

Board of Governors

Minutes of the meeting held on 20 November 2019

Present:

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

Apologies:

Jeff Halliwell, Martin Pettifor

In attendance:

Emma Finlay (Governance Assistant), Mark Hall (Director of Finance), Miriam Lakin (Clerk), Terry Neville (Chief Operating Officer), Shân Wareing (Deputy Vice Chancellor)

201/19 Welcome, Apologies and Quorum

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

202/19 Declarations of Interest

202.1 The Vice President Education of the Students' Union declared that he had applied to study a PhD at the University.

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

203/19 Appointment of Board Member from Senate

- 203.1 The Board ratified the appointment of Ivna Reic as academic staff member nominated by Senate for a term of office from 20 November 2019 to 30 November 2022.

204/19 Minutes of the Previous Meeting

- 204.1 Minute 118.7 was moved to the confidential minutes. With this change, the Board approved the minutes and confidential minutes of the meeting held on 23 October 2019 as a true record of that meeting.

205/19 Action List and Matters Arising

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

205.2 **Insurance for Partnerships** (Minute 174.6)

The Director of Finance advised the Board that he had contacted a specialist insurance provider about the possibility of insuring overseas partnership activity. The specialist view was that the quote would be prohibitive. The Director of Finance advised the Board about the work that had been done to minimise the risks of overseas partnership activity, for example a more robust debt recovery process. The Board therefore agreed that this action was completed.

206/19 Pensions Issue in the University's Annual Report and Financial Statements

- 206.1 The Chair of the Audit Committee advised the Board that the external auditors had completed their audit of the books and records of the University that were controlled by the University and had found only relatively minor points to report.
- 206.2 The external auditors had been unable to obtain audit assurance on the liability in the balance sheet for the LGS pension scheme, and the consequential entries in the profit and loss account. This figure was

completely outside the control of the University and was provided by Northamptonshire County Council (NCC). Normally, the external auditors would obtain audit assurance from the work done by the NCC's auditors.

- 206.3 The external auditors for NCC had not signed off NCC's accounts to 31 March 2018 and until they did so, the University's external auditors had no audit authority. The external auditors had been able to obtain assurance by various enquiries, for the University's 2018 accounts, but the time lag was now too long for them to repeat that exercise for 2019. It was unclear when the external auditors for NCC would sign off NCC's 2018 accounts.
- 206.4 The University's external auditors had estimated that they would need about a month from the date when they took over as auditors of NCC before they would have the documented assurance they required to sign off the University's pensions figure. They were ready to sign off all the other figures (i.e. those under the University's control) in the accounts. The University's filing deadline was 31 December 2019. The University had notified the Office for Students (Ofs). The OfS had acknowledged receipt and asked to be kept informed.
- 206.5 The Chair of the Audit Committee advised the Board that there were two options as follows;
1. To wait for the NCC's external auditors to sign NCC's 2018 accounts and for the University's external auditors to complete their work. The advantage of this approach was that, if the work was completed fairly soon, the University would have a normal audit report (albeit signed after the deadline). The disadvantage of this approach, was that it

would be on record that submission was late and it was unclear when the external auditors for NCC would sign off the 2018 accounts.

2. To adopt the accounts within the deadline, accepting a limitation of scope audit report. This was not technically an audit qualification, but it was unusual. The University's external auditors would report that they had been unable to obtain audit assurance on the pensions figure, but were content with everything else. The accounts would contain a note (to which their limitation paragraph would directly refer) explaining what the limitation was and that was beyond the University's control. The advantage of this approach was that the University would file on time and it would be clear that the problem was entirely external and beyond the University's management or control. The disadvantage was that the audit report would be on record forever.

206.6 The Chair of the Audit Committee advised the Board that the Audit Committee favoured the second option, and had recommended the following;

- Approaching the OfS to advise of the course of action to be taken
- Agreeing all draft wording for the relevant notes to the accounts and audit report in advance
- Making the final decision at the December Board meeting.

206.7 With the second option, the external auditors would have to audit the 2019 pension figure to ensure the 2018/9 opening balances (i.e. at 1/8/19) were correct and, if they were not, there would be a prior year restatement. The Chair of the Audit Committee advised the Board that he had asked the external auditors whether it would be appropriate for them to write to the University following that work confirming their view of the 2019 pension figure and, if so, whether the University could send this note to the OfS and have it on public record. The external auditors

were considering this request. It was noted that some other organisations in the county had the same problem.

- 206.8 It was noted that if, by the date of the next Board meeting on 18 December, the University's external auditors were not able to say when their work would be completed, the second option may be preferable. However, if they were able to give a date, it may be preferable to file the accounts late with a clean audit report.
- 206.9 The Board supported this approach and agreed to make a final decision at the December Board meeting.

207/19 Subsidiaries, Joint Ventures and Investments

- 207.1 The Board received and discussed Paper B, a report on the University's Subsidiaries, Joint Ventures and Investments.
- 207.2 The Director of Finance advised the Board that the report was to provide background and further information for the subsequent financial statements.

208/19 Annual Reports and Financial Statements

- 208.1 The Board received and noted Paper C, the Annual Reports and Financial Statements for the following companies;
- University of Northampton Enterprises Ltd
 - Icon East Midlands
 - Icon Operations Ltd
 - Waterside Campus Development Company Plc
 - Uno Buses (Northampton) Limited
- 208.2 The Board authorised the Chair to sign letters of support/comfort for Icon Operations Ltd, Icon East Midlands, University of Northampton Enterprises Ltd and Uno Buses (Northampton) Limited on behalf of the Board.

209/19 Going Concern and Liquidity Risk

- 209.1 The Board received and discussed Paper D, the Going Concern and Liquidity Risk Report for 2019.
- 209.2 The Director of Finance stated that the report gave background to the Board in its consideration of approving the University's Financial Statements. The report was a summary of the issues affecting the ongoing financial viability of the University and liquidity risk.
- 209.3 Members asked whether additional income from international students as reported in Paper D was secure. The Director of Finance advised the Board that over 900 international students had started their courses, compared to a predicted 600. The finance team were monitoring billing as this gave a good indication of retention.
- 209.4 The Board approved the Going Concern and Liquidity Risk Report for 2019 and through it, received assurance that the University was a going concern.

210/19 Annual Report from the Audit Committee to the Board of Governors and Vice Chancellor

- 210.1 The Board received and noted Paper E, an Annual Report from the Audit Committee to the Board of Governors and Vice Chancellor.
- 210.2 The Clerk advised the Board that before submission to the Office for Students, there would be a minor amendment to the chart on pages 4 and 5 of the report. However, this was not significant.

211/19 External Audit Report

- 211.1 The Board received and noted Paper F, the External Audit Report and Management Representation Letter.

- 211.2 It was noted that the report was received in draft form and that sections would need to be amended in the light of previous discussions about the submission of the University's Financial Statements.
- 211.3 It was noted that the Audit Committee had also received the Internal Audit Report. It was suggested that the internal audit team could be invited to give a presentation to the Board, based on their wide experience in the sector.

212/19 Appointment of Auditors

- 212.1 The Chair of the Audit Committee reported that the Audit Committee had agreed the reappointment of the internal and external auditors. The Board ratified the appointment of:
- RSM as internal auditors for a further three years beginning 2020/21
 - Ernst and Young as external auditors for a further three years beginning 2019/20.

213/19 University Annual Report and Consolidated Financial Statements

- 213.1 The Board received and noted Paper G, the University Annual Report and Consolidated Financial Statements for the year ending 31 July 2019.
- 213.2 The Director of Finance stated that the report was required to give a true and fair view of the University's position, including risks and weaknesses.
- 213.3 In reference to the Financial Statements, the Director of Finance advised the Board that the main changes were around depreciation and the Finance Team had completed a componentisation exercise to establish the exact depreciation rate. The external auditors had been complimentary regarding this.

- 213.4 The Director of Finance advised the Board that, as previously discussed, there were adjustments to the pension fund which was showing a large loss due to a change in the value of gilts. It was noted that this would be replicated across the sector.
- 213.5 The Chair of the Audit Committee congratulated the Director of Finance and his team on their preparation for the audit. It was noted that the external auditors had found no significant issues.
- 213.6 Members welcomed the narrative section of the report as it highlighted the University's achievements. Members congratulated the authors.
- 213.7 Members commented that the report should be shared with stakeholders and the wider community. It was noted that the majority of the content was drawn from existing published news stories and documents. Such messages were also used in marketing, for example during University Open Days. Members suggested ways in which positive messages could have a wider reach into the University's communities. In this context, the importance of staff satisfaction and engagement was noted.
- 213.8 More generally, members discussed how to encourage and support the University's engagement with local stakeholders and how to encourage the local community to visit the campus.
- 213.9 Members asked whether the section on excellence in IT delivery could be queried by current students, given that there had been issues with IT. Members asked when these issues were likely to be resolved. The Chief Operating Officer advised the Board that the IT team continued to work hard to ensure a satisfactory service, for example by constantly monitoring the Wi-Fi connectivity rate.

- 213.10 The Board approved the University's Annual Report and Consolidated Financial statements to the extent possible at the time of the meeting.

214/19 Letter of Representation

- 214.1 The Board authorised the Chair to sign the management representation letter in appendix E of the External Audit Report (Paper F).

215/19 Annual Report on Insurances

- 215.1 The Board received and noted Paper H, a report on the University's insurance policies and claims.

216/19 Academic Assurance

- 216.1 The Board received and noted Paper I1 and I2, a report from the Academic Assurance Committee and the Annual Report on Academic Quality and Standards.
- 216.2 The Chair of the Academic Assurance Committee advised the Board about the work of the Committee. In previous years, a statement on academic assurance from the Board had been required by HEFCE. To date, the Office for Students had not made this a requirement. The Chair of the Academic Assurance Committee stated that there was a rolling process of assurance and highlighted areas of improvement, particularly the improved graduate employability of BAME students. She also acknowledged the contribution of the University's staff, in particular the Executive Dean of Student Experience, to the Committee.
- 216.3 The Chair of the Academic Assurance Committee noted that there would need to be further discussion of the future of the Committee, given the appointment of the Deputy Vice Chancellor and changing OfS requirements.

- 216.4 Members asked for an update on curriculum renewal and noted that this affected student recruitment.
- 216.5 The Deputy Vice Chancellor advised that she had begun work on the curriculum. The Vice Chancellor suggested that curriculum renewal could include some radical thinking about the nature of the University's offer.
- 216.6 The Chair of the Academic Assurance Committee advised the Board that there was evidence in the reports that the University was constantly working on improving and updating the curriculum. It was noted that programmes were refreshed annually, and that students were involved in this process.
- 216.7 The Deputy Vice Chancellor offered to run an event for governors, which would cover the portfolio, curriculum, quality assurance, and related matters. It was suggested that this would be a good subject for the Risk Workshop in February 2020.

Clerk's Note: It was subsequently agreed that the Risk Workshop to be run on 26 February at 10.30 would focus on portfolio management.

Action: Deputy Vice Chancellor

- 216.8 The Board took assurance from the reports about academic quality and standards at the University.

217/19 Minutes of the Academic Assurance Committee Meeting held on 16 October 2019

- 217.1 The Board received and noted Paper J, the minutes of the Academic Assurance Committee held on 16 October 2019.

Minute 217.2 is in the confidential section of these minutes.

218/19 Prevent Duty Annual Accountability and Data Return

- 218.1 The Board received and discussed Paper K, the Prevent Duty Annual Accountability and Data Return to the Office for Students.
- 218.2 The Chief Operating Officer advised the Board that both the Audit Committee and Prevent Duty Working Group had considered the implications of a nil return in on welfare cases. The Prevent Duty Working Group had identified further actions to be taken, including working with the University's partners to ensure they understood their responsibilities.
- 218.3 The difference between the data on the use of the external speaker policy and procedure by the Students' Union and the University was noted. It was stated that the implications of this should be considered.
- 218.4 In respect of the nil return, members queried whether this gave sufficient assurance. It was suggested that sector data could be checked to see how the University compared. The Board was reminded of mechanisms already in place in respect of the Prevent duty for example staff training. The Office for Students had reviewed the return for the previous year and had not raised any issues.

Action: Clerk

- 218.5 The Board authorised the Chair of the Board to sign a Prevent Annual Accountability Statement on behalf of the Board.

219/19 Staff Survey Results

- 219.1 The Board received and discussed Paper L, a report on the results of the most recent Staff Survey.
- 219.2 The Vice Chancellor advised the Board that around 25 percent of University staff had completed the survey. He commented that the survey showed strong support for the University's strategic direction although it was completed during a time of change. There was a

difference in perception between the academic and the professional staff. The comments section of the survey had also been discussed by the senior management team, and further action was being developed based on this. A rolling action plan had been produced in response. There would also be a series of staff roadshows covering themes raised by the survey.

- 219.3 Members discussed communications as one of the key themes highlighted in the survey results and noted that these can be variable depending on role, department, line management and also on the perception of the individual.
- 219.4 It was noted that leadership was another theme. There tended to be greater confidence in local leadership than senior leadership, although there was overlapping membership of these groups. It was noted that a flat leadership structure may hinder the flow of communication, both top down and bottom up.
- 219.5 The Deputy Vice Chancellor advised the Board that in her role as line manager of the Deans, she would consider the different types of communication that were necessary for different groups of staff. This would improve their level of engagement with the University which in turn would have an impact on National Student Survey results and staff perceptions of themselves and their work.
- 219.6 Members noted that the data was presented at high level. It was confirmed that the data was also available at faculty and departmental level in order to inform local action plans.
- 219.7 The Vice Chancellor reported that a series of task and finish groups had been formed which covered some of the areas raised in the staff survey. In addition, he was meeting Subject Leaders, as this was a key group with whom communication was variable. A Subject Leaders'

Group would be set up under the leadership of the Deputy Vice Chancellor to try to address this.

- 219.8 Some members were in favour of a more frequent, and possibly shorter survey to receive a more regular sense of the progress being made.
- 219.9 It was also commented that it was important to ensure that action was taken as a result of the survey. This encouraged staff to complete further surveys in future.
- 219.10 Members also discussed the visibility of management and of the Board. It was suggested that the Board should consider holding staff open meetings as it had done previously.

220/19 Key Performance Indicators for Performance Related Pay

- 220.1 The Board received and discussed Paper M, a recommendation on the Key Performance Indicators (KPIs) that should be used for calculation of any Performance Related Pay awarded in relation to 2019/20.
- 220.2 The Clerk advised the Board that the KPIs in the paper had been drawn from those approved by the Board at the previous meeting. Members commented that the KPI on the percentage of students involved in Changemaker Awards seemed low.
- 220.3 It was confirmed that performance related pay was subject to affordability and that there was no payment for partial achievement of a target.

221/19 Fundamental Risks

- 221.1 The Board received and discussed Paper N, a report on the fundamental risks to the University.
- 221.2 In respect of IT risk, the Chief Operating Officer advised the Board that an internal audit of IT security had recently been carried out, and partial assurance had been received. A budget had been allocated for further work, and the actions from the report were being worked through.

- 221.3 The Chair of the Audit Committee reported that PWC had been engaged to produce a comparison of the University's position on IT security against the sector. The Chief Operating Officer stated that the report would be available by December.
- 221.4 Members discussed recent sector-level news, for example about the Augar report, student accommodation and fire safety, and the views of the University about this. It was confirmed that a full review of fire safety had been carried out during the construction of the Waterside campus.

222/19 Management Accounts

- 222.1 The Board received and discussed Paper O, the Management Accounts for the period ending 31 October 2019.
- 222.2 The Director of Finance advised the Board that the overall income was expected to be positive. It was noted that the overall income was sensitive to the student retention rate.
- 222.3 The Director of Finance advised the Board that the rent for the halls at Boughton Green Road had been reviewed and would be reduced for 2020/21.
- 222.4 It was noted that negotiations continued with Northampton Borough Council about how the University could make a payment to them with respect to the sale of the Park Campus. As previously reported, the payment was ready for transfer from the University's accounts. A further payment was due at the end of December 2019.
- 222.5 The Director of Finance advised the Board that cash flow was tracked throughout the year, and was expected to be low at one point in the year due to the cycle of payments from the Student Loan Company. Members asked when a two-month cash flow would be achieved. The

Director of Finance reported that this was expected during the current or next year.

- 222.6 Members asked if the cap on the catering contract included the Sunley Hotel and were advised that it did not. Members asked whether the catering contract was expected to move to a positive position. It was reported that overheads were high, due largely to staffing numbers which were high to cope with demand in the first term.

Minute 222.7 is in the confidential section of these minutes.

223/19 Minutes of the Nominations Committee Meeting on 21 October 2019 and an Update on Board Recruitment

- 223.1 The Board received Paper P, the Minutes of the Nominations Committee Meeting on 21 October 2019.
- 223.2 The Chair of the Nominations Committee reported that the Committee had agreed to co-opt a member of the University HR team.
- 223.3 The Chair of the Nominations Committee reported that eight candidates for the Board would be interviewed on 29 November 2019 and invited all governors to attend an information evening for applicants on 21 November 2019.

224/19 Transparent Approach to Costing (TRAC) Approval January 2020

- 224.1 The Board received and discussed Paper Q, a recommendation on the Annual Transparent Approach to Costing (TRAC) return.
- 224.2 The Board agreed to form a committee with responsibility for the approval of the annual TRAC return in January 2020. The TRAC Approval Committee would meet on 27 January 2020 at 5.30pm.

225/19 Reportable Events

- 225.1 The Board received and noted Paper R, advice from the Office for Students on events which should be reported to them, and a list of the University's most recent reportable events.

226/19 Tuition Fees 2020/21

- 226.1 The Board received and discussed Paper S on Tuition Fees for 2020/21.
- 226.2 Members asked whether the fee for the international MBA was high enough, given the fees charged by competitors. The Director of Finance advised the Board that fee had been market tested and recommended based on advice from the International Office.
- 226.3 Members commented that there was a large increase in fees for the international Foundation Framework Year “0” compared to the other increases. The Director of Finance reported that this was the recommendation from the team involved.
- 226.4 Members commented that the level of PhD fees made sense given the very good feedback from PhD students. It was noted that PhD student numbers had the potential to grow.
- 226.5 The Board approved tuition fees for 2020/21 as set out in the paper

227/19 Any Other Business

227.1 Communication to Students

The President of the Students’ Union thanked the Chief Operating Officer for a prompt response to the negative feedback from students regarding a communication about student printing. The issue had been quickly rectified.

227.2 Industrial Action

The Vice Chancellor advised the Board that some universities would be experiencing industrial action next week over pay and pensions. This did not affect the University of Northampton.

227.3 Dean of Health, Education and Society

The Vice Chancellor advised the Board that the Dean of Health, Education and Society, Steve O’Brien was retiring at the end of November 2019. He confirmed

that an internal candidate, Jacob Saranga had been appointed. Jacob Saranga was currently the Deputy Dean of Health, Education and Society and would take up his new post at the beginning of December 2019. The Chair proposed that the Board should formally thank Steve O'Brien at its February meeting.

227.4 Risk Workshop

The Chair of the Audit Committee encouraged all members to attend the Risk Workshop on 26 February 2020.

227.5 December Board

The Chair confirmed that the December Board meeting would be a dial in meeting. Members were also invited to a Christmas lunch at the Waterside Restaurant, followed by a Festive Event at which family and friends were welcome.

228/19 Confirmation of Availability of Papers

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

- Confidential minutes of the meeting held on 23 October 2019
- Paper B – University Subsidiaries, Joint Ventures and Investments
- Paper C – University Company Financial Statements
- Paper D – Going Concern and Liquidity Risk
- Paper E – Audit Committee Annual Report to the Board and the Vice Chancellor
- Paper F – The University of Northampton Audit Results Report – Draft
- Paper G – UON Higher Education Corporation Annual Report and Consolidated Financial Statements for the Year Ending 31 July 2019
- Paper H – Annual Report on Insurances
- Paper I2 – Draft Annual Report on Academic Quality and Standards 2018-19
- Paper J – Academic Assurance Committee Minutes of the meeting held on 16 October 2019
- Paper K – Prevent Duty Accountability and Data Return 2019
- Paper L - Staff Survey Results 2019

- Paper M – Key Performance Indicators for Performance Related Pay
- Paper N – Fundamental Risks
- Paper P – Nominations Committee Minutes for the Meeting held on 21 October 2019
- Paper R – Reportable Events
- Paper S – Tuition Fees 2020/21

A handwritten signature in black ink, appearing to read 'Mark M...' with a large, stylized flourish at the end.

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Approved by Chair

18/12/2019
Date