

Board of Governors Minutes of the Meeting held on 23 November 2016

Present:

Andrew Scarborough (Chair)
Liam Bligh
Sylvia Hughes
Richard Horsley
Frank Jordan
Lee Machado

Mark Mulcahey (to item 181)
Nick Petford
Martin Pettifor
Nick Pitts-Tucker
John Skelton
Danjie Zhong

Apologies:

David Baker, Sue Dutton, Sara Goodwin, Nick Robertson

In attendance:

Nick Allen (Executive Officer), Bob Griggs (Waterside Project Director) for item 188, Mark Hall (Director of Finance), Miriam Lakin (Clerk), Terry Neville (Chief Operating Officer) to item 189, David Pryn (Assistant Clerk).

163/16 Welcome, Apologies and Quorum

163.1 The Chair welcomed those present and confirmed quoracy.

164/16 Declarations of Interest

164.1 A further declaration of interest for Richard Horsley as Company Secretary to Kilgarth Investments Ltd was added to those held on file by the Clerk's Office.

165/16 Minutes of the Meeting held on 19 October 2016

165.1 The Board approved the minutes of the meeting held on 19 October 2016 as a true record.

166/16 Matters Arising

166.1 The Board received and noted Paper A which set out actions arising from the previous meeting. Additional comments were made on the following:

166.2 Amendments to Court

It was reported that progress was being made to identify active court members, and that it was hoped to schedule events in the new year.

166.3 Scenarios for TEF Outcomes

The Director of Finance reported that it may be possible to present

scenarios at the January meeting.

166.4 Pro Chancellor

The Chair reported that the Pro Chancellor had indicated his desire to continue in his role for a further term of office.

Action: Clerk

167/16 Going Concern and Liquidity Risk 2016

167.1 The Board received the Going Concern and Liquidity Risk Report 2016 (Paper B). The Board noted the opinion given on the University as a going concern, the basis for this opinion, and that the Audit Committee had previously seen and approved the report.

167.2 The Board approved the Going Concern and Liquidity Risk 2016 report.

168/16 Annual Sustainability Assurance Report

168.1 The Board received the University's Annual Sustainability Assurance Report (Paper C). It was explained that whilst the submission of the report to the Higher Education Funding Council for England (HEFCE) was not compulsory, it was good practice.

168.2 Members asked how the reporting metrics had been selected. It was explained that HEFCE had specified the areas for reporting.

168.3 The Board approved the University's Annual Sustainability Assurance Report.

169/16 University Subsidiary Companies and Investments Annual Report

169.1 The Board received an annual report on the University's subsidiaries and investments (Paper D1).

169.2 The Board agreed that the report provided assurance that subsidiaries remained operationally viable and supported the strategic objectives of the University.

169.3 The key role of universities in supporting innovation and driving economic growth was noted. It was reported that in addition to the subsidiary and investment companies, there was a range of work taking place within the University, for example business advisory services. An idea of the percentage of the University's income that was derived from innovation and enterprise activity was requested in due course. Members also asked about the strategy for the growth of innovation and enterprise activity.

**Action: Director of Finance / Executive Dean, Research,
Impact and Enterprise**

- 169.4 Members asked for further information about how the University could support academic staff to grow and develop commercially the results of their work. It was reported that the necessary arrangements were already in place, but suggested that more could be done to publicise this to staff.

Minute 169.5 is in the confidential section of these minutes.

- 169.6 Members thanked the Director of Finance for his detailed report and the additional assurance it had provided to the Board.

- 169.7 The Board approved the annual report on the University's subsidiaries and investments.

170/16 University Subsidiary Companies and Investments Annual Report and Financial Statements

- 170.1 The Board received Paper D2, the Annual Reports and Financial Statements of:

1. The University of Northampton Enterprises Ltd
2. Icon East Midlands
3. Icon Operations Ltd
4. Waterside Campus Development Company Plc.

- 170.2 The Board received an updated version of the annual report and financial statements of Icon East Midlands. (*Clerk's Note: Filed as Paper D5*).

171/16 Letters of Support

- 171.1 The Board received letters of support for University companies (Paper D3). Members were asked to approve, following the review of the annual accounts, letters of support for;

1. University of Northampton Enterprises Limited
2. Icon East Midlands
3. Icon Operations Limited
4. Uno Buses (Northampton) Limited.

- 171.2 The Board approved letters of support as above and authorised the Chair to sign them on its behalf.

172/16 Appointment of Subsidiary Company Director

- 172.1 The Board received a proposal for the appointment of a new director of two of the University's subsidiary companies (Paper D3).

- 172.2 It was reported that a recent internal audit of the University's companies had resulted in a high priority recommendation that independent directors were appointed. The Board was therefore asked to approve the appointment of an independent non-executive director to provide and demonstrate an appropriate level of challenge to two of its subsidiary companies.
- 172.3 The Board agreed the appointment of Paul Smith as Director of Waterside Campus Development Company Plc.
- 172.4 The Board agreed the appointment of Paul Smith as Director of University of Northampton Enterprises Limited.
- 172.5 The Board received further information about a second candidate, Dawn Kneafsey, who the Chair of the Audit Committee also recommended for appointment as a director of the University of Northampton Enterprises Limited. Subject to her consent to act, the Board agreed the appointment of Dawn Kneafsey as a director of University of Northampton Enterprises Limited.
- 172.6 The Board further requested that the University's management produced as soon as was practicable, a paper establishing the governance structure for the University's companies, including subsidiaries and joint ventures, in order to give their directors guidance on the expectations of the University. The framework should include guidance on the importance of protecting the University's reputation, annual business cycles, congruence with the aims and ethos of the University, compliance as far as possible with its procedures, and with the principles and practices of good governance.

Action: Clerk

173/16 Audit Committee Annual Report

- 173.1 The Board received the Audit Committee Annual Report to the Board of Governors and the Vice Chancellor (Paper E).
- 173.2 The Board noted the opinion of the Audit Committee that the University had adequate and effective arrangements for;
- Risk management, control and governance.
 - Economy, efficiency and effectiveness (value for money).
 - The management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies.
- 173.3 The Board approved the Audit Committee Annual Report to the Board

of Governors and the Vice Chancellor.

174/16 Annual Report and Consolidated Financial Statements

- 174.1 The Board received the Annual Report and Consolidated Financial Statements of the University (Paper F1). It was reported that since the circulation of the papers, further updates had been made to the document. A further iteration was therefore tabled. (*Clerk's Note: Filed as Paper F4*).
- 174.2 It was noted that the report had been prepared in accordance with Financial Reporting Standard 102 (FRS102) for the first time, and that this had resulted in changes to the way the pension deficit was stated.
- 174.3 The Board noted that the pension deficit as shown in the financial statements had increased by £10m. It was reported that future growth of the pension fund was based on gilt returns, which were currently low, increasing the deficit, despite a good performance of the overall fund in year. It was confirmed that the University did not have to pay anything extra at present towards the additional deficit. Members asked about the likely additional cost, and it was reported that this depended on the next valuation of the scheme which was imminent. It was reported that there would be a further detailed discussion of pensions with the Treasury Committee.
- 174.4 It was agreed that there would also be a discussion about pensions at the Board's away day in January 2017.
- 175.5 The Board approved for submission to HEFCE the version of University's Annual Report and Consolidated Financial Statements contained in Paper F4.

176/16 External Audit Report and Letter of Representation

- 176.1 The Board received the External Audit Report and Letter of Representation (Paper F2).
- 176.2 It was reported that the external auditors had attended the Audit Committee and had confirmed that their audit had been conducted in accordance with their original plan as no errors had been identified which caused them to change the plan.
- 176.3 Members were informed that one control weakness in relation to the reporting of bad debt had been identified. It was explained that an understatement had occurred. It was noted that the understatement was within the provision for bad debt and that the error had been

identified and corrected. Staffing resources had been addressed and the control weakness removed.

176.4 The Board received and noted the findings of the external auditors from their audit of the financial statements.

176.5 The Board approved the signature of the letter of representation as contained in Appendix 1 of Paper F2.

177/16 Disclosure Exemptions for Subsidiary Company Financial Statements

177.1 The Board received and noted Paper F3. This set out disclosure exemptions under FRS102 which had been used in the preparation of the annual financial statements of the University of Northampton Enterprises Limited, Icon East Midlands, and Icon Operations Limited.

178/16 Annual Provider Review

178.1 The Board received details of the system of Annual Provider Review which was now required by HEFCE, and a recommendation that partial assurance was provided to HEFCE (Paper G). It was explained that the University's reporting cycle would be adjusted in future to allow the Board to provide a full assurance by the deadline.

178.2 The Chair reported on responses to the Annual Provider Review (APR) nationally, and added that there would be further work over the course of 2017 to ensure that the Board was in a position to provide full assurance. He noted that the APR had strong ministerial backing as part of the Government's desire to ensure that it achieved value for money from its investment in universities.

178.3 Members asked how a partial assurance statement could encompass the fact that there was work in progress. It was reported that a form of words addressing this had been requested from HEFCE.

178.4 It was agreed that the statement of partial assurance would be approved by the Board by electronic means prior to its signature by the Vice Chancellor for submission to HEFCE.

179/16 Prevent Duty Annual Report

179.1 The Board received an annual report on the University's compliance with its duties under the Prevent strategy (Paper H).

179.2 It was noted that reporting on web filtering was a HEFCE requirement. The Board expressed concern that any web filtering system and policy on the use of web filtering should not interfere with

the legitimate work of the University's researchers.

179.3 In relation to the section of the report on training, it was reported that online training was in place, and could also be made accessible to any governor wishing to undertake it.

179.4 The Board approved the Prevent Duty Annual Report.

180/16 Annual Report on Insurances

180.1 The Board received and approved the Annual Report on Insurances (Paper I).

Mark Mulcahey left the meeting.

181/16 Students' Union Financial Statements

181.1 The Board received the Students' Union Financial Statements (Paper J) and noted that an external audit had been carried out.

181.2 It was noted that following the receipt of partial assurance in an internal audit report on the Students' Union, swift action had been taken to address all the recommendations. Members congratulated the Students' Union on this.

181.3 The Board welcomed the quality of the presentation of the financial statements.

182/16 Development Committee Minutes

182.1 The Board received the minutes of the Development Committee held on 13 October 2016 (Paper K), and a tabled report containing proposals for the delivery of an advancement campaign (Paper K1).

182.2 Subject to ratification, the Board agreed the following:

- An exercise by Board members to identify their contacts from a list of potential supporters of the University. This would be carried out by correspondence after the meeting
- That Board members would become involved in meeting potential supporters to discuss, for example, naming rights opportunities at the Waterside Campus and support for particular research projects. Board members who did not want to become involved in such activity were asked to make themselves known to the Clerk
- That it was grateful to Mr N Beatty for his support to date in engaging potential supporters, and that he should now be asked to cease and hand over to the University's Advancement Team supported by the Board and the Executive.

- 182.3 The Board noted and supported plans for a series of events to increase the profile of and knowledge about the University.
- 182.4 Members asked whether the opening of the road bridge at Waterside on 14 December would be an opportunity to involve potential partners. It was reported that due to the practical arrangements, this was not seen as desirable, and it would be hoped to plan a larger event once there were facilities on site to support it.
- 182.5 Members noted that there may be potential to work with the Northamptonshire Youth Orchestra and Northampton Symphony Orchestra on future events.
- 182.6 Members noted that there was currently activity around the Leather Centre, for example a targeted telephone fundraising campaign amongst its alumni.
- 182.7 It was noted that the general market for investment in the University's bond had slowed down, but that the Executive Dean of Research, Impact and Enterprise was exploring other potential investors.

183/16 Tuition Fees

- 183.1 The Board received proposed tuition fees for 2017-18 (Paper L).
- 183.2 Members were informed that the University Management Team had previously approved the tuition fees as set out in the paper and recommended them to the Board.
- 183.3 Members asked how the increase in international student fees had been calculated. It was explained that the basis for the increase was a comparison with other universities.
- 183.4 Subject to ratification, the Board approved the tuition fees for 2017-18.

184/16 The Future of Teaching Funding

- 184.1 The Board received details of a consultation on the future of teaching funding and its relationship to the Teaching Excellence Framework (TEF) which was being carried out by Universities UK (Paper M).
- 184.2 The financial advantages to the University of achieving the highest possible TEF rating were noted. The Board noted the vital importance of a plan to recover the University's performance in the National

Student Survey, both to ensure a good student experience and to support TEF outcomes.

185/16 Report from the Vice Chancellor and Chief Operating Officer

185.1 The Board received and noted a report from the Vice Chancellor and Chief Operating Officer.

186/16 Risk Management Policy

186.1 The Board received the revised Risk Management Policy (Paper O) and welcomed the format in which revisions were presented.

186.2 Subject to ratification, the Board approved the Risk Management Policy.

187/16 Health and Safety Management Policy

187.1 The Board received and, subject to ratification, approved the Health and Safety Management Policy (Paper P).

188/16 Waterside Update

188.1 The Board received the minutes of the Project Assurance Committee held on 15 November 2016, and an update on the progress of the Waterside project (Paper Q).

Minutes 188.2 – 188.6 are in the confidential section of these minutes.

189/16 Senate Minutes

189.1 The Board received and noted the minutes of the Senate meeting held on 4 May 2016 and 6 July 2016 (Paper R).

190/16 Future of iCon Innovation Centre

190.1 The Board received a proposal that discussions continued with an external company about the future operation of the iCon Innovation Centre (Paper S).

190.2 It was noted that the proposals could lead to the University transferring some of its interest in iCon East Midlands and iCon Operations, which were both wholly owned. The approval of the Board would therefore be needed.

190.3 Subject to ratification, the Board approved further exploration with an external company about the future operation of the iCon building.

191/16 Management Accounts

191.1 The Board received and noted the Management Accounts at 31

October 2016 (Paper T).

191.2 It was noted that a reallocation of funds had been authorised in order to support work to improve the student experience before the next National Student Survey took place.

191.3 It was reported that some funding had been allocated to create a virtual representation of the Waterside campus. This would enable the presentation of the new campus to potential students during University open days, as well as improving the engagement of current students and staff who would be moving to the new campus. The Board welcomed this development.

191.4 It was also noted that there had been further investment in learning resources, and that a 10% discount offered to students in the University's restaurants had proved popular.

191.5 It was reported that part of the Innovation Centre on Green Street was being re-purposed to provide an acting conservatoire and competency test centre for nurses from outside the UK. This change of use was likely to trigger a VAT liability.

192/16 Audit Committee Terms of Reference

192.1 The Board received and, subject to ratification, approved updated Terms of Reference for the Audit Committee (Paper U).

193/16 Ratification of Signatures under Seal

193.1 Subject to ratification, the Board approved the signature of documents under seal as set out in Paper V.

194/16 Confirmation of Availability of Papers

194.1 The following papers were confirmed as confidential to the meeting:
Confidential section of the minutes of the meeting held on 19 October 2016

Paper B - Going Concern and Liquidity Risk 2016

Paper D4 - Subsidiary Director Appointment

Paper F2 - External Audit Report 2016

Paper K - Development Committee 13.10.16 Minutes

Paper K1 - Advancement Campaign

Paper Q - Waterside Update

Paper S - Future of iCon

195/16 Date of Next Meeting

Wednesday 14 December at 11.00 in the Portfolio Building, Avenue Campus. Preceded by the opening of the Waterside road bridge. Followed by lunch.

Clerk's Note: Decisions of the Board taken on 23 November 2016 were ratified by electronic means on 5 December 2016.


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Approved by Chair

14th December 2016
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Date

