed that there had been no formal investigations of incidents of research misconduct over 2016/17.

202/17 Prevent Duty Annual Report

202.1 The Board received an annual report on the University's compliance with its duties under the Prevent strategy (Paper H).

202.2 The Chair asked about the engagement of the Students' Union with Prevent. The President of the Students' Union stated that their involvement was typically about the application of the policy on external speakers, and that there was good liaison between the Students' Union and the University on this, and on the Prevent strategy in general.

202.3 The Board approved the Prevent Duty Annual Report and authorised the Chair to sign on its behalf a statement to HEFCE on the University's compliance with Prevent.

203/17 Annual Report on Insurances

203.1 The Board received and approved the Annual Report on Insurances (Paper I).

204/17 Students' Union Financial Statements to July 2017

204.1 The Board received the Students' Union Financial Statements to July 2017 (Paper J) and noted that an external audit of the statements had been carried out.

204.2 The President of the Students' Union advised the Board about the Students' Union's strategy for development after the move to Waterside. The Students' Union would have two locations, the Engine Shed, which would offer support services to students, with a focus on welfare, and the Platform club providing entertainment. The President of the Students' Union advised the Board that a proposal had been put to the trustees to appoint a Sabbatical Officer with a focus on student welfare.

204.3 Members noted and welcomed the diversity of the Students' Union's offer to students and the range of sports and societies in which students were involved.

204.4 Members noted a textual amendment on page 7. The text should state that, 'the annual block grant went up from £1,618,095 to £1,807,147.'

204.5 The Board took assurance from the report that the Students' Union was operating in a financially sustainable manner.

205/17 Minutes of the Nominations Committee meeting held on 18 October 2017

205.1 The Board received and noted Paper K, the minutes of the Nominations Committee meeting held on 18 October 2017.

206/17 Tuition Fees for 2018/19

206.1 The Board received proposed tuition fees for 2017-18 (Paper L).

206.2 Members asked about the study abroad framework. The Director of HR advised the Board that the University had introduced a validated study framework which was being promoted to overseas students. Members asked about opportunities for students to study abroad. The Director of HR stated that more international students came to the University than students chose to study abroad. This was due in part to the cost implications of studying abroad.

206.3 The Director of Finance advised the Board that the students' benefits package was proving very popular at open days. The offer included a free laptop to new students. Members asked how the University was managing the message to existing students. The Director of HR advised the Board that this had been carefully considered. A positive message was being given to students in Years Two and Three based on the higher tuition fees paid by the 2018-19 intake and the different scholarship package which had been offered to existing students.

206.4 The Board approved tuition fees for 2018-19 as set out in the paper.

207/17 Report from the Vice Chancellor and Chief Operating Officer

207.1 The Board received and noted Paper M, a report from the Vice Chancellor and Chief Operating Officer.

207.2 Members noted a list of implications of the proposals to create the new Office for Students (OfS). The Chair advised the Board that a presentation given by Nicola Dandridge at the Committee of University Chairs had suggested a changed focus towards students as consumers.

207.3 The Vice Chancellor advised the Board that the University was involved in a Business Continuity Project, funded by the Home Office regarding how a university would respond to a campus incident.

Minute 208 is in the confidential section of these minutes.

Bob Griggs and Sadie Janes joined the meeting

209/17 Minutes of the Project Assurance Committee

209.1 The Board received Paper O1, minutes of the Project Assurance Committee (PAC) held on 14 November 2017.

Minutes 209.2 – 209.9 are in the confidential section of these minutes.

210/17 Waterside Project Costs

210.1 The Board received and noted Paper O2, a report on the movement in the Waterside Project costs from the original plan.

211/17 Disposal of Park Campus

211.1 The Board received Paper O3, a report on the tender process and bids received for the Park Campus site. The Board received assurance from the external surveyor of a proper tender process which had been considered by project team and by PAC. Members noted the reasons why the preferred tenderer had been recommended.

211.2 The Board approved the recommended tenderer as set out in the paper and authorised the Chair to sign any relevant agreements on its behalf.

212/17 International Leather Centre

212.1 The Board received Paper O4, a report on the proposed scheme for the International Leather Centre.

Minutes 212.2 to 212.4 are in the confidential section of these minutes.

212.5 The Board agreed that the scheme should proceed as set out in the paper.

Bob Griggs and Sadie Janes left the meeting.

213/17 Minutes of the Senate Meetings held on 15 March and 3 May 2017

213.1 The Board received and noted Paper P, minutes of the Senate meetings held on 15 March and 3 May 2017.

214/17 Management Accounts to October 2017

214.1 The Board received and noted Paper Q, the Management Accounts to October 2017.

Minute 214.2 is in the confidential section of these minutes.

214.3 The Director of Finance advised the Board that the University was on budget, costs were being controlled and cash balance remained healthy.

215/17 Policies for Approval

215.1 The Board received Paper R, policies as follows;

- Use of the Services of External Auditors
- Naming of Assets by Donation.

215.2 The Board ratified the policy on the Use of Services by External Auditors which had previously been approved by the Audit Committee.

215.3 The Board approved the policy on the Naming of Assets by Donation.

216/17 Confirmation of Availability of Papers

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

Confidential section of the minutes of the meeting held on 18 October 2017

Paper B – Going Concern and Liquidity Risk

Paper C1 – Subsidiaries, Joint Ventures and Assessments

Paper C2 – Annual Accounts

Paper D – Audit Committee Annual Report

Paper E1 – University Annual Report and Financial Statements (*which would be published once updated*)

Paper E2 – External Audit Report and Management Information Letter

Paper E3 – Report on Forecast Variances

Paper H – Prevent Duty Annual Report

Paper I – Annual Report on Insurances

Paper J – Students' Union Financial Statements

Paper O1 – Minutes of the Project Assurance Committee

Paper O2 – Waterside Project Costs

Paper O3 – Disposal of Park Campus