

## **Board of Governors**

### **Minutes of the meeting held on 23 October 2019**

#### **Present:**

Mark Mulcahey (Chair), Sue Dutton, Jeff Halliwell, Matthew Hanmer, Richard Horsley, Gemma Lovegrove, Nick Petford, Martin Pettifor, Nick Robertson, John Skelton, Cameron Vanloo, Paul Wood

#### **Apologies:**

Lucie Armstrong-Kurn, Nick Pitts-Tucker

#### **In attendance:**

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

#### **184/19 Welcome, Apologies and Quorum**

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

#### **185/19 Declarations of Interest**

185.1 The Chair declared that he had been appointed as a consultant to the Oxford-Cambridge Arc Universities Group, a collaboration between the 10 universities in the Arc region, including the University of Northampton.

*Clerk's Note: The Chair has confirmed that he is not remunerated indirectly or directly by the University of Northampton for this work.*

## **186/19 Minutes of the Previous Meeting**

- 186.1 With a change to 175.6, the Board approved the minutes and confidential minutes of the meeting held on 20 September 2019 as a true record of that meeting.

## **187/19 Action List and Matters Arising**

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

187.2 **Proposed Partnership** (Minute 23.3)

The Chair advised that the proposed partnership, and other developments, would be discussed in greater detail by the Innovation Committee which would provide the Board with regular updates. The action to organise a visit to a potential new partner institution was now superseded.

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

The Clerk advised the Board that the Head of Staff Development would send out a reminder to those Governors who were still to complete the survey.

187.4 **Bad Debt** (Minute 174.9)

The Director of Finance advised the Board that he would provide a paper in due course on the provision for and collection of bad debt.

## **188/19 Financial Position and Inflationary Pay Award**

- 188.1 The Board received and discussed Paper B, a report on the deferral of the annual inflationary pay award to staff.
- 188.2 The Chair confirmed that the Board had already supported the deferral of the inflationary pay award as part of its approval of the University's overall budget for 2019-20.

- 188.3 The Chief Operating Officer drew the attention of the Board to a revised cash forecast for 2019/20 in Appendix A of Paper B. This set out additional costs and shortfalls since the previous forecast. In particular, occupancy rates at the halls of residence at Boughton Green Road were lower than expected. He advised the Board that the University was considering other ways to fill the accommodation.
- 188.4 Members asked about potential upsides. It was reported that additional capital expenditure on the Competency Testing Centre had been added to the revised forecast. The Centre would be refurbished and expanded to meet increased demand. The capital expenditure on this would be recouped in around four months. It was confirmed that the refurbishment project should be completed by the end of March 2020.
- 188.5 Members asked about the additional capital expenditure for Cliftonville House which was shown in the forecast. The Chief Operating Officer advised the Board that this was to provide specialist educational provision and teaching areas, for example sound proofing.
- 188.6 Members asked whether the deferred inflationary pay award would be subject to negotiation in 2020. The Chief Operating Officer advised the Board that the University's membership of UCEA (Universities and Colleges Employers Association), required the University to pay the deferred inflationary pay award by July 2020, although this would not be backdated. He stated that the intention was to review the affordability of the inflationary pay award in February 2020.

Minute 188.7 is in the confidential section of these minutes.

- 188.8 Members asked about the affordability of the inflationary pay award for 2020/21. The Chief Operating Officer stated that his view was that the pay award would be affordable in 2020/21. He noted that international

student numbers were buoyant, possibly due to the impact of a change in post-study visa regulations.

- 188.9 The Vice Chancellor advised the Board that communication to staff about the pay award had been open and transparent. Members congratulated the senior team on their handling of the message and conversation with the trades unions.

Minute 188.10 is in the confidential section of these minutes.

- 188.11 The Board supported and endorsed the management team's position on the deferral of the inflationary pay award.

### **189/19 Management Accounts**

- 189.1 The Board received and discussed Paper H, the management accounts to September 2019.
- 189.2 It was confirmed that the annualised risk of the current trend in occupancy of the student residences was around £1.5m. There were a total of 2,375 rooms, of which 439 were vacant, 390 of the vacant rooms were at Boughton Green Road. Members asked about plans to address this, and whether reducing the cost of the accommodation had been considered. The Chief Operating Officer confirmed that cost and alternative occupancy were being considered.
- 189.3 Members asked how much of the £700k positive variance was due to missing accruals and would be reversed in the next report. It was confirmed that this was £200k.
- 189.4 Members asked for a high-level view of how much debt was expected to be recouped over the next 12 months, and how much would need to be written off. The Director of Finance reported that he would be produce a detailed paper to the Board in due course. He also confirmed that £679k of specific bad debts were written off in 2018/19 against the

bad debt provision in the balance sheet. The provision in year had been £765k, which equated to around 0.7% of billable income.

- 189.5 Members noted that both partnership and tuition fee debt were expected to be collected over a longer time period than originally anticipated and asked if this would have any material impacts on the cashflow or other metrics, or lead to a rise in write-offs. The Director of Finance stated that there was no particular concern over tuition fee debt. However, the volume of extended payment arrangements with students continued to rise. He did not believe that the increase would have a material impact on cashflow. The Director of Finance reported that there was one partnership debt which was likely to be written off. This was not expected to have a material impact on cashflows, but was likely to become a material bad debt of up to £300k.
- 189.6 The Board thanked the management team for achieving the necessary savings, and especially the HR Team for managing the process in relation to staffing.

### **190/19 University Vision Statement**

- 190.1 The Board received and discussed Paper C, a proposal from the Vice Chancellor on how the University's vision and value statements could be revised and updated.
- 190.2 Members commented that more could be done to broaden the Changemaker Challenges and make them relevant to the University's national and international audiences and student body. The Vice Chancellor agreed with this and stated that further work would be needed to link the revised vision with the Changemaker Challenges. He stated that he would also wish to encourage the involvement of Board

- members. The Chair advised members to email the Clerk if they would like to be involved in that process.
- 190.3 Members noted that there was no reference to teaching in the revised vision. The Vice Chancellor stated that his view of the future of the University was broad and ambitious. Teaching and learning would necessarily continue to be of central importance as part of the broader vision. It was noted that the new Deputy Vice Chancellor would focus on learning and teaching.
- 190.4 Members suggested that it should be ensured that the new vision could be robustly defended with appropriate metrics. It was also noted that involvement in social innovation and social impact would support graduate employability and therefore appeal directly to applicants and students. It should be ensured that the correlation between Changemaker and employability was articulated strongly so that applicants and students could immediately see how they might benefit.
- 190.5 Members commented that aligning the vision and values with value for money for students was effective. It was suggested that this should be made more evident in the visuals provided. The Vice Chancellor noted that the paper was a work in progress, and there would be further work to align evidence about what students value with the University's three critical success factors. Members suggested that there should be reference to assessment and feedback as part of the value statement.
- 190.6 The Board gave its overall support to the proposal set out in the paper. The Board agreed to receive a further iteration of the revised vision and value statement in due course.

**Action: Vice Chancellor**

**191/19 Operational Plan Performance Review 2018-19**

- 191.1 The Board received and discussed Paper D which set out the University's performance against its targets in the Operational Plan for 2018-19.
- 191.2 The Chief Operating Officer reported that there were some disappointing results. Members commented that a mixed performance gave assurance that the University had a useful suite of key performance indicators (KPI) which gave an honest picture of performance.
- 191.3 Members asked about the classification of some KPIs as 'Governors' KPIs' and suggested that it would be better to have a single suite of KPIs around which the Board and the Executive were aligned. It was reported that the Board had previously selected 12 overall KPIs to monitor particularly, as this was more manageable. The 12 represented a broad range of the University's activities at high-level. There were around 50 KPIs in total, and Board members could choose to seek more detail as necessary. It was noted that it would be unfortunate to give an impression that the Board were interested only in certain KPIs.
- 191.3 Members noted that the percentage of students reported that their course prepared them for the digital workplace was low considering the investment the University had made in technology. Members asked about the reasons for this low score and requested action and follow up from the management team to address it. It was reported that following the move to Waterside, there had been issues with network accessibility which had had a significant impact on the student experience but had now been addressed. There was also a need to communicate effectively with students to ensure that they understood the elements of a good digital experience on campus. It was noted that many courses, for example in nursing, were practical. Students studying

them did not necessarily consider digital technology relevant to them and therefore tended to give lower marks on this question in the National Student Survey. A working group had been convened to address this issue.

- 191.4 Members asked whether the University's involvement with the Arc Universities Group would assist the University to benefit financially from its intellectual capital and capabilities. The Chair advised the Board that the Arc Universities Group would be working together on joint funding bids.
- 191.5 Members asked when the Board would next review KPI performance. It was suggested that when the NSS results were next received, the Board should review performance and also action plans to address the results.
- 191.6 The Vice Chancellor stated that some of the performance was disappointing and did not reflect the University's day-to-day experience. He reminded the Board that NSS overall scores were averages across many different courses, and therefore larger courses had a greater impact. He advised the Board that he was developing a thought piece on the strategic changes that the University would need to make to improve its league table position, balanced with the financial implications of this. The purpose of this paper was to provoke discussions, new thinking and innovation. The involvement of the Board would be welcomed. It was agreed that this would be a good topic for a future Board meeting as it related to the University's strategy and to its academic character and mission.
- 191.7 The Chair of the Academic Assurance Committee reported that the Committee had gained assurance from reviewing detailed action plans

of the considerable amount of work that was happening to address poorly performing courses and improve student outcomes.

### **192/19 Updating Operational Plan Targets**

- 192.1 The Board received and discussed Paper E which suggested updated Operational Plan targets for 2019/20 and set out the rationale for changing the targets.
- 192.2 It was noted that section 5.1 in Paper E should read, 'A target for closing the **good degree gap**'.
- 192.3 Members asked about the sector median for student continuation. The Chief Operating Officer advised the Board that the sector median was 91.4% and the upper quartile was 94.2%. It was noted that the University's existing and revised targets for continuation were below the sector median. Members suggested that the target for 2021/22 should be set at the sector median.
- 192.4 It was noted that the suggested new research income goals were significantly lower. Members asked whether the targets in the social impact section were correct for a socially innovative university, and suggested that revised KPIs should be considered alongside the revised vision statement which had been discussed previously. Members supported the view that the KPIs should relate closely to the vision statement.
- 192.5 Members asked about the research and enterprise income goals with reference to the 2017/18 results and whether the future targets were sufficiently challenging. It was reported that research and enterprise income for 2017/18 and 2018/19 had been related to particular activities or funds. The Chief Operating Officer stated that the revised

targets were sufficiently challenging, and that there may be scope in due course to revise the target for enterprise income upwards.

192.6 Members noted that the University should work hard to achieve its target for staff who were confident digitally. It was noted that this was a measure of all staff, based on staff surveys. Members therefore queried whether this was the appropriate measurement, given the University's need to develop teachers capable of delivering a high quality digital learning experience.

192.7 The Board approved the revised Governors' KPIs and targets as set out in Appendix A, with the exception of the target for continuation which was raised to 91.4% in 2021/22. The Board agreed to delegate to the University Management Team the review of the other KPIs as set out in Appendix B.

### **193/19 Remuneration Committee Annual Report to the Board**

193.1 The Board received and noted Paper F, the Remuneration Committee Annual Report to the Board.

### **194/19 Committee Membership**

194.1 The Board received and noted Paper G, a recommendation to appoint Jeff Halliwell to the Remuneration Committee.

194.2 The Board approved the appointment of Jeff Halliwell to the Remuneration Committee.

### **195/19 Board Recruitment and Succession Planning**

195.1 On the recommendation of the Nominations Committee, the Clerk proposed the following appointments:

- To appoint Matthew Hanmer to the Audit Committee
- To appoint Nick Pitts-Tucker to the Audit Committee
- To appoint Lucie Armstrong-Kurn to the Innovation Committee

195.2 The Board approved these appointments.

### **196/19 Notes of the Board Away Day held on 20 September 2019**

196.1 The Board received and noted Paper I, the notes of the Board Away Day held on 20 September 2019.

### **197/19 Connected Together CIC Annual Report and Accounts**

197.1 The Board received and noted Paper J, the Annual Report and Accounts of Connected Together CIC.

### **198/19 Societal Travel CIC Annual Report and Accounts**

198.1 The Board received and noted Paper K, the Annual Report and Accounts of Societal Travel CIC.

### **199/19 Participation in Research Project**

199.1 The Board received and noted Paper L which set out how it would participate in a PhD research project.

### **200/19 Any Other Business**

#### **200.1 Graduation Ceremonies**

Graduation Ceremonies would take place on 15 and 16 February. Governors were urged to attend if available.

#### **200.2 University Open Days**

Governors were reminded that University Open Days took place regularly and were useful for governors to learn more about the University.

#### **200.3 Festive Music Event**

There would be a seasonal music event on 18 December between 2 and 3pm. All governors and their families were invited to attend.

#### **200.4 Committee of University Chairs Autumn Plenary**

The Chair reported on the presentations received at the most recent conference of the Committee of University Chairs (CUC).

In particular the Chair noted, in connection with events at another university, that governors in that institution who had used their personal email accounts for university business had been obliged to give access to those accounts to investigators. It would therefore be prudent for Board members to move to using University of Northampton accounts for all Board business. The Clerk could provide further support.

### **200.5 Awards**

It was reported that the University had won the following awards:

- Education Project of the Year at the international AV Awards
- Client of the Year at the Education Estates Awards
- Highly commended in the Innovation in Teaching and Learning category at the Education Estates Awards.

### **200.6 Submission of the University's Annual Report and Accounts**

The Director of Finance reported that the annual audit was close to conclusion and had gone well, with no significant issues yet identified.

However, the external auditors, Ernst and Young, were unable to sign off the University's Annual Report and Accounts. The reason for this was outside the control of both the University and the audit team. Ernst and Young were unable to gain sufficient assurance over the Local Government Pension Scheme figures recognised in the University's financial statements. This was due to delays in the audit process for Northamptonshire County Council (NCC) and the related Pension Fund. The NCC accounts had not yet been signed off.

This meant that the University was not able to meet the deadline for submission of the annual report and accounts set by the Office for Students. Ernst and Young would provide a letter setting out these circumstances, which the University would submit to the Office for Students.

The Chair of the Audit Committee reported that he had been fully briefed and had requested further consideration by the management and audit team of how to address the situation.

**201/19 Confirmation of Availability of Papers**

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

Confidential minutes of the meeting held on 20 September 2019

Paper B – Inflationary Pay Award

Paper C – Revision Vision and Value Statements

Paper D – Operational Plan Performance Review 2018-19

Paper E – Updating Operational Plan Targets 2019-20

Paper F – Remuneration Committee Annual Report

Paper I – Notes of the Board of Governors’ Away Day on 20 September 2019

Paper L - Board Participation in Research Project



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Approved by Chair

20/11/2019

Date