

## **Board of Governors**

### **Minutes of the meeting held on 21 February 2018**

#### **Present:**

Andrew Scarborough (Chair)

David Baker

Sue Dutton (to item 25.40)

Rafael Garcia-Krailing

Sara Goodwin (to item 34.2)

Jeff Halliwell

Richard Horsley

Sylvia Hughes

Frank Jordan

Lee Machado

Mark Mulcahey (to item 25.40)

Martin Pettifor

Nick Robertson

John Skelton

Danjie Zhong

#### **Apologies:**

Nick Petford, Nick Pitts-Tucker

#### **In attendance:**

Emma Finlay (Governance Assistant), Miriam Lakin (Clerk)

Mary Joyce (Ranmore Consulting) for items 23-25

From item 26 onwards:

Jane Bunce (Director of Student and Academic Services), Mark Hall (Director of Finance), Deborah Mattock (Director of HR, Marketing and International Relations), Terry Neville (Chief Operating Officer), Ann Shelton-Mayes (Executive Dean Student Experience)

### **23/18 Welcome, Apologies and Quorum**

23.1 The Chair welcomed those present and in particular Mary Joyce from Ranmore Consulting. Apologies were noted and quoracy confirmed.

### **24/18 Declarations of Interest**

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

### **25/18 External Effectiveness Review Final Report**

25.1 The Board received Paper A, the External Effectiveness Review of the Board of Governors and its Committees, by Ranmore Consulting.

25.2 The Chair noted that the report confirmed that overall the Board was operating effectively, and that it gave a number of helpful suggestions for improvement. The Chair advised that there were some recommendations regarding the organisational structure of the University which were under the control of the Executive, and therefore the Board should be aware of where it would need to advise rather than instruct.

25.3 The Chair asked the consultant from Ranmore Consulting to provide an overview of the report.

25.4 Mary Joyce thanked the Clerk's Office for their support. She confirmed that the conversations with the Board, the Executive and the Clerk had been

conducted with a spirit of openness and enquiry and the report's recommendations were future focused and developmental. The aim of the recommendations were to help the University ensure that it had the appropriate governance to support its ambitious plans during a period of change and uncertainty.

25.5 Members noted some corrections to Annex A. Mary Joyce confirmed that she would forward an amended version of the annex.

25.6 Mary Joyce outlined the approach taken in the report and highlighted the following areas:

- Key Challenges – The University was currently experiencing change internally (Waterside) and externally (Office for Students). The Waterside project had dominated the Board's focus in the past few years, possibly leaving less time for other strategic considerations. This should now be rebalanced and additional scrutiny given to developments in the sector.
- Academic Business – The current arrangements to inform the Board may require upgrading to meet the future expectations of the Office for Students (OfS). The OfS had indicated that it may attempt to stimulate and shape competition in the HE market, and encourage students to make more informed decisions.
- Dynamics of the Board – The Board and the Executive had a challenging and ambitious scheme of work, which may lead to tension. If not addressed, such tension could erode effective working relationships.

25.7 The Chair asked the Board for their overall reflections before considering each of the thirty two recommendations in further detail.

25.8 Members stated that it was a very useful report and congratulated Ranmore Consulting.

25.9 Members agreed that the Waterside project had dominated the agenda for some time and consequently there had not been as much focus on other

aspects of strategy as necessary. Members asked if the recommendations in the Report would be sufficient to address the new requirements of the Office for Students. The Chair commented that the detail of the new requirements were not yet announced. Developments from the OfS would be monitored so that the Board's approach could be adjusted accordingly.

25.10 Members noted that, depending on how they were interpreted, the application of the recommendations could make some significant differences. The Chair advised the Board that the recommendations would be developed by the Clerk's Office into a programme of work.

25.11 Members noted the importance of effective communication between the Board, Executive and the student body, especially as the Board was reliant on the quality of information it received. One way to ensure effective communication was to ensure links between the Board and those below the executive level at the University.

25.12 The Chair advised the Board that they would review each recommendation and highlight the areas for focus.

25.13 Recommendation 1 – Review and update the Board's Statement of Primary Responsibilities  
Recommendation accepted.

25.14 Recommendation 2 – HR Annual Report to the Board to include data on whistleblowing  
Recommendation accepted.

25.15 Members commented that it would be helpful to receive data on:

- Whistleblowing – the number of incidents and how these were acted upon
- Grievances
- Disciplinary actions.

This report should be statistical in order to avoid breaching data protection. This would provide assurance to the Board that sound systems existed to address

issues that may affect the welfare of staff and students and the reputation of the institution.

25.16 Members suggested that additional requests for information to be included in the HR report should be addressed after the meeting through actions arising, rather than waiting for the next report.

25.17 Recommendation 3 – Review the reporting line of the Director of Finance  
The Chair asked the Board for their views on a direct line of accountability from the Director of Finance to the Vice Chancellor. Members discussed sector practice, noting that it was not uncommon for a Director of Finance to report to a member of the Executive other than the VC. Members noted that some universities employed a US model which involved a very publicly visible Vice Chancellor with little involvement in the operations of the university. In these cases the Chief Operating Officer was responsible for the majority of operations.

25.18 Mary Joyce advised the Board that the recommendation had been made because of the unusual level of the University's financial exposure, and the need to ensure that the Board was confident in systems of control and risk management.

25.19 Members noted that the Director of Finance had a wide remit and was also responsible for IT and Commercial Services. This would make it more problematic to alter the reporting line.

25.20 Members suggested that there may need to be consideration of the current structure of the Executive team in relation to the changing nature of the University, as some members had very wide remits. The Chair noted that some of the existing structure was due to the need to ensure effective management and oversight of the Waterside project. It would need to be ensured that once the transition to Waterside was complete, the optimal structure was in place in senior management, and that Waterside transitional arrangements did not continue indefinitely.

25.21 The Board agreed that any recommendation was for further consideration by the Vice Chancellor.

25.22 Recommendation 4(i) – Include statement on academic freedom in the Code of Conduct for Governors  
Recommendation accepted.

25.23 Recommendation 4(ii) – Review the role and remit of the Academic Assurance Working Group  
Recommendation accepted.

25.24 Recommendation 4(iii) – Consider the development of an internationalisation strategy  
Mary Joyce noted that this linked to recruitment strategy and the development of further sources of income. Members noted that the Board had been briefed on internationalisation, for example at the Risk Workshop and Away Day during 2017, but were not aware of a documented operational plan.

25.25 The Board agreed that recommendation 4 (iii) required further development.

25.26 Recommendation 5 – Update the Terms of Reference of the Development Committee, and its place in the Scheme of Delegation  
Recommendation accepted.

Members noted that there needed to be more focus on development through a strengthened Development Committee and effective reporting back to the Board.

25.27 Recommendation 6(i) – Consider further action as part of a pro-active stance on gender-related student and staff issues, sexual harassment and student mental health  
Recommendation accepted.

The Chair noted that the annual HR report should monitor these issues from the staff point of view. From the student side, the role of the Students' Union would be important. Members noted the focus of the Students' Union on student mental health and wellbeing with the introduction of an additional Welfare Officer.

25.28 Recommendation 6(ii) – Consider ways in which equality and diversity in Board membership can be improved beyond the current approach  
Recommendation accepted.

25.29 Members asked if the Board would take a view on the remuneration of Board members if this would facilitate an increase in diversity. The Chair reported that the Nominations Committee had considered this with reference to sector practice and legal advice. Given that demands on Board were likely to increase, the Clerk agreed to prepare a paper for the Board summarising the findings and discussions of the Nominations Committee on remuneration.

Action: Clerk

25.30 Recommendation 7 – Monitor new regulatory requirements and assess their implications for the Board  
Recommendation accepted.

25.31 Recommendation 8 – Review Audit Committee terms of reference  
Recommendation accepted.

25.32 Recommendation 9 – Continue the life and work of the Treasury Committee  
Recommendation requires further development.

25.33 It was reported that the Treasury Committee had been established to oversee cash management and that its current expertise was financial. There should be clarity around the phrase ‘extracting value from the University’s assets’ and how this work would overlap with the business of the Development Committee. It was suggested that the Treasury Committee could have a role in assessing financial liability.

25.34 Recommendation 10 – Review the work, focus and membership of the Project Assurance Committee  
Recommendation not accepted as formulated.

Members noted that the focus of PAC had already shifted to address the challenges of implementing the transition to Waterside. Members were in agreement that the Committee should close once the Waterside project was complete as all of PAC's business would become business as usual. It was agreed that PAC should finish by the end of 2018.

25.35 Members highlighted the importance of marketing the new campus and capitalising on the opportunity to increase student numbers. The Chair noted that admissions were above the national average at this stage of the recruitment process, however he was mindful that the window of opportunity was narrow and the Board required assurance that the opportunity of the new campus was being fully utilised.

25.36 Members noted that there may be a need for support and formal governance around the transition to Waterside, encompassing such areas as IT, skills and culture. This was currently in the remit of PAC, and may require Board oversight once PAC had closed.

25.37 Recommendation 11 – Investigate cost overruns and IT delays on the Waterside Project  
Recommendation partially accepted.

The Chair of PAC stated that he was less concerned about cost overrun, but that issues with IT were a key outstanding action which should be followed up.

25.38 Recommendation 12 – Review the terms of reference and scope of the Development Committee  
Recommendation accepted.

25.39 Recommendation 13 – Nominations Committee should accelerate its work to address issues associated with the impact of changes to members of the Board and Executive  
Recommendation accepted.

25.40 The Board agreed to continue its discussion of the recommendations, starting with recommendation 14, at the next Board meeting.



The formal Board meeting paused and the Board received a presentation from student members of STAR (Student Action for Refugees). The Board gave their strong support and endorsement to the project to fund five studentships for refugees at the University.

Sue Dutton and Mark Mulcahey left the meeting. Terry Neville, Ann Shelton-Mayes, Deborah Mattock and Jane Bunce joined the meeting.

### **26/18 Minutes of Previous Meeting**

26.1 The Board approved the minutes of the meeting held on 24 January 2018 as a true record of that meeting.

### **27/18 Action List and Matters Arising**

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

27.2 Internal Audit Programme (Minute 198.4)  
Action complete.

27.3 SEMLEP Presentation to the Board (Minute 228.4)  
The Chief Operating Officer confirmed that the acting Chief Executive Officer of SEMLEP was willing to present to the Board, as and when required.

### **28/18 Draft Budget Strategy for 2018-19**

28.1 The Board received and noted Paper C, the Draft Budget Strategy for 2018-19.

28.2 The Director of Finance discussed the factors affecting the budget. These included;

- Slightly lower student applications than at the same point in the 17/18 cycle
- Post-Brexit inflationary pressures affecting the non-pay budget

- Modest growth in non-student income streams.

28.3 Members noted that the initial model for Waterside finance had included a 10% drop in staff numbers. The Director of Finance reported that this had not yet been achieved. The gap had been mitigated through a number of measures such as cuts to the non-pay budget and tighter procurement control. Some reduction in staffing had been achieved through the centralisation of administrative functions. In addition, around 40 staff had requested from HR a calculation of retirement benefits. A full review of the portfolio of academic courses review was underway. However, if home and EU undergraduate student recruitment was on target at 2850, it would be difficult to maintain the expected debt service ratio of 1.5 without adjustments to core staffing costs.

28.4 The Director of Finance advised the Board that he had compiled all initial budget requests, and that this created a gap of £6m in the draft budget to achieve the 1.5x debt service ratio for 2018-19. The Director of Finance advised the Board that this was an initial position based on all faculties and services receiving the budget they had requested, and there would now be negotiation around these. The Chief Operating Officer confirmed that the Executive was ready to make difficult choices should this become necessary in order to deliver a balanced budget.

28.5 Members asked the Director of Finance if he was confident that there were sufficient realistic options for reducing the overall budget. The Director of Finance reported that he was confident and that the options had been set out in a paper to the previous Board meeting. Further consideration of the options would be needed by the Executive in order to build consensus.

28.6 The Chair set out the expectation of the Board that target student numbers would be achieved. If they were not achieved, the Board expected savings to be found. This was also a clear requirement of the debt service ratio set by HM Treasury. The Board gave its full support to the delivery of a balanced

budget. The Chair highlighted the need for the Executive team and other staff to support Finance to deliver the savings required to meet the debt service ratio.

28.7 Members asked when the results of the portfolio review would be known. The Executive Dean of Student Experience advised the Board that the review was an annual process to consider viability and quality indicators at module and programme level. There had been a driver to reduce module choices at Level 4 for sound pedagogic reasons, and this had resulted in the deletion of a number of modules. It was expected that the main saving would be in Associate Lecturer costs rather than core staffing.

28.8 The Chief Operating Officer advised the Board that where there were consistent issues with quality, Course Leaders had been asked to attend meetings to discuss this.

28.9 Members raised the concern that an unfavourable link would be perceived between creating a new campus and deleting courses and modules, and advised the Executive that messaging on this should be clear.

28.10 Members asked which courses were most profitable. The Director of Finance confirmed that this information was prepared for the Senior Management Team during 2017, and it was suggested that it could be shared with the Board as part of the presentation of the budget for agreement at its meeting in June.

28.11 Members asked whether running costs would be reduced following the move to Waterside. The Director of Finance advised the Board that keeping the Newton, Maidwell and Portfolio buildings meant that the full anticipated savings would not be achieved as soon as planned. However, the running costs of Waterside were as yet unknown.

28.12 The Board offered the Director of Finance their full support in the budget process.

## **29/18 Northamptonshire County Council**

29.1 The Board noted that the Chair and Deputy Chair had previously declared their interests as elected members of the Borough Council of Wellingborough and Northamptonshire County Council/East Northants District Council respectively. The independent members of the Board agreed that the Chair and Deputy Chair should remain for this item as it was for the information of the Board and they brought valuable knowledge and perspective.

29.2 The Chair advised the Board that Northamptonshire County Council (NCC) had been issued a section 114 notice imposing immediate spending controls. No new expenditure was permitted. The notice had been served in the light of the severe financial challenge facing the authority and the significant risk that it would not be in a position to deliver a balanced budget.

29.3 The Chair advised the Board that the government had appointed an independent inspector who was required to submit a report by 16 March 2018. Until the report was received, nothing concrete was known about the future of NCC in its current form.

29.4 Members discussed the implications of the section 114 notice for the University. The Director of Finance advised the Board that he had undertaken a review of the immediate financial exposure and found that the immediate risk to the University was low. In the longer term, there was a risk to various collaborations of which the University was part. These included public health and transport projects, although it was noted that the public health budget was ring-fenced. A period of uncertainty at NCC may mean it was more difficult to continue projects. Additionally, new relationships would need to be built if the personnel or the authority changed. However, it was also noted that there could be new opportunities for the University to play a role in economic development in the county.

29.5 The Deputy Chair advised the Board of the issues facing NCC in delivering a balanced budget.

29.6 Members asked if the difficulties at NCC were likely to have an impact on student recruitment by adding to the negative perception of the town. The President of the Student Union stated that the risk was likely to be low.

29.7 The Chief Operating Officer advised the Board of changes in personnel at Northampton Borough Council (NBC) which affected the sale of Park Campus. The Chief Operating Officer advised the Board that negotiations were ongoing with NBC in relation to the sale.

### **30/18 Vice Chancellor and Chief Operating Officer Report**

30.1 The Board received and noted Paper D, the VC and COO report, and in particular noted further details about the government's review of tertiary funding.

### **31/18 Current Student Numbers**

31.1 The Board received and noted a presentation on new enrolments for 2017/18.

31.2 The Chief Operating Officer advised the Board of the make-up of the student body. He explained that the target of 2850 for full time home and EU undergraduates on campus, which had prompted significant discussion at the Away Day, was one part of the total number of enrolments.

31.3 Members asked why the University was experiencing difficulties in filling student accommodation if it was oversubscribed against the target of 2850. The Director of Finance advised the Board that a more comprehensive programme of marketing accommodation to returning students as well as new students would help to address this.

## **32/18 UCAS Applications and Decisions**

32.1 The Board received and noted Paper F, a report on UCAS applications and decisions as at 12 February 2018.

32.2 The Director of HR, Marketing and International Relations advised the Board that there was a fall in applications for NHS and NCTL (National College for Teaching and Leadership) programmes and this was having a disproportionate impact on the total applications. The Director advised the Board that in previous years many NHS programmes had been oversubscribed, so the drop in applicants may not be an issue in terms of students taking up places at the University.

32.3 The Director of HR, Marketing and International Relations advised the Board that excluding NHS and NCTL programmes there had been an increase in applications by 5.72% compared to 2017.

32.4 The Director of HR, Marketing and International Relations noted an increase in the number of applicants holding unconditional firm offers compared to the previous year. She reported that this was due to good marketing, efficient processing of applications and an attractive support package which included a laptop for every new student.

32.5 Members asked if there was any intelligence about the experience of other universities which had made large numbers of unconditional offers in order to increase student recruitment. The Executive Dean of Student Experience reported that there would be a Parliamentary Select Committee on the issue, which was opposed by schools as it had an impact on the motivation of pupils to study. There also appeared to be greater progression and completion problems with students recruited through this route, although the evidence for this was anecdotal.

32.6 Members noted that other institutions were increasing student capacity and asked if there was any assessment of the additional capacity likely to be

available in competitor institutions. The Chair noted that HEFCE had expressed concerns about institutions building over-capacity. The Chief Operating Officer advised that there was much over-capacity in the system, creating an issue for many HE providers. Members stated that therefore an assessment of the scale of the issue for the University would be useful. It was also recognised that the expansion of both competitors and other institutions higher in the league tables could reduce the University's usual market. The Chief Operating Officer stated that this showed the importance of diversifying income and growing Education with Others.

### **33/18 Management Accounts**

33.1 The Board received and noted Paper E, the Management Accounts as at 31 January 2018. It was noted that the budget was being delivered, and there was some favourable variance on staff costs.

### **34/18 Amendment to Financial Regulations**

34.1 The Board received Paper G, an amendment to the Financial Regulations. It was explained that the change was to fulfill an internal audit recommendation, and reflected practice and the requirements of HEFCE.

34.2 The Board approved the amendment to the Financial Regulations.

Sara Goodwin left the meeting.

### **35/18 Policy and Procedure for Working Off Premises**

35.1 The Board received paper H, the Working off Premises Policy and Procedure. The Director of HR advised the Board that the Policy had been approved by the Joint Committees Negotiating Committee (JCNC).

35.2 Members asked about the removal of the right of appeal should a request to work off premises be refused. The Director of HR advised the Board that working off premises was a line management decision, but that an employee who was refused permission had the right to raise a grievance if they felt permission had been refused without good grounds.

35.3 The Board approved the Working off Premises Policy and Procedure.

### **36/18 Re-Election of Subsidiary Company Directors**

36.1 The Board received Paper I, a proposal for the re-election of subsidiary company directors.

36.2 The Board approved Paper I.

### **37/18 Ratification of Signatures**

37.1 The Board received Paper J, a record of the signature of documents under the University's seal. The Board ratified the signatures as set out in Paper J.

### **38/18 Any Other Business**

38.1 Risk Workshop

The Chair advised the Board that the Risk Workshop was on 14 March 2018 and encouraged members to attend.

38.2 Chair and Deputy Chair

The Clerk advised the Board that the process to elect a Chair and Deputy Chair had begun and all members had been emailed regarding the process for nominations.

38.3 Clawback of Funding

The Chief Operating Officer provided the Board with an update regarding the potential clawback of funding by HEFCE which had been discussed at previous meetings (see minutes 197.3, 230.4). He advised the Board that HEFCE had



stated that they would go ahead with the clawback, and that the University had no right of appeal. The Chief Operating Officer asked the Board for support to challenge the decision publicly. The Board approved this course of action.

#### 38.4 Points from the Development Committee

The Development Committee had met the previous week. Members of the Committee reported that there were three points they wished to raise:

- A review of Research and Enterprise had been approved by the Executive and was supported by the Committee. However, the review contained no external members and the Committee recommended that this decision was re-assessed
- There should be a clear target for professorships funded by external bodies. Three funded professorships by 2020 was suggested
- There had been an excellent presentation from the Director of the Institute for Public Safety, Crime and Justice. The Institute would be a suitable area for seeking funding for a professorship. The Director had highlighted difficulties in retaining good research staff due to the inability to offer permanent contracts, and rolling contracts were suggested as a means of addressing this.

#### 38.5 Sexual Harassment

Members noted the recent media coverage of sexual harassment cases, and asked if there were suitable policies in place. The Director of HR advised the Board that for staff such behavior would be covered by the Bullying and Harassment Policy which was approved by the Board in March 2017.

38.6 It was suggested that statistics on reports of bullying and harassment and whether these had required action could be reported to the Board through the annual HR report. The Chair advised the Board that the Clerk would follow-up with HR regarding the annual HR report.

Action: Clerk

### 38.7 Efficiency: A Guide for Governors

The Clerk distributed to governors a publication from the Leadership Foundation for Higher Education titled 'Efficiency: A guide for governors'.

### 38.8 Link with Iraq

The Chair reported on a letter received from the Minister of Higher Education and Research in Iraq to the Vice Chancellor thanking the University for its involvement in education in Iraq.

## **39/18 Confirmation of Availability of Papers**

The following papers were confirmed as confidential to the meeting:

Confidential section of the minutes of the meeting held on 24 January 2018

Paper A – External Effectiveness Review of the Board

Paper C – Draft Budget Strategy

Paper F – UCAS Applications and Decisions

## **40/18 Dates of Forthcoming Meetings**

- Board of Governors, 21<sup>st</sup> March 2018
- Board of Governors, 18<sup>th</sup> April 2018
- Treasury Committee, 18<sup>th</sup> April 2018
- Project Assurance Committee, 15<sup>th</sup> May 2018
- Board of Governors, 23<sup>rd</sup> May 2018