

**Board of Governors
19 November 2014
Agenda item 3
Paper AA
Subject to approval
To approve**



**Board of Governors additional meeting
Chair's minutes of the meeting held on 11 November 2014**

Present:

Mr Andrew Scarborough (Chair)

Mr Victor Agboola

Mrs Margaret Gardner

Mr Richard Horsley

Mrs Sylvia Hughes

Dr Ron Mendel

Mr Mark Mulcahey

Prof Nick Petford (by electronic means)

Mr Martin Pettifor

Mr Nick Pitts-Tucker

Mr Nick Robertson

Mr David Watson

Apologies: Ms Helen Flach and, and Mrs Jance Bunce for attendance.

In attendance:

Mrs Jill Ainscough (Governor designate) for items minuted as M231 to M235,

Mr Nick Allen (Executive Officer OVC) for items minuted as M231 to M235,

Ms Frances Churchard (Mills & Reeve) for items minuted as M231 to M235,

Mr Tony Gale (Mace) for items minuted as M231 to M235

Mr Robert Griggs (Waterside Project Director) for items minuted as M231 to M235,

Mr Mark Hall (Director of Finance)

Mr Nigel Hawes (Turner Townsend) for items minuted as M231 to M235

██████████ (HEFCE) for items minuted as M231 to M235, *Redacted under Section 40 (Personal Information) of the Freedom of Information Act.*

Miss Alice Hynes (Clerk)

Mr Gwyn Llewelyn (KPMG) for items minuted as M231 to M235,

Mr Terry Neville (Chief Operating Officer)

Mr Richard Noble (Mills & Reeve) for items minuted as M231 to M235,

Mr David Prynne (Assistant Clerk)

Ms Sarah Seed (Mills & Reeve) for items minuted as M231 to M235.

M231/14 Welcome and Apologies

The Chair welcomed members and colleagues to the meeting, including the Vice Chancellor who was joining the meeting via Skype. It was confirmed that the meeting was quorate with sufficient members, including independent members present.

M232/14 Declarations of Interest

232.1 Standard Declarations of interest were noted for members and those in attendance as follows: - Mrs Sylvia Hughes, as District Councillor, East Northamptonshire Council and County Councillor, Northamptonshire County Council; Dr Ron Mendel, as UCU Branch Secretary and part of National UCU negotiating team; Mr Andrew Scarborough, as Borough Councillor Wellingborough and Chair of Rowan Gate Primary School (Special Education).

Mr Mark Hall, as Governor at Northampton College; Mr Terry Neville, as Governor of Moulton College, member of Northampton Enterprise Partnership (NEP) Board, the Northampton Heritage Gateway Strategic Project Board and the NCCs Project Angel Steering Group.

232.2 The Board noted that it would consider business relating to the PWLB loan through Northamptonshire County Council (NCC) and Mrs Hughes position as a Councillor. In line with Byelaws 9.3 and 9.4, the Board discussed the matter and considered that her conflict of interest was minimal and that she should remain to participate in the debate, abstaining with respect to voting on that particular NCC PWLB loan matter.

M233/14 Minutes of the meeting held on 22 October 2014

233.1 The Chair presented Paper A2, a tabled revised version of the minutes, and Paper AR the reserved minutes of the meeting held on 22 October 2014.

233.2 The Board resolved to approve the minutes as Paper A2 including additional wording in 209.2 about the survey made of some staff, and to approve the reserved minutes after correction of the final line to read "or agree that the termination of the arrangements was in the best interest of both parties" as a true record of the meeting held on 22 October 2014.

Action: Clerk

M234/14 Matters Arising

234.1 The majority of matters arising were deferred for consideration to the 19 November but two relevant and more urgent items were considered; M221/14 on Treasury Management and M214/14 on Governor Liability and Insurance.

234.2 **On M221:** The Director of Finance and the Deputy Director of Finance presented Paper B1, an update Treasury Management Policy. [REDACTED]

Redacted under Section 36 (Prejudice to the Effective Conduct of Public Affairs) - Release would inhibit the free and frank exchange of views and opinions. In addition Section 43 (Commercial Interests) of the Freedom of Information Act is also relevant.

[REDACTED]

234.3 The Board resolved to approve the revised Treasury Management Policy with the amendment to Appendix 1 E confirming the addition of wording to read "to achieve security, liquidity and a satisfactory return".

Action: Director of Finance

234.4 **On M214:** The Director of Finance presented Paper B2 follow up proposals on Insurance in the context of potential person liabilities incurable by governors. Further to discussion with the University's brokers AON and the insurers Markel the Executive had proposed that additional cover be taken out to increase the threshold [REDACTED] and that there had been a separation of the cover for Directors and Governors compared to staff professional indemnity.

Redacted under Section 43 (Commercial Interests) of the Freedom of Information Act

234.5 The Board resolved to support strongly the proposal from the Executive to increase the insurance for governors [REDACTED] and to express satisfaction that the current policy continued to cover claims made regarding decisions by past governors.

Action: Director of Finance *Redacted under Section 43 (Commercial Interests) of the Freedom of Information Act*

M235/14 Update on Waterside Project and Decisions on Progression

235.1 The Waterside project Director presented Paper C1, comprising the update on project and its appendices. He confirmed that the purpose of the discussion was to give the Board the latest information on key issues relevant to their decision to formally move from feasibility to commitment to the Waterside Project and enable the Board to decide whether to commit contractually to the financial and property arrangements required for the delivery of Waterside Project. He highlighted five areas on which the Board would want to have a secure understanding to underpin its decisions, namely:

- a) that the University could secure the necessary financing to follow through with the Waterside Project to its completion;
- b) that the University had reached agreement with the landowners and other relevant stakeholders so that the relevant land contracts could be completed;
- c) that the Waterside Project remained affordable;
- d) that the capital budget as defined was robust and
- e) that the risk profile for the Waterside Project was acceptably within the risk appetite of the University.

235.2 The Waterside Project Director reminded the Board of the journey through feasibility and initial stages of preliminary work noting that a number of actions had been approved by the Board in order to facilitate the project timetable, including

- The original options appraisal identifying the Waterside as a potential site and the subsequent detailed feasibility analysis;
- The conditional land purchase/swap arrangements with the current landowners of the site and range of other agreements with local and regional organisations including a Compulsory Purchase Order (CPO) for part of the Waterside site;
- The iterative development of the of the Masterplan, design development of buildings, infrastructure (eg bridges) and public realm, progress on public consultation and planning applications and decisions;
- The range of financial reports and exploratory market testing with respect to potential solutions for financing the project;
- The securing a) of guarantee arrangements with HM Treasury (HMT) and b) of borrowing level consent from the HEFCE under the previous and revised Memorandum of Assurance and Accountability; and
- the range of regular reports outlining progress and issues for resolution on the Project.

He highlighted the breadth and depth of information on the Project provided to the Board and to HM Treasury and HEFCE; who were also currently in receipt of regular updates and periodically in attendance at University and other meetings.

235.3 He pointed out however that a level of considerable expense had been incurred to date in both preparation and on the site itself. There was now sufficient information available for the Board on financing, design, costs, and property arrangements to take a formal decision on its commitment to the delivery of the

the Waterside Project. The integration of the Waterside Project as a key aspect in the development of the next Strategic Plan was also recognised. He reminded the Board of the detailed attention given to the Project by both the HM Treasury and the HEFCE. Introducing the most recent information on financing, he explained the thinking about revised proposals on the mix of borrowing; with an increase in the sum secured through a bond issue, while setting aside the proposals to take out a bridging loan and to set up arrangements for working capital provision.

235.4 The Mills & Reeve legal advisors on Financing and on Property presented a range of final draft legal documents lodged for the record as Paper C2, which included property documents tabled at the meeting. [REDACTED]

*Redacted under
Section 42 (Legal
professional
Privilege) of the
Freedom of
Information Act*

235.5 The Chief Operating Officer presented Paper C3, tabled, comprising a letter received from HEFCE that day to confirm that the adjustments to the mix of borrowing remained within the consent limits and adjusting some detailed conditions accordingly with respect to the changes. The HEFCE observer explained further the letter's contents and confirmed the HEFCE Board's approval of the revised approach. The Chief Operating Officer also presented Paper C4, tabled, comprising draft information to be presented to prospective bond investors. Members commented and queried some text in the draft.

Clerk's Note: The detailed discussion on the Waterside Project Update and Decisions on Progression is held in Reserved Minutes 235.6 to 235.35 given the commercial confidentiality of the material.

235.36 The Board resolved to receive the update on progress and the reminder of the all the various reports and its discussions and conclusions to date giving members a confident understanding of the journey to the current decisions.

235.37 The Board confirmed it had received and adopted the guidance from its professional advisors including the formal legal minute terminology.

235.38 The Board voted and resolved with 1 abstention and 11 votes in favour (including the one abstention on NCC sub clauses) to proceed with the University's commitment to achieve the Waterside Project and to authorise relevant officers to enter into the required contracts and financial arrangements as detailed in the reserved minute 235.35.

Action: Chair, Vice Chancellor, Chief Operating Officer, Director of Finance and Waterside Project Director and the Clerk.

Mr Nick Allen (Executive Officer OVC), Ms Frances Churchard (Mills & Reeve), Mr Tony Gale (Mace) Mr Robert Griggs (Waterside Project Director), Mr Nigel Hawes (Turner

Townsend, [REDACTED] (HEFCE) Mr Gwyn Llewelyn (KPMG), Mr Richard Noble (Mills & Reeve) and Ms Sarah Seed (Mills & Reeve) left the meeting.

M236/14 Other Waterside matters

No other Waterside matters were raised.

M237/14 Higher Education Co-opted Governor

237.1 The Chair of Nominations Committee presented Paper D, a CV as Appendix 1 and also tabled as Appendix 2 further material about a proposed co-option of Professor David Baker. She explained the process that had been undertaken and confirmed the recommendation which was supported by the Vice Chancellor. The Chair also confirmed that in his view Professor Baker's experience across the higher education sector as both a teacher and an academic manager, together with his significant understanding of information technology in universities made him an excellent candidate. Having met the final names under consideration it was his view that Professor Baker's approachability and obvious deep interest in the University would be especially beneficial at this time. The President of the Students' Union commented that he considered Professor Baker had a genuine interest in students and an understanding of their experience and the current challenges they faced.

237.2 The Senate nominee to the Board of Governors commented that he was pleased to know of the areas of expertise that Professor Baker would bring to the Board, but expressed disappointment that neither he nor the other governors from the professional staff had been involved in the appointment or the interview. The Governor co-opted as a member of professional staff confirmed that he has been party as a member of Nominations Committee to the discussion on the names put forward and confirmed his support. The Clerk acknowledged that the process had been lengthy to identify a suitable name to put forward and particular attention had been given to the student view on the Nominations Committee, but in future greater involvement of staff on the Board would occur.

237.3 The Board resolved to appoint Professor David Baker as a co-opted member of the Board of Governors from 1 December 2014 recognising his higher education expertise as fulfilling the requirement for "a person who has experience in the provision of education".

Action: Chair and Clerk

M238/14 Corporate Governance – Internal Audit Reports

238.1 The Chair presented Paper J, comprising material on Corporate Governance, including as appendices internal audit reports on the Board and the Court from KPMG and Baker Tilly respectively. The Board noted the comment on the internal audit reports from the Audit Committee (see M240 below). Members supported the responses made and a new governor commented on the positive experience of the day's induction but requested the opportunity to meet with relevant academic colleagues. It was confirmed that this would be arranged but also that the Awayday would give a good opportunity to spend time with the majority of the Deputy Deans.

238.2 The Board received the reports on Corporate Governance from the Internal Auditors and supported the actions proposed

Action: Chair, SIM and Clerk

M239/14 Corporate Governance – 5 yearly Board Effectiveness Review

239.1 The Senior Independent Member (SIM) presented Paper K, comprising material on Corporate Governance, including appendices detailing sources for the evaluation the Boards questionnaire responses and the comparison of key performance indicators. The SIM explained the process of drawing together material from various sources and the synthesis and analysis of issues the Board should consider to improve its effectiveness. He spoke of the need for self-reflection and discussion of issues beyond mere process. While recognising the contribution of many others, he also acknowledged that the positive achievement of many of the targets set and the difference in the KPIs and data on the University did reflect also on the success of the governing body.

239.2 Members discussed the report. Governors commented on the amount of material currently going through the Board and sought assurance that there could be improvements both in the presentation of papers for easier consideration and improved signposting but also that electronic processing could be introduced in the near future. The lateness of some material was also commented on recognising the time critical character of much of the material under current consideration.

239.3 In reviewing the items raised by governors, the SIM highlighted the issue of communication and the question of interaction with staff – especially with academic staff. Members sought to be clearer on staff engagement and how the University was taking forward the staff communications. The Chair highlighted the role of PAC in monitoring that work in relation to the Waterside. The Chair also spoke of the importance of the Board being involved with the development of the next Strategic Plan and the work at the Awayday. Members discussed the integration of such areas as social enterprise and their interest in greater participation.

239.4 The Chair confirmed that in addition to the informal mechanisms for governors to understand the University and to listen to staff through attendance at events, it was also important that information reach the Board through the Executive in a structured way; eg through surveys and reports. One governor spoke of his attendance at a drop in session and the positive dynamic of those talking about the Waterside, new ways of working and the possibilities Waterside created. The opportunity to attend the events organised by the School of the Arts was also highlighted. It was however recognised that with other commitments governors might not be able to be present as much as they would like.

239.5 [REDACTED]

*Redacted under
Section 36
(Prejudice to the
Effective Conduct of
Public Affairs) -
Release would
inhibit the free and
frank exchange of
views and opinions.*

239.5 The Board resolved to endorse the actions to address:

- **the recommendations from the HEFCE Assurance Audit;**
- **the recommendations from the KPMG corporate governance audits of the Board and its committees and groups;**

- the recommendations from the Baker Tilly corporate governance audit of the Court; and
- the 20 action points for further improvement re CUC guidance.

Action: Chair, SIM and Clerk

239.6 The Board resolved to review its position further in light of the CUC Higher Education Code of Governance once received.

Action: Chair and Clerk

239.7 The Board resolved to explore further the issues raised on –

- the development of the Strategic Plan
- staff engagement and opportunities for governors to meet staff
- communications, including Board paperwork
- capacity in the senior team, given future challenges

Action: Chair and Clerk

239.8 confirmed that a summary of the various materials and the conclusions from the Review should be drawn together and made publicly available through the web.

Action: SIM and Clerk

M240/14 Minutes of Audit Committee

240.1 The Chair of the Audit Committee presented minutes of the Audit Committee meeting on 15 October 2014; Paper L, Paper LR confidential reserved minutes and Paper LP from the private meeting without auditors present. The sections relevant to corporate governance were noted. The Deputy Chair of Audit Committee also highlighted work on the planning of the Audit Workshop in March to which all governors were invited. The intention was that the Workshop would focus on two areas of key risk and the implementation of the move to Waterside; namely around IT and HR issues associated with new ways of working as work streams relevant to the next 5 years and key to the success of Waterside following the removal. The possibility of suitable external input was being explored.

240.2 The Board received the Audit Committee minutes Paper L, Paper LR and Paper LP and noted that the Vice Chancellor and the COO would be proposing staff to act as internal leads for the Workshop.

Action: Chair of Audit and Clerk

M241/14 Confirmation of Availability of Papers

The following papers were declared confidential to the Board and other key senior staff involved - Paper AR, being Reserved minutes; Papers C1 to C5 on Waterside and associated Appendices; Papers D, K, LR

M242/14 Date and time of next meeting

It was confirmed that the next meeting of the Board would take place on **Wednesday 19 November** 2014 at 10.15 to 13:15 in the Sunley Management Centre.

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Approved by Chair

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Date