

Board of Governors

Minutes of the meeting held on 17 June 2020

Present:

Mark Mulcahey (Chair), Damilola Akhigbe, Sue Dutton, Jeff Halliwell, Matthew Hanmer, Richard Horsley, Shivani Kaushike, Gemma Lovegrove, Rayna Miller, Nick Petford, Martin Pettifor (from item 85), Nick Pitts-Tucker, Ivna Reic, Nick Robertson, Jon Scott, John Skelton, Paul Wood

Apologies:

Lucie Armstrong-Kurn

In attendance:

Becky Bradshaw (Director of Estates and Campus Services), Emma Finlay (Governance Assistant), Mark Hall (Executive Director of Finance), Miriam Lakin (Clerk to the Board), Terry Neville (Chief Operating Officer), Shân Wareing (Deputy Vice Chancellor)

79/20 Welcome, Apologies and Quorum

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

80/20 Chair's Introduction

80.1 The Chair discussed what had been covered in Board meetings in April and May. He again congratulated the executive team and all staff for their

response to the Covid-19 pandemic. He stated that the intention of the current meeting was to focus on the 12 to 18 month plan and the budget for 2020-21. The meeting in July would consider budget mitigation plans in more detail in case these were necessary. There would also need to be consideration of how the Board organised itself beyond the July meeting to ensure that meetings were aligned to critical decision points. He stated that a proposal on future Board organisation would be circulated shortly.

Action: Chair

81/20 Declarations of Interest

- 81.1 Damilola Akhigbe reported that her husband Paul Akhigbe had been employed by the University as a contractor in the IT department.
- 81.2 There were no further declarations of interest in addition to those already held on record by the Clerk.

82/20 Co-option of Board Member

- 82.1 The Board received Paper A which proposed the co-option of Frank Jordan to the Board of Governors. This would be on a three-month rolling basis. It was noted that Frank Jordan had previously served on the Board as its member co-opted from the professional services staff and therefore brought significant experience. It was noted that the appointment would ensure that the Board had a voice from the professional services staff, at a time when the governor co-opted from the professional services staff was having difficulty engaging regularly due to remote working arrangements.
- 82.3 The Board resolved to co-opt Frank Jordan as member from 17 June 2020 to 30 September 2020, when the appointment would be reviewed.

83/20 Minutes of the Previous Meeting

- 83.1 With an amendment to minute 65.12, the Board approved the minutes and confidential minutes of the meeting held on 20 May 2020 as a true record of that meeting.

84/20 Action List and Matters Arising

- 82.1 The Board received and noted a paper on actions arising from previous meetings.
- 82.2 In respect of action 20/54.7, the Clerk to the Board confirmed that a data report on student feedback would be available on the Board Portal. It was noted that information about the provision the University was making to support students had previously been reported to the Board as part of papers on the response to COVID-19.

Action: Clerk

Martin Pettifor joined the meeting.

85/20 University Response to COVID-19

- 85.1 The Board received a verbal update from the Director of Estates and Campus Services on the University's response to the COVID-19 pandemic. The update included the following:
- Continued support to students on campus
 - Continued civic engagement and support for projects. For example,
 - providing accommodation for victims of domestic abuse, organised by Northamptonshire Police
 - providing support to a charity called Scrubs Up, which provided scrubs to local hospitals
 - as of 1 July 2020, providing 27 rooms for the homeless, organised via Northampton Borough Council

- consideration of accommodation for a temporary court to ensure that cases could still be heard
- The Estates and Campus Services team were implementing physical measures for social distancing, with planned completion by early August 2020. This would enable staff to return to the campus to prepare for the new academic year
- The University had made a commitment to face to face delivery of teaching from September 2020. There would be a minimum of two hours face to face delivery per week. Some courses were likely to receive more contact, for example those with a large practical element. A project had been started to facilitate face to face delivery
- Student accommodation would open in September 2020. Adjustments would be needed to accommodate social distancing requirements and ensure the safety of residents. Guidance was due to be published shortly
- Sports facilities and societies would also be open from September 2020, again with appropriate measures in place
- Support for international students who would need to quarantine for 14 days on arrival was being considered

Minute 85.1 bullet point 8 is in the confidential section of these minutes.

- The University had begun the first phase of a plan to develop the estate, considering how to rationalise the estate and ensure it was as efficient as possible. The second phase would focus on growth.

85.2 A member asked about how the University was communicating its offer to prospective and returning students. It was reported that a video was in

production to show the how physical environment would look and function. The relevant pages on the University's website were also being updated to provide reassurance to students about safety and confirm that the experience would be as close to normal as possible.

85.3 Members asked whether the capacity of the halls of residence would be affected by social distancing requirements. Assurance was given that the University would continue to follow official guidance. Residences with en-suite facilities were likely to be used at full capacity. Risk assessments were being carried out.

85.4 The Chair thanked the Director of Estates and Campus Services and her team for their hard work and commitment.

86/20 Fundamental Risks

86.1 The Board received and discussed Paper C, a report on the current fundamental risks to the University.

86.2 The Chief Operating Officer advised the Board that the risk profile for the University had changed significantly over the last few months. He highlighted the key risks that could affect the University's ability to operate as a going concern as set out in the paper.

87/20 Budget for 2020/21

87.1 The Board received and discussed Paper D, the draft budget for 2020/21.

87.2 It was reported that the Board had discussed three cash flow scenarios at its meeting in May. The Vice Chancellor reported that an additional cashflow scenario, Scenario 0.5 has been added. The Vice Chancellor stated that if the University began to move from Scenario 0.5 towards Scenario 1, the University would need to take action to mitigate risks and stay within Scenario 0.5.

- 87.3 The Executive Director of Finance advised the Board that a base model (Scenario 0) had been prepared which showed the University's forecast cashflow under normal circumstances. The base budget allowed an examination of which areas required budget adjustments regardless of the impact of the pandemic.
- 87.4 The Executive Director of Finance confirmed that Scenario 0.5 broadly reflected what was known about student recruitment to date. Current UCAS applications were about 200 less than in the previous year. There was greater uncertainty about international recruitment. As international students were asked to make deposits to secure their place, these deposits were a good indicators of eventual student numbers. Deposits for study in 2020-21 were about 25 percent less than in the current year.
- 87.5 It was also reported that Scenario 0.5 included income to the Competency Testing Centre of £5m, which reflected pre COVID-19 performance for 2019/20.
- 87.6 The Executive Director of Finance advised the Board that the 2020/21 budget preserved the cost base of the University. The reason for preserving the cost base was to ensure that the University would be able to benefit from the anticipated recovery of the sector and particularly the increase in the UK population of 18 year olds from 2021/22.
- 87.7 The Executive Director of Finance reported on the forecast cashflows during 2020/21 which would mean that Scenario 0.5 would result in a positive cashflow.

Minutes 87.8 and 87.9 are in the confidential section of these minutes.

- 87.10 The Executive Director of Finance advised the Board that the University has requested a revaluation of its members in the LGPS pension scheme.

It was conjectured that the University's members were different from the aggregate profile of all the scheme members and therefore the revaluation could lead to a decrease in the deficit and improve the balance sheet position.

Minute 87.11 is in the confidential section of these minutes.

87.12 A member asked whether the 2020/21 budget was based on the assumption that there would be a full recovery of student numbers by 2021/22. The Executive Director of Finance confirmed that the budget assumed student recruitment in 2021/22 at the same level as in 2019/20. There would be a lower number of students in 2020/21, which would affect the recovery of the 1.5 debt service cover ratio required by the bond covenant.

87.13 The Executive Director of Finance advised the Board that the budget would be reviewed at the beginning of the academic year 2020/21. This review would establish whether the cashflow was as required for Scenario 0.5, or whether further mitigation measures were required. If cashflow worsened from Scenario 0.5, the assumption that student recruitment would fully recover in 2021/22 would be reviewed at the start of the 2020/21 year.

87.14 Members asked if there was any indication that applicants were awaiting results or further clarity on the overall situation before applying. It was suggested that this may improve the assumptions in Scenario 0.5. The Executive Director of Finance advised the Board that the UCAS deadline had been extended which meant that applicants had waited to make decisions. However, this had started to change as the UCAS deadline was

18 June. This implied that many applicants would not wait for clearing to make decisions.

87.15 It was reported that the government had imposed a student number cap on universities. The cap was their forecast student number target plus five percent. It was reported that this may not work in favour of the University as other institutions may attempt to mitigate their positions by recruiting an additional five percent.

87.16 A member noted that outstanding debt in the management accounts was £3m higher than at the same time last year, and asked whether the cashflow forecast for 2020/21 assumed an increase or decrease from the current level. The Executive Director of Finance stated that current increase in outstanding debt was due largely to overseas students struggling to meet the cost of tuition. Many overseas students had been particularly affected by the impact of the pandemic and had sought payment plans, which were being put in place as necessary. It was reported that bad debt provision had been increased from £700k to £1.5m in the budget for 2020/21. A member queried whether this was a prudent assumption, given that the current level of outstanding debt was £3m. The Executive Director of Finance stated that he believed it was a prudent assumption as students could not graduate with tuition fee debts. Current experience was that students were requesting longer to pay, but continuing to engage with their courses, which implied that they intended to complete their studies. Students who dropped out were less likely to settle debts.

87.17 The Chair of the Audit Committee reported that he had had a longer conversation with the Executive Director of Finance and had gained additional assurance on the assumptions underpinning Scenario 0.5. He noted the importance of focusing on mitigation actions which ensured

that the University did not damage its longer term prospects in order to address a short term situation.

Minute 87.18 is in the confidential section of these minutes.

87.19 A member asked whether there was an assumption that all current students would return in September 2020. The Board was advised that the assumption was the same level of retention as in the previous year.

87.20 A member noted that the net assets of the University would be reduced under certain scenarios. This may be improved by the revaluation of the pension scheme as mentioned. A member asked if there was any indication of the likely improvement to the deficit figure from the revaluation. It was reported that there was no estimate at present. However, there was confidence that the current deficit was overestimated.

87.21 It was noted that the current valuation of the scheme was based on the gilt rate. However, the scheme itself was based on more lucrative investments which were currently performing reasonably, and therefore it had been confirmed that the scheme itself would not carry out an interim revaluation this year.

87.22 A member commented that this issue was under the University's control and therefore gave strong encouragement to its being pursued. The member stated that the overall concern was that negative net worth had a detrimental impact on student recruitment.

87.23 A member asked when there would be a response on whether a delay to repayment to the Public Works Loan Board was possible as a temporary mitigation. The Chief Operating Officer advised the Board that this possibility was being actively pursued.

87.24 A member asked about the next review milestone for scenario planning and the budget. The Board was advised that this was confirmation of student recruitment figures for 2020/21. There would be a clear picture of Home/EU recruitment by late September to early October 2020. The University would receive deposits from international students by the end of October 2020. There was a further intake in February to March 2021, which was a further milestone.

87.25 A member asked about the different mitigation strategies being considered, and whether these included consideration of more permanent productivity gains, as the current suggested mitigations seemed temporary.

87.26 The Vice Chancellor stated that the University's cashflow would be closely monitored and compared to the cashflow scenarios as presented to the Board. If a scenario worse than 0.5 was likely, a range of mitigations would be needed. These would depend on the severity of risk and which scenario was entered.

Minute 87.27 is in the confidential section of these minutes.

87.28 It was reported that its meeting in July, the Board would receive detail on the available mitigations, linked to levels of going concern risk.

87.29 In reference to going concern risk, the Vice Chancellor stated that the Board needed to consider:

- a) What it would take for the University to no longer be a going concern
- b) How likely this was to happen.

Four cashflow scenarios had been developed to address the going concern risk.

- 87.30 Members confirmed that they were assured that a range of mitigations in response to cashflow scenarios were being considered. This would enable the University to be flexible in its response.
- 87.31 A member asked whether the HE sector was applying any pressure on government on the issuing of visas for international students. The Vice Chancellor confirmed that visa offices were starting to re-open, as were English test centres run by the British Council. It was reported that according to recent British Council surveys, the demand to study in the UK was still very strong. The Vice Chancellor advised the Board that the government had recently appointed Sir Steve Smith, Vice Chancellor of Exeter University, as the UK's international education champion.
- 87.32 It was noted that international students pay fees at the beginning of their courses. This may be an issue for students from economies that had been significantly affected by COVID-19 and had high levels of unemployment.
- 87.33 It was noted that a second wave of COVID-19 was still a danger, both in the UK and overseas. The Vice Chancellor confirmed that the end of January 2021 was a further risk management milestone for the University. The student intake in January 2021, which was largely from overseas could mitigate a downturn in September 2020, especially if travel restrictions remained in place in September 2020.
- 87.34 The Chair advised the Board that the decision before it was whether to approve a budget which expected student recruitment to be consistent with current applications and maintained a cost base which would enable the University to take advantage of the market post COVID-19.
- 87.35 The Board approved the 2020/21 budget as set out in Paper D.

88/20 Management Accounts

- 88.1 The Board received and discussed Paper E, the Management Accounts for the period ending 31 May 2020.
- 88.2 The Executive Director of Finance advised the Board about the impact of the COVID-19 pandemic and lockdown. A number of factors had combined to increase the level of deficit predicted by year end. He advised the Board that effects on the cashflow and student debt were being experienced across the sector.

Minute 88.3 is in the confidential section of these minutes.

89/20 Future Organisation of Board Meetings

- 89.1 The Chair noted that he would circulate a paper, as previously stated. It was especially important to agree the timing of future meetings to allow the Board to respond to the developing situation.
- 89.2 Members suggested that the Board consider establishing a committee to consider specifically the impact of COVID-19 and the University's response, should there be a significant impact on student recruitment for 2020/21. This would ensure that there was sufficient time for Board discussion. The Chair proposed that the impact of COVID-19 remained an issue for the full Board during Autumn 2020 as the whole Board needed to understand the implications of student recruitment. Following this, a further structure to monitor the delivery of mitigation and recovery plans might be appropriate.

90/20 Overview of Marketing, International Relations and PR Activities

- 90.1 The Board received and noted Paper G, an overview of the recent activity of the marketing, international relations and PR teams. Members

congratulated the Marketing team for being innovative and imaginative during a very challenging period.

91/20 University Anti-Racism Response

- 91.1 The Board received and noted Paper H, which gave details of the communications the University had issued in response to recent anti-racism demonstrations and public dialogue.
- 91.2 The Chair stated that whilst communication was important, racism should be actively opposed. He urged those present to reflect on the following:
- Being 'not racist' was not enough, organisations and people must be anti-racist
 - There was a personal and collective responsibility for self-education and reflection about racism and how to be anti-racist, rather than relying on others to provide education.
- 91.3 The Chair stated that racism was an issue for the institution and wider society. The Chair therefore asked for the Board's support in requesting a paper which strategically reviewed the University's systems, processes and organisation on equality, inclusion and anti-racism. He stated that it would be valuable for Board members to engage with the preparation of this report, which should be presented during the autumn term. The Board gave its strong support to the proposal.

Action: Vice Chancellor, Deputy Vice Chancellor, Chief Operating Officer

92/20 University Response to COVID-19

- 92.1 The Board received and noted Paper I which gave information about the University's response to COVID-19, and in particular details of the preparation of the physical environment in response to the latest government and sector guidance.

93/20 Annual Reviews

- 93.1 The Board received and approved Paper J, which set out the questions and a system for the annual review of the Chair by the Board.
- 93.2 The Board received and approved Paper K, which set out the questions and a system for the Board's annual self-review.

94/20 Reportable Events

- 94.1 The Board received and noted details of reportable events which had been submitted to the Office for Students as set out in Paper L.

95/20 Any Other Business

Gemma Lovegrove

- 95.1 On behalf of the Board the Chair thanked Gemma Lovegrove for her service to the Board over the past two years in her capacity as President of the Students' Union and wished her well.
- 95.2 Gemma Lovegrove thanked the members of the Board. She stated that she had gained a wealth of experience from her time at the University and acknowledged the support of the leadership team and the Board.

96/20 Availability of Papers

- 96.1 The following papers were confirmed as confidential to the meeting:
- Confidential Minutes of the Board Meeting held on 20 May 2020
 - Paper C – Fundamental Risks
 - Paper D – 2020/21 Budget
 - Paper I – University Response to COVID-19 Outbreak – 15 June Update
 - Paper L – Reportable Events

97/20 Dates of Forthcoming Meetings

15 July 2020 at 3.30pm

A handwritten signature in black ink, appearing to be 'Mol' followed by a stylized flourish.

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Approved by Chair

15/07/2020

Date