

Board of Governors

Minutes of the meeting held on 20 September 2019

Present:

Mark Mulcahey (Chair), Lucie Armstrong-Kurn, Sue Dutton, Jeff Halliwell, Matthew Hanmer, Gemma Lovegrove, Mark Mulcahey, Nick Petford, Martin Pettifor, Nick Pitts-Tucker, Nick Robertson, John Skelton, Cameron Vanloo, Paul Wood

Apologies:

Richard Horsley

In attendance:

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

169/19 Welcome, Apologies and Quorum

- 169.1 The Chair welcomed those present, and in particular welcomed the new governors and the Deputy Vice Chancellor designate to the meeting.
- 169.2 The Chair noted apologies and confirmed that the meeting was quorate.

170/19 Appointment of Chair and Deputy Chair

- 170.1 The Board approved the appointment of Mark Mulcahey as Chair and Sue Dutton as Deputy Chair.
- 170.2 Members asked about the appointment process for the Chair and Deputy. The Clerk advised the Board that University's Articles of Government required the election of the Chair and Deputy Chair as the first item of business in each academic year. At present, the approval of the Privy Council was needed to amend the Articles of Government. However, legislation to allow the University to amend its own Articles was planned. The Clerk reported that there would be a full review of the Articles and other governing documents during the 2019/20 academic year, and ensuring that the process for the appointment and term of office of the Chair and Deputy Chair was robust and clear would be a part of this.

171/19 Declarations of Interest

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

172/19 Minutes of the Previous Meeting

- 172.1 The Board approved the minutes and confidential minutes of the meeting held on 17 July 2019 as a true record of that meeting.

173/19 Action List and Matters Arising

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

Minute 173.2 is in the confidential section of these minutes.

173.3 **Thomas International PPA Analysis** (Minute 159.3)

Members asked about the next steps once the PPA survey had been completed by individual Board members. The Clerk advised that each Board member would be invited to receive individual feedback from the Staff Development Team. It was reported that an overall team personality profile of the Board would be generated. This could be compared to the profile created for the whole University. It was agreed that the overall personality profile would be brought forward to the Board at an appropriate time.

Action: Clerk

174/19 Management Accounts

- 174.1 The Board received Paper B, the management accounts to July 2019. The Director of Finance explained the reasons for negative variances in the income and expenditure account. For example, the impact of a valuation of the LGPS pension scheme. It was noted that this had had an impact across the sector.
- 174.2 Members noted that action had been taken during 2018/19 in respect of catering provision which would mean that the costs were better controlled over 2019/20.
- 174.3 Members asked about the loss of income from the Competency Testing Centre. They were advised that there had been some competition during the year, but that the CTC's offer remained strong with potential to grow.
- 174.4 Members asked whether staggering the depreciation of IT equipment might avoid the expense of replacement equipment in three years' time. The Director of Finance advised that depreciation related to the book value of the items, but that an assessment would also be made of

the state of the equipment and its useful life, which would effectively allow for staggered refreshment of the equipment.

174.5 The Director of Finance advised the Board that there was an international partner with an outstanding debt of £300k. He confirmed that the University was ending the partnership and teaching out the remaining students.

174.6 Members asked whether the University could take insurance to cover the risk of bad debt from partnerships or require the partner to insure against them. The Director of Finance advised the Board that it was difficult to pursue outstanding debt through the courts in other countries, and that this required specialist legal advice. He agreed to investigate the option of insurance.

Action: Director of Finance

174.7 Members asked whether the contracts with partners were under English law and included arbitration. The Finance Director confirmed that arbitration would take place in the courts of the partner's country.

174.8 Members asked how much bad debt from partnerships had been written off over the past five years. The Director of Finance confirmed that there had been one debt write-off resulting from a partnership. This had been referred to the Board and was in the region of £500k. The Director of Finance gave assurance that the University had a robust system in place to assess risk and ensure prudent decisions were made. Members asked about the tolerance and policy on overseas debt. The Director of Finance advised the Board that the University would seek ways for partners to pay, and, failing this, would look to end partnerships where the risk of debt was judged to be too great. It was

important to do this before new cohorts of students were enrolled at partner institutions.

- 174.9 The COO noted that the University needed to diversify its income, and that growing income diversification involved greater risk. Overall, partnership activity was profitable, however, a provision should always be made for bad debt. The Director of Finance confirmed that the overall bad debt provision was £500k to £750k, at least half of which would be expected to be from overseas partner debt. Members noted that the risks were non-payment, the liability incurred teaching students to the end of their course, and lost income. The Chair asked the Director of Finance to provide the Board with further detail regarding bad debt provision.

Action: Director of Finance

175/19 Revision to 2019/20 Budget

- 175.1 The Board received and noted Paper C, which proposed revisions to the 19/20 budget which had been approved by the Board on 19 June 2019.
- 175.2 The Director of Finance advised the Board that there had been changes since the 19/20 budget had been approved. These included the restructure from four to three faculties.
- 175.3 Members asked about the timescale for IT depreciation. The Director of Finance confirmed that depreciation was over three years to 2020/21.
- 175.4 Noting that IT depreciation resulted in a loss showing in the profit and loss account, members asked when depreciation would stop affecting the bottom line. The Director of Finance reported that this would be around 2022/23. He confirmed that he would bring forward some scenario analysis on the overall budget, and expected to be able to do this in the middle of the current academic year.

Action: Director of Finance

Minute 175.6 is in the confidential section of these minutes.

175.7 Members asked about the net fee structure for home and international students. The Director of Finance confirmed that they were broadly comparable. The net figure for international students was circa £8k and home students circa £8.5k. Members noted that the 2019/20 cohort of international students was very diverse, which was welcomed.

175.8 Members asked about the University's programme of cost saving measures. The Director of Finance confirmed that this had taken place in line with expectations.

175.9 Given this, members asked why the staffing budget had increased in the new iteration of the 2019/20 budget. The Director of Finance reported that some faculties had been able to identify additional income, which had been used to fund more staff.

175.10 Members asked about the assumptions made on income. The Director of Finance reported that the figure had not been revised since the first iteration of the budget, however, there was potential for further income.

Minutes 175.11 – 175.13 are in the confidential section of these minutes.

176/19 Corporate Key Performance Indicators for Performance Related Pay

176.1 The Board received and discussed Paper I, a recommendation on seven of the University's suite of key performance indicators (KPIs) which would be used to calculate the corporate element of any performance related pay (PRP) in respect of 2019/20. It was confirmed that the seven KPIs would be equally weighted.

176.2 The Vice Chancellor explained that a new KPI, on cascading KPIs via performance and development reviews (PDRs) had been added. This did not appear in previous iterations of the KPIs. The Vice Chancellor explained that a KPI at Board level would ensure that line managers understood that this was being taken seriously and help to drive behaviour. Members asked if carrying out PDRs was mandatory. The Vice Chancellor confirmed that it was, and that he would wish to see this carried out and accelerated.

Minute 176.3 is in the confidential section of these minutes.

176.4 Members asked about the rationale of changing from using the KPI on new full-time undergraduate Home/EU students to using the KPI on international student income. The Vice Chancellor clarified that the KPI for new undergraduates was still in place and remained at 2850. However, it was not suggested as a KPI for performance related pay.

Minute 176.5 is in the confidential section of these minutes.

176.6 It was noted that the 2019/20 targets given in the paper had changed from the original targets given in the Operational Plan. It was confirmed that some targets had been reduced to make them realistic but still stretching. Board members noted the need for a higher level of scrutiny where targets had been changed.

176.7 Members asked about the target income from international students in 2019/20. It was confirmed that the target had been achieved through international student recruitment for September 2019 entry. Members noted that a target that was already achieved was not motivating over the course of a year, although they appreciated that this KPI was used in order to drive management action. On these grounds, some members recommended that the target for 2020/21 income from

international students was used. It was confirmed that the timetable of student recruitment and agreement to pay PRP would allow this to happen.

- 176.8 The Board agreed to delegate to the Remuneration Committee the approval of the final KPIs for the corporate element of PRP, including their targets.
- 176.9 Members suggested that it would also be sensible to have domestic recruitment as a KPI for PRP.
- 176.10 In reference to a suggested KPI on student involvement in Changemaker, members noted that most students had to do a bronze Changemaker certificate and recommended the use of silver or gold certificates for this measure. It was noted that a benchmark still needed to be developed and this would be presented to the Remuneration Committee for approval.
- 176.11 It was agreed that the executive should prepare a paper for the Remuneration Committee as soon as possible, setting out their final recommendations for the KPIs to be used in the corporate element of PRP, and how the targets had changed. It was noted that it was desirable to have KPIs for PRP approved as soon as possible in order to drive staff behaviour.

Action: Vice Chancellor/Executive team

177/19 Mandate for Online Banking

- 177.1 The Board received and noted Paper D, a revised banking mandate for online banking.
- 177.2 The Board authorised the signature of the mandate by the Vice Chancellor.

177.3 By authorising the signature of the mandate, the Board resolved and confirmed the following matters where 'the Bank', 'you', 'your' means Lloyds Bank Plc and 'we', 'our', 'us' means the University of Northampton:

1. The Bank is invited and authorised to send to the Primary Administrator(s) appointed through Section 6 all information related to the Commercial Banking Online service including initial access codes, in connection with our and all Users' use of the Commercial Banking Online service.

2. We acknowledge that we are fully responsible to the Bank for the action of the Primary Administrator(s), Administrator(s) and all Users.

3. We request Security Devices and where applicable agree to be bound by all their material terms and conditions as set out in any supplementary PKI Customer Agreement which may be issued to me/us from time to time and authorise the Bank to send the Security Cards to the relevant User. We agree to pay the cost of all items needed to enable access and use of Commercial Banking Online as may be debited to the account(s) specified in Section 8 from time to time.

4. Our existing mandate(s) in favour of the Bank relating to our accounts be varied, as may be necessary, so as to allow our and all Users' use of the Commercial Banking Online service including the ability of the Primary Administrator(s) nominated in this application form, and/or Administrator(s) (without the involvement of the Bank) to authorise individuals to make use of any or all of the features of the Commercial Banking Online service as permitted by the Conditions and to set such limits as the Primary Administrator(s) and/or Administrator(s) determines.

5. We authorise the details of our accounts held now or in the future accessible through the Commercial Banking Online service can be passed to the Parent/Holding Company in order to provide the Service to us. This authorisation includes, but is not limited to, details of any transactions on our accounts.

6. We acknowledge that each of our Primary Administrator(s) and/or Administrator(s) is responsible for ensuring that all transactions made through the Commercial Banking Online service are duly and correctly authorised and that the Bank is entitled to rely on any instructions (including, without limitation, any payment instruction(s)) by all Users and is under no obligation to verify the security procedures or identity of the person(s) issuing the instructions provided that they have been properly authorised using a Security Device in accordance with the Security Procedures.

7. Where we have requested that you may accept the instructions of the Parent/Holding Company to make changes to this Agreement on behalf of any additional legal entities in relation to the Commercial Banking Online Service, we agree to indemnify you against (and confirm that you will not be held responsible for) all and any claims, losses, costs or charges which may be raised against you or incurred by you in consequence of your acting upon instructions of the Parent/Holding Company and shall upon request provide you with confirmation and/or ratification of these actions from such additional legal entities.

8. Where we have requested that you may accept an instruction or application to add and/or modify existing or additional functionality available through the Commercial Banking Online service, we confirm that you may accept such instruction or application from our Primary

Administrator(s) and shall upon request provide you with confirmation and/or ratification as may be required.

9. We grant the Bank the following indemnity. In considering that from time to time we wish to make transfers of monies from our account or accounts on behalf of all parties included within this application in your books to one or more other of our accounts, or to an account or accounts of any other person, firm or company, regardless of where the accounts are held, and considering also that for the sake of convenience we have requested that you will accept instructions to give effect to such transfer notwithstanding that these instructions will be given to you by us or on our behalf by the Primary Administrator(s) and/or Administrator(s) through the Commercial Banking Online service and authenticated by means of a Security Device (or other security code) which request you have accepted: we undertake to indemnify you against (and confirm that you will not be held responsible for) all and any claims, losses, costs or charges which may be raised against you or incurred by you in consequence your acting upon instructions received through the Commercial Banking Online service to effect transfers for or in connection with this in any manner or way provided that such claims, damages and expenses do not arise from the negligence, default or fraud of the Bank, its employees or agents

177.4 In order to execute the resolutions in minute 178.3 as a deed, the Board approved the use of the University's seal on an extract of these minutes to be supplied to Lloyds Bank Plc. with the banking mandate.

177.5 Members asked if there was a change in costs for the online banking facility. The Director of Finance confirmed that there was no change in costs.

178/19 Office for Students' Approval of the University's Access and Participation Plan

178.1 The Board received and noted Paper E, the Office for Students' approval of the University's Access and Participation Plan.

179/19 Minutes of the Senate Meeting held on 3 July 2019

179.1 The Board received and noted Paper F, the minutes of the Senate Meeting held on 3 July 2019.

180/19 Ratification of Chair's Action in Respect of Approval of Policies

180.1 The Board received Paper G, a recommendation to ratify action taken by the Chair to approve changes to policies and procedures on:

- Donor Relations and Acceptance of Donations
- Naming of Assets by Donation.

180.2 The Board ratified the Chair's action which had been taken.

181/19 Goodwill Solutions CIC's Social Impact Report

181.1 The Board received and noted Paper H, Goodwill Solutions CIC's Social Impact Report.

182/19 Confirmation of Availability of Papers

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

- Confidential Minutes of the meeting held on 17 July 2019
- Paper C – Revisions to 19/20 Budget
- Paper D – Revised Banking Mandate

- Paper E - OfS approval of the University's Access and Participation Plan
- Paper F - Minutes of the Senate Meeting held on 3 July 2019
- Paper I – Corporate Key Performance Indicators for Performance Related Pay

183/19 Dates of Forthcoming Meetings

- Academic Assurance Committee – 16 October 10 – 11.30am
- Nominations Committee – 21 October 4 – 5.30pm
- Board of Governors – 23 October 9.30 – 11am
- Dean/Director Presentation – 23 October 11am – 12.15pm
- Audit Committee – 13 November 2 – 4pm



.....

Approved by Chair

23/10/2019

Date