

**BOARD OF GOVERNORS**Minutes of the meeting held on 6 July 2015

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**Present**

Bernard Laverty	Independent member	Chair of the Board
Lesley Munro		Clerk to the Board
Martin Ainscough	Independent member	
Evelyn Carnegie	Academic staff member	Elected
John Cater	Vice-Chancellor	Ex-officio
Clive Edwards	Independent member	
Lisa Greenhalgh	Independent member	Chair: Audit Committee
Rob Green	Independent member	
Bill Johnson	Support staff member	Elected
Jade McDonald	Student member	Elected
David Owen	Independent member	Deputy Chair & Chair of Resources Committee
George Talbot	Academic staff member	Academic Board nominee
Denise Walker	Independent member	

**In attendance**

Mark Allanson	PVC (External Relations)
Lynda Brady	PVC (Student Experience) & University Secretary
Steve Igoe	Deputy Vice-Chancellor

**Apologies**

Richard Benjamin	Independent member
Stephen Hesford	Independent member
Paul Malone	Students' Union General Manager
Simon Pope	Independent member
Steven Rouke	Students' Union President

**Absent**

John Maxwell	Independent member
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**BG.14.101 Correspondence**

The Clerk read out correspondence from Connor Richmond (retired student member) thanking the Board for the support he had received over his two year term of office and an e-mail from Stephen Hesford advising his resignation from the Board following his relocation to France.

**BG.14.102 Declarations of Interest**

There were no Declarations of Interest specific to the meeting.

**BG.14.103 Chair's Announcements**

There were no Chair's Announcements.

**BG.14.104 Chair's Action**

There was no Chair's Action to report.

**BG.14.105 Minutes of the previous meeting**

*Received: Document BG/071/14*

The minutes of the meeting held on 11 May 2015 were agreed and signed by the Chair as a correct record.

**BG.14.106 Action Log**

*Received: Document BG/072/14*

The Pro Vice-Chancellor (Student Experience) & University Secretary reported that some minor amendments to targets on retention had been made to the University's Access Agreement following discussions with the Office for Fair Access (OfFA). The Agreement had now been approved.

The Action Log was received.

**BG.14.107 Matters arising not included elsewhere on the agenda**

There were no matters arising.

**SECTION A ITEMS**

**BG.14.108 Minutes of Committees**

*.01 Audit Committee (8 June 2015)*

*Received: Document BG/073/14*

The Chair of Audit introduced the minutes drawing attention to the following points:

- Assurance gained from sector comparisons in relation to risk management and financial performance from benchmarking reports;
- Discussion and recommendation of the Scheme of Delegation which was on the Board agenda;
- Three internal audits which provided substantial assurance and one noted as high risk with a number of recommendations which were being acted upon;
- Approval of the Internal Audit Plan for 15/16 including some additional days to allow for Faculty reviews;
- Approval of the External Audit Strategy for the 14/15 accounts;
- Receipt of the regular Risk Management report;
- Receipt of an update on fraud issues.

In discussion, it was noted that, whilst there were increased costs (human and financial) associated with the additional internal audit work agreed, the committee had been keen to obtain appropriate assurances and ensure best practice.

The Audit Committee minutes were received.

*.02 Nominations Committee (22 June 2015)*

*Received: Document BG/074/14*

The Chair introduced the minutes drawing attention to the recommendation for the appointment of two new independent members to the Board.

In the light of the recommendation, **the Board approved the appointment of Louise Robinson and Graeme Collinge to the Board with effect from September 2015.**

**Action: Clerk**

The Nominations Committee minutes were received.

**.03 Resources Committee (22 June 2015)**

*Received: Document BG/075/14*

The Chair of Resources introduced the minutes drawing attention to the following points:

- The decision to relax the current credit rating requirements for investment to allow for more diversification whilst still adopting a cautious approach;
- Receipt of the Late Mid-Year Reforecast which provided a good indication of the likely (robust) end-of-year position;
- Recommendation to the Board for submission of the Financial Forecasts to HEFCE noting increasing cash balances (subject to decisions on any new Capital Projects expenditure);
- Positive recommendations to the Board in relation to the Operating Budget for 2015/16 and for additional spend on current Capital Projects both of which were on the Board agenda for discussion;
- Receipt of the Students' Union budget noting the excellent performance achieved especially in relation to the operation of the bar and catering operations.

In the light of the recommendation from the Committee, **the Board approved submission of the Financial Forecasts to HEFCE.**

**Action: Deputy Vice-Chancellor**

The Resources Committee minutes were received.

**.04 Remunerations Committee (7 July 2015)**

The Chair gave a verbal report from the Remunerations Committee which had met earlier in the day to agree salaries for

those senior staff identified in the Instrument and Articles of Government.

In reaching its decisions, the Committee was informed by:

- The national pay rise likely to be agreed for the main body of staff which, along with incremental progression and increased employer pension contributions, was expected to add 3% to the overall pay bill;
- Senior staff appraisals which had been conducted by the Chair and Deputy Chair;
- National benchmark data on senior staff salaries.

In the light of discussion, it had been agreed to hold the increase in the pay bill for senior staff at 3% with bonuses as appropriate to reflect exceptional performance.

The verbal report from Remunerations Committee was received.

#### **BG.14.109 Reports from Link Governors**

##### *.01 Research Committee*

The Link Governor for Research (CE) gave a verbal report on his involvement with the Committee over the year highlighting the following aspects of the Committee's work:

- Analysis of the outcomes of the Research Excellence Framework (REF) for individual Departments and consideration of ways to increase 'impact' which was likely to feature more strongly in future exercises;
- Selective use of the University's internal investment fund which allowed for pump-priming;
- Discussions around ethics and the development of a research data management strategy;
- The review of all applications for funding with outcomes noted so that a complete picture of activity was available;
- The role of the Research Office in supporting bid preparation through training;
- The development and recognition of the role of Reader as a pre-professorial post.

It was observed that the Committee provided a good balance of challenge and support to the research community.

The Pro Vice-Chancellor for Research drew attention to the increasing number of successful bids for external funding and associated income which had risen from £230,000 to £770,000. He also highlighted the potential for research projects to enhance public benefit opportunities such as the recent Leonora Carrington exhibition.

In discussion, it was noted that it was important to maintain progress if further improvement was to be achieved in the next REF. The University's strong practice base was seen as a strength in developing 'impact' streams which should be helpful in this respect.

The verbal report from the Link Governor for Research was received.

<b>SECTION B ITEMS</b>
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**BG.14.110 Edge Hill University and its Subsidiaries: Operating Budget 2015/16**

*Received: Document BG/078/14*

The Chair of Resources Committee introduced this item noting that, despite the changing financial structure underpinning the 2015/16 budget, the University was still projecting good outcomes. Resources Committee had been happy to recommend the budget to the Board for approval. He invited the Deputy Vice-Chancellor to outline and comment on the key aspects which are noted below:

*Income*

- Overall income was projected to remain at 14/15 levels but disguised a number of changes to income streams;
- The major income source for the University was now student tuition fees with 14/15 seeing the last tranche of mainstream HEFCE student funding;

- The budget assumed a static student number base with evidence of rising application and conversion rates for general degrees balancing reductions and funding changes in Education;
- Professional courses in Health were assumed to be stable and although some additional numbers might be expected, this was likely to be balanced by a squeeze on the benchmark price;
- Increased income from Residences and Catering was projected given the additional bedspaces available;
- Maintenance of the HEFCE student opportunity fund and increased income for Research activity following the REF outcome had been factored in although both of these could be vulnerable to changing Government policy.

#### *Expenditure*

- Overall expenditure was projected to rise by 3% taking account of the cost of pay awards, incremental progression and increased pension contributions. Within this however, it remained important to retain flexibility to provide strategic investment in new posts and to bear down on areas where cost efficiencies could be made such as school placement arrangements in Education.

#### *Surplus*

- Given increased expenditure, surplus was projected to fall by £3 million but, at £18.5 million (15% of income), still represented a healthy outturn.

#### *Capital*

- Capital expenditure had been set at just over £14 million which allowed for the completion of the Sports Development and residential phases 10 and 11 with the possibility of commencing a new project to address capacity concerns in the growth areas of Media and Computing. New projects would be subject to the achievement of recruitment targets and would be brought to the Board for formal approval.

### *Cash Flow*

- Cash balances were expected to rise to around £40 million by the end of the year, a rise of almost £10 million, with the lowest level (around £15.5 million) likely to be in January before payment of the second tranche of fee loan in February.

### *Sensitivity Analysis*

- The sensitivity analysis showed a wider variation in outcome than in previous years reflecting in particular the increased uncertainties in relation to Government policy. Even the worst-case scenario however would deliver a top quartile performance.

In discussion, it was noted that the Estates Masterplan was currently being revised and that there were a number of possible options in relation to new build with varying degrees of challenge. It was agreed it was important that decisions were taken in the best long-term interests of the University and members looked forward to a fuller examination of the issues at a future meeting.

**Action: Clerk**

In concluding debate, members welcomed the robust budget process and the projected results. The Board **approved the Operating Budget for 2015/16.**

**Action: Deputy Vice-Chancellor**

## **BG.14.111 Capital Projects Update**

*Received: Document BG/079/14*

The Chair of Resources introduced the update with a detailed commentary provided by the Deputy Vice-Chancellor in relation to the following aspects:

- The ongoing VAT issue with the main contractor was likely to be resolved at the final account stage;
- Work on the Sports Development project was progressing well but the extension of scope and incorporation of additional renewable technologies would require a supplement of £1.3 million to the

original budget to ensure a high quality completion. It was expected that additional costs would be offset through the VAT recovery scheme;

- Work on the Phase 10 residential development was nearing completion and was within budget;
- Approval to upgrade the main car park and appoint contractors was sought at a cost of £1.1 million utilising the funds earmarked for the phase 5A residential development which had been deferred;
- Approval to proceed with the demolition of the Slack House Cottages and Hawthorns properties was sought in preparation for a further residential development (phase 11) at a future point. This would entail a book write-off of around £600,000.

It was reported that the costs of all proposals had been accounted for in the 2014/15 budget.

In response to a member's question, it was noted that there would be additional staffing costs associated with the operation of the new Sports Centre but that these had been accounted for in the 2015/16 budget. The Deputy Vice-Chancellor further reported that discussions were ongoing in terms of a revised accommodation package which would include usage of the sports facilities.

Following discussion, and in the light of the positive recommendation from Resources Committee, **the Board approved:**

- 1. A supplementary budget of £1.3 million to ensure high quality completion of the Sports Development including photo-voltaic and thermal installation;**
- 2. A £1.1 million budget to complete the proposed car park upgrade works and the appointment of S&J Charnley as main contractors;**
- 3. Consent to seek a Deed of Disposal and demolish the Hawthorns and Slack House cottages properties.**

**Action: Deputy Vice-Chancellor**

The Capital Projects Update report was received.

**BG.14.112 PREVENT Strategy: Implications for Universities**

The Pro Vice-Chancellor (Student Experience) & University Secretary outlined the key aspects of the Government's PREVENT (counter-terrorism) strategy which identified a range of duties and responsibilities for public bodies. Whilst these duties generally came into effect from 1 July, implementation in universities had been delayed subject to further negotiation about the arrangements for external speakers.

Operation of the strategy relied on a risk-based approach and was expected to fit with existing institutional processes. The regional PREVENT officer had indicated that Edge Hill was regarded as a low-risk institution but it was reported that the University had established a cross-institution group to review policies and procedures in the light of the new guidance.

Full implementation required senior staff involvement and a clear understanding of risks, the establishment of a robust relationship with the police and the development of appropriate training for front-line staff. The Board would be responsible for ensuring that appropriate policies and procedures were in place.

In discussion, it was noted that the strategy covered Student Unions and that the University was responsible for all activity on University premises. The International Office had a particular role to play in supporting both incoming and outbound students.

In response to a member's question, it was noted that the University was able to monitor internet usage and the guidelines would be reassessed as part of the general policy review.

The verbal report on the implications of the PREVENT strategy was received noting that a further update would be made available to the Board at a future meeting.

**Action: PVC (Student Experience)/Clerk**

**BG.14.113 Vice-Chancellor's Report**

*Received: Document BG/080/14*

In introducing his report, the Vice-Chancellor indicated that a number of important policy initiatives affecting the University had been announced

since the report had been written. He drew particular attention to the following points:

*.01 National College for Teaching and Leadership (NCTL)*

Specific allocations for PGCE provision in Universities were to be discontinued from 16/17 although there would be a sector-wide cap. The effect of this would be to introduce a higher level of competition in the market. The cap would not apply to Schools recruiting through Schools Direct – further evidence that Universities were being squeezed out of provision.

The University was already considering strategies to minimise the impact including a shift in emphasis away from PGCE towards 3 year ITT programmes, smarter application processing to maximise recruitment in non-shortage areas and further development of general degrees which offered a solid foundation for teaching.

It was noted that Government policy was unlikely to change over the next five years and that it was important that staff in the Faculty of Education embraced the opportunity to develop in new directions.

*.02 HEFCE Quality Assurance*

HEFCE had produced a consultation paper on the future of Quality Assurance in the sector. The proposals suggested a light touch approach with more use of metrics and a strengthened external examiner system, calling into question the continuing role of the Quality Assurance Agency (QAA). There would be new responsibilities for Governors in assuring institutional returns.

*.03 Department for Business, Innovation & Skills (BIS)*

A recent speech from Jo Johnson, Minister of State for Universities and Science, had set out a number of policy targets geared to improving the student experience including the introduction of a Teaching Excellence Framework and an increased emphasis on Value for Money provision. Further detail was awaited.

In addition, the Vice-Chancellor highlighted the potential vulnerability of Social Work provision which could be subject to the same challenges as teaching with delivery moved to professional centres.

Given the challenges presented by the policy environment, it was important to maintain focus on recruitment and the development of new, business sensitive, course proposals in order to provide security for the future. Early signs suggested that the 2015 intake could be the second largest on record.

In discussion, it was noted that the coincidence of the HEFCE Quality Assurance Review and the introduction of a new Teaching Excellence Framework could come together to influence the University's Institutional Review which was due in 2017 with the possibility that Edge Hill could be a pilot institution for a new process.

In terms of funding, the Vice-Chancellor reported that cuts to the Student Opportunity Fund should be expected as well as a possible recalculation of research allocations.

The Vice-Chancellor's report was received.

#### **BG.14.114 Scheme of Delegation**

*Received: Document BG/081/14*

The Clerk outlined the purpose of the Scheme which set out the responsibilities of the Board, the Vice-Chancellor as Chief Executive and Academic Board and the various delegations that had been agreed for the effective operation of the University. The Scheme had been compiled from, and cross referenced to, the source documents that set out the various authorities including the Instrument and Articles of Government, the CUC Code of Governance, the HEFCE Memorandum of Assurance, the Board's Statement of Primary Responsibilities, Committee Terms of Reference and the Financial Regulations. Development of the Scheme would allow the Board to more easily assess and review its delegated authorities on a periodic basis.

It was noted that the Scheme included some new areas of responsibility in line with the revised CUC Code of Governance and identified some minor updating to Committee Terms of Reference that were required.

Specific approval was sought to extend specified line managers' authority to approve travel expense claims up to £5,000 and for the Board to delegate authority to approve student disciplinary regulations to Academic Board subject to the Board receiving an annual report on the operation of the regulations and the outcomes of student complaints and appeals.

Noting the positive recommendation from Audit Committee, **the Board approved the Scheme of Delegation and the two new delegations identified.**

**Action: Clerk**

The Clerk was thanked for her work in compiling the Scheme.

#### **BG.14.115 Key Performance Indicators**

*Received: Document BG/082/14*

The Deputy Vice-Chancellor introduced the Key Performance Indicator report highlighting the general upward trajectory with improved conversion rates, higher placings in national League Tables and better graduate employment rates.

It was noted that the University was proactive in managing data. The next important indicator would be the publication of NSS results which would be reported to the Board at the September meeting. Information from the Internal Student Survey had been largely positive except in relation to Education where placements had been a known issue this year. Action had been taken to mitigate the situation.

The Key Performance Indicator report was received.

#### **BG.14.116 Any other Business**

There was no other business.

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<b>SECTION C ITEMS</b>
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**BG.14.117 Calendar 2015/16**

*Received: Document BG/083/14*

The final Calendar of meetings for 2015/16 was received.

**BG.14.118 Date and time of next meeting**

The next meeting is scheduled for 28 September 2015.