

BOARD OF GOVERNORSMinutes of the meeting held on 23 November 2017

Present

Lisa Greenhalgh	Independent member	Deputy Chair of the Board & Chair of Audit
Lesley Munro		Clerk to the Board
Martin Ainscough	Independent member	
Roy Bayfield	Support Staff member	Elected
Julian Bucknall	Independent member	
Evelyn Carnegie	Academic staff member	Elected
John Cater	Vice-Chancellor	Ex-officio
Graeme Collinge	Independent member	Chair: Resources Committee
Thomas Dodd	Student member	Elected
Christine Donnelly	Independent member	
Tony Rankin	Independent member	
Mike Rush	Independent member	
Ben Whittle	Student member	Students' Union President

In attendance

Mark Allanson	PVC (External Relations)
Lynda Brady	PVC (Student Experience) & University Secretary
Steve Igoe	Deputy Vice-Chancellor
Paul Malone	Students' Union General Manager

Apologies

Clive Edwards	Independent member	Chair of the Board
Clive Elliott	Independent member	
Louise Robinson	Independent member	
George Talbot	Academic staff member	Academic Board nominee

Sabbatical

Rob Green	Independent member
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Absent

Denise Walker	Independent member
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BG.17.030 Declarations of Interest

There were no Declarations of Interest.

BG.17.031 Chair's Announcements

.01 CUC Meeting

It was reported that the Chair of the Board had attended a CUC Plenary meeting in October where the main items for discussion had been the proposals for the new Regulatory Framework to be overseen by the Office for Students (OfS) and the operation of Remuneration Committees.

.01 Regulatory Framework

The Vice-Chancellor reported that the University would be contributing to the UUK response to the OfS consultation on the Regulatory Framework (*summary included as a paper for information*). It was felt that responses from sector-wide bodies were likely to have more impact than from individual institutions. He drew attention to the risk-based approach to regulation outlined in the proposals and the likely focus therefore for particular scrutiny of high risk activities and providers. It was noted that Universities were a small proportion of the range of institutions covered by the OfS which also included large numbers of FE colleges, Alternative Providers and School Centred Initial Teacher Training providers.

In terms of timescales, the OfS would be operating as a shadow body from 1 January 2018 with the official launch set for 1 April 2018. The consultation on the Regulatory Framework closes on 22 December with a final version to be published in February 2018.

.02 Remuneration Committees

The Clerk reported that CUC was developing a Code of Practice on the operation of Remuneration Committees and would be consulting on proposals in January. The Board would be kept informed of developments.

.02 Scholarships Evening

It was noted that Christine Donnelly and the Chair of the Board had attended the recent Scholarship Awards evening with the Chancellor presiding. Thomas Dodd had also been present and confirmed it was an enjoyable and successful event highlighting the achievement of our students.

BG.17.032 Chair's Action

There was no Chair's Action to report

BG.17.033 Minutes of the previous meeting

Received: Document BG/022/17

The minutes of the meeting held on 25 September 2017 were agreed and signed by the Chair as a correct record.

BG.17.034 Action Log

Received: Document BG/023/17

The Action Log was received noting all actions as ongoing or implemented. The Clerk noted that a full discussion of the tender process for the new Library had been undertaken at the Resources Committee meeting in October and this was reflected in the minutes.

BG.17.035 Matters arising not included elsewhere on the agenda

There were no other matters arising.

SECTION A ITEMS

BG.17.036 Minutes of Committees

01. Resources Committee (16 October 2017)

The Chair of Resources introduced the minutes highlighting the following points:

- Committee Evaluation: Recognition of the busy agendas and the need to ensure sufficient time for consideration of all aspects of the committee's responsibilities. The position would be ameliorated however with a reduction in capital bid proposals as the current stage of the Estates Strategy neared completion. It was anticipated that the new Director of Human Resources would attend the February meeting. In terms of improving committee efficiency, it was noted that the duplication of papers across committees should be avoided wherever possible and that officers were available to answer queries in advance of meetings where this would be helpful;
- Treasury Management: The committee had suggested increasing the maximum holdings with individual institutions in order to achieve the best returns;
- HR Annual report: The committee had asked for more detail in future reports with associated benchmarking data where available;
- Capital Bid: The committee had recommended approval of the Phase 13 Residences bid with John Turner as Principal Contractor given this was a continuation of the Phase 12 development;
- Investment proposal: The committee had supported continuing discussions with Wrightington, Wigan and Leigh NHS Foundation Trust in terms of a contribution to the development of a new Education Centre with facilities for MCh and MMed students and opportunities for collaborative research;
- Expenses policy: The committee had approved revisions to the University's Expenses policy;
- Library Tender review: The committee had given full consideration to the process undertaken noting that this had been managed through an independent firm of Quantity Surveyor evaluators. Pricing between the two contractors submitting tenders had been keen with the key factor in the final award relating to the acceptance of risk by John Turner in meeting the Guaranteed Maximum Price and timescales for completion.

In response to members' questions, it was noted that:

- Whilst new student accommodation attracted higher rent rates, the University would always seek to offer a lower cost option within the pricing range and there were no immediate plans to remove the older Back Halls provision at the current time;
- Diversity data relating to staff was included in the new annual Equality and Diversity report prepared for the Board by the Director of Strategic Planning.

The Resources Committee minutes were received.

02. **Audit Committee** (30 October 2017)

The Chair of Audit introduced the minutes highlighting the following points:

- A positive and clean external audit of the accounts;
- A positive internal audit annual report;
- Receipt of the Procurement and Value for Money annual report noting that this would be supplemented in future by an Efficiency Return which would require the financial value of specific project savings to be identified;
- Approval of the tender process for the procurement of internal audit services;
- Approval for the commencement of the post-fraud review to be undertaken by PwC.

In response to members' questions, the following points were noted:

- The Clerk had checked back with the Chair of the Board in relation to a comment concerning the pernicious interest rates charged against Student Loans which was included in his annual report and he had confirmed that he wished this to remain unchanged. The Vice-Chancellor indicated that the rate of interest was generally held in the sector to be unfair

and that it was one of the factors depressing current application rates;

- It was unlikely that there would be a further increase to tuition fee rates for some time which would have a negative impact on future budgets;
- Whilst institutions would be seeking to gain competitive advantage during a time of falling applications, the Vice-Chancellor pointed to research which suggested that offering direct incentives to students made little difference to their choice of institution. Whilst the University maintained a generous Scholarship Scheme, more emphasis was now being placed on providing support to students whilst on course to ensure they were able to gain maximum benefit from their studies.

The Audit Committee minutes were received.

BG.17.038 Management Information: August/September 2017

Received: Document BG/026/17

The Deputy Vice-Chancellor introduced the report which detailed the early year position which was in line with budget projections. He drew attention to the reduced intake numbers but indicated that the all-years numbers would maintain the income position.

The Management Information for August/September 2017 was received.

BG.17.039 Edge Hill Enterprises: Rental Agreements for Use of Facilities

Received: Document BG/027/17

The Deputy Vice-Chancellor introduced the agreements noting that these related to Sporting Edge activity which was run through Edge Hill Enterprises (EHE), a wholly owned University subsidiary. The rental agreements represented a standard tax management process commonly used in the sector.

In response to members' questions, it was noted that EHE was entitled to use the Edge Hill brand and that public liability costs for Sporting Edge activities were recharged to EHE.

The Board approved the EHE rental agreements for the use of University facilities.

Action: Deputy Vice-Chancellor

BG.17.040 Financial Summary Statistics 14/15 – 19/20

Received: Document BG/028/17

The Deputy Vice-Chancellor introduced the statistics prepared for HEFCE and highlighted the University's strong results in comparison with the sector especially in relation to projected surpluses, net liquidity and the reduction in external borrowing. It was reported that 25% of institutions were predicted to be in deficit. Whilst there was no room for complacency, the University was in a healthy position. It was noted however that the sector results could be skewed by the figures from very large universities which tended to be outliers.

In response to a member's question about the preparedness of the University for the uncertain period ahead, the Vice-Chancellor indicated that the University's current position provided a 2- 3 year cushion against adverse conditions giving time to plan and manage any change in an appropriate way. He pointed to the recent reduction in activity in the Faculty of Education as an example of this in action. He also noted that increased projected staff costs in the budget were largely related to rising on-costs and the introduction of the apprenticeship levy rather than to the employment of additional staff but the University remained alert to the need to monitor in/out costs closely.

Responding to a further question as to whether the particularly strong financial performance of the University over a number of years might be seen as profiteering from tuition fee income, the Deputy Vice-Chancellor drew attention to the continuous re-investment of surpluses to benefit the student experience whilst noting that future margins were likely to be smaller with performance closer to the norm. The Vice-Chancellor also pointed out that the University did not attract the large endowment income enjoyed by some universities.

The Financial Summary Statistics 14/15 – 19/20 were received.

BG.17.041 Financial Health of the Higher Education Sector: 2016/17 to 2019/20 Forecasts

Received: Document BG/029/17

The Deputy Vice-Chancellor introduced the report from HEFCE which gave a sector overview prepared from the projections provided by institutions. Whilst this presented a generally positive picture, the overall figures indicated a fall in surplus levels and masked a substantial variation in institutional performance. Total sector borrowing was projected to rise significantly with an unsustainable trajectory and it was likely that a number of institutions had over-estimated their ability to increase recruitment from both home and overseas students. Expenditure on capital development was projected to rise considerably although some institutions were reining back whilst the impact of pension liabilities, especially from the USS scheme, could lead to some industrial unrest.

In discussion, it was noted that current conditions could lead to mergers or other forms of managed outcomes to head off institutional failure. Past experience had shown that the need for an arrangement of this type to provide real 'added value' would be an important part of any proposals but the possibility of student transfer could provide opportunities in the right circumstances.

The HEFCE report on the Financial Health of the sector was received.

BG.17.042 Remunerations Committee: Terms of Reference

Received: Document BG/030/17

At the request of the Chair, the Clerk introduced revised Terms of Reference for the Remunerations Committee which had been recommended at the last meeting. Major changes incorporated a change to the Vice-Chancellor's status as an officer rather than a member of the committee, provision for the committee to access additional professional support either internally or externally, the development of policy on designated senior postholder reward and remuneration within an overall University framework and the preparation of an annual report to the Board to provide assurance on process.

It was noted that, in response to recent debate, the Committee of University Chairs (CUC) was in the process of developing a Code of Practice for Remuneration Committees which would be open for consultation in the New Year. This could have further implications for the operation of the committee. Board members would be kept informed of developments.

The revised Terms of Reference of the Remunerations Committee were approved.

Action: Chair of Remunerations/Clerk

BG.17.043 Reports from Link Governors

The link governor for Computing (JB) reported on a positive meeting with the Head of Department of Computing. The department was located in the Tech Hub which was a state of the art facility supporting the department's growing strengths in gaming and coding.

In response to JB's question about the availability of this important facility externally, it was noted that the CAVE provision had attracted business attention with companies such as BAe Systems expressing an interest in collaborative work. Whilst acknowledging that the benefit to students was paramount, the Vice-Chancellor indicated that a new senior appointment for Enterprise had recently been made which would support further activity in this area.

The link governor report was received.

SECTION B ITEMS

BG.17.044 Vice-Chancellor's Report

Received: Document BG/031/17

The Vice-Chancellor spoke to his report and highlighted the following points:

- Recruitment presented a challenging picture. UCAS data showed application rates were down nationally by 6%. At Edge Hill, reduced rates were slightly higher at 7/8% but better than our competitor group.

- The progressive demise of the PGCE Secondary was evident in the substantially reduced application rates, possibly affected by the planned introduction of the Apprenticeship route although PGCE Primary would take longer to phase down. Apprenticeships were also being made available as a route into Nursing, but, given staff shortages in the NHS, this was less of a threat.
- Final details for REF 2020 were now agreed with an inclusive model adopted. This would require all staff with research in their contract to be returned and would inevitably favour elite institutions. Whilst this might persuade some to move to teaching only contracts for a proportion of staff, research was seen as integral to the teaching contract at Edge Hill. Ensuring staff maintained a focus on research with more applied research outputs was critical to a good outcome. It was expected that the University would return 50-60% of staff in 2020 rising to 100% in 2028.
- Responding to a bidding opportunity from HEFCE/GMC, the University had submitted a proposal for a medical school building on work with Wrightington hospital. Whether or not the bid was successful, this placed a marker for the future and was reputation enhancing.
- Some negative publicity had been generated from the press coverage of the recent fraud court case but a final settlement had been agreed with NCTL in relation to the associated historic learner records investigation. It was important for the University to draw a line under these events and concentrate on building a strong relationship with OfS as the new regulator.

In response to members' queries regarding the fraud case, it was reported the matter had been carefully managed within the institution to avoid leaks and had not been the subject of significant discussion amongst staff. It was noted that students had not been affected and that any impact would be largely on a declining area of activity for the University. The Vice-Chancellor expressed his gratitude to Governors for their support through the process. The Deputy Vice-Chancellor indicated that the focus of discussions with UCU was on working together to ensure the provision of an environment where staff felt comfortable in raising difficult issues.

The Chair highlighted the importance of the final review being undertaken by PwC in ensuring all learning points had been fully addressed.

The Vice-Chancellor's report was received.

BG.17.045 Student Report

Received: Document BG/032/17

The President of the Students' Union introduced his report which provided a progress update on the projects outlined in the manifesto pledges of sabbatical team members. He highlighted the work on mental health support, drug and alcohol support and changes to the student led staff awards programme. In discussion, it was noted that, whilst employers were becoming more understanding in relation to mental health issues, taboos still remained and members particularly commended work in this important area. It was suggested that associated events for the various support programmes could also be used to raise awareness amongst staff.

Members congratulated the Union on the impressive range of activities offered which contributed to a better student experience.

The report from the President of the Students' Union was received.

BG.17.046 Going Concern (ASSUR) Statement

Received: Document BG/033/17

The Deputy Vice-Chancellor presented the ASSUR statement which included a range of KPIs geared to institutional sustainability and was a required return to HEFCE. The KPIs provided positive assurance to the Board.

The ASSUR statement was approved for submission to HEFCE.

Action: Deputy Vice-Chancellor

BG.17.047 Auditor's Letter of Representation

Received: Document BG/034/17

The Chair introduced this item noting that the letter followed a standard format and there were no issues to bring to the attention of the Board.

The Auditor's Letter of Representation was approved for signature.

Action: Chair/Vice-Chancellor

BG.17.048 Audit Committee Report for the year ended 31 July 2017 and External Audit Letter

Received: Document BG/035/17

The Chair introduced the report which detailed the work of the Audit Committee over the year and confirmed the Committee's opinion on the adequacy and effectiveness of the University's arrangements for governance, risk management, data processes, value for money (VfM) and internal control. The External Audit report was positive with no issues to bring to the Board's attention.

In response to a member's question, it was confirmed that a suggestion scheme for VfM was in operation.

The Audit Committee Annual report and the External Audit Letter were received.

BG.17.049 Report and Financial Statements for the year ended 31 July 2017

Received: Document BG/036/17

The Deputy Vice-Chancellor presented the Financial Statements noting that these had been considered in detail and recommended for approval by both Resources Committee and Audit Committee.

The Board approved the Report and Financial Statements for the year ended 31 July 2017 for submission to HEFCE.

Action: Deputy Vice-Chancellor

BG.17.050 Academic Assurance: Final Report

Received: Document BG/037/17

The Pro Vice-Chancellor (Student Experience) and University Secretary introduced the report drawing attention to one new section which had been added since the draft report received at the last meeting. This concerned external examiner reports which were generally very positive. It was noted that in one case there were ongoing discussions with an external examiner in terms of a negative assessment which the University felt was unfair.

In response to a member's question, it was reported that there were few sanctions that could be applied where the performance of the external examiner was felt to be inappropriate other than dismissal.

Having regard to the full report, the Board confirmed it provided the necessary assurance required to sign off the academic quality assurance statements contained in Part 2 of HEFCE's Annual Accountability Return.

Action: Vice-Chancellor

BG.17.051 2017 Annual Accountability Return to HEFCE and PREVENT Assurance Statement

Received: Document BG/038/17

The Deputy Vice-Chancellor presented Part 1 and Part 3 of the Annual Accountability Return which contained a number of statements confirming compliance with the HEFCE Memorandum of Assurance and Accountability. There were no issues arising.

The Pro Vice-Chancellor (Student Experience) and University Secretary spoke to the report to HEFCE on the operation of the University's PREVENT strategy noting the University's emphasis on staff training this year. The report reflected the University's approach in terms of safeguarding rather than policing. There were no cases where it had been necessary to invoke PREVENT action in terms of welfare, events and speakers or multi-agency referrals.

In discussion, it was noted that, whilst the Students' Union did not agree with government policy in respect of PREVENT, there was full co-operation with the University in terms of the operation of required policies and procedures.

The Deputy Vice-Chancellor drew attention to ongoing discussions in the sector about the use of filters on IT systems to identify usage which could be of concern. Whilst the University was not convinced this was the right approach and felt it would generate an atmosphere of mistrust, it could become a regulatory requirement in the future.

Following discussion, **the Board approved the 2017 Annual Accountability Return and the PREVENT Assurance Statement for submission to HEFCE.**

Action: Chair/Vice-Chancellor

BG.17.052 Annual Efficiency Return 2016/17

Received: Document BG/039/17

The Deputy Vice-Chancellor introduced the return which had been introduced by HEFCE very late this year. The return supplemented (or could replace) the Value for Money report received by the Audit Committee with a requirement to identify specific savings achieved from individual projects.

The Chair indicated that the emphasis on monetary savings was particularly welcome whilst recognising that it was difficult to quantify this for all projects.

It was noted that not all projects from the VfM report were included but that, with more time, future reports would be more comprehensive.

The Annual Efficiency Return 2016/17 was received.

BG.17.053 Capital Projects Bid

Received: Document BG/040/17

The Chair of Resources introduced the bid for the development of Phase 13 residential accommodation at £6 million which was recommended to the Board by the committee following a full discussion of the detail. He noted that, as an extension to Phase 12, Resources Committee had felt it was appropriate to maintain the relationship with John Turner as the main build contractor and negotiate on the same rates as for Phase 12.

In response to members' questions, the Deputy Vice-Chancellor confirmed:

- Planning permission was already in place with delivery scheduled for September 2018;

- There remained strong unmet demand for accommodation from second and third year students;
- Whilst a further development might incentivise a more competitive local market, on-site provision was the preferred option for the majority of students. In the longer term, this could result in some multiple occupancy housing reverting to residential use;
- Student feedback was taken into account in terms of the design and facilities offered. Feedback on Phase 12 had been very positive;
- Price-setting for university owned accommodation was competitive.

Following discussion, **the Board approved the Phase 13 residential development with an allocated £6 million budget.**

Action: Deputy Vice-Chancellor

In response to a member's question concerning the impact of the lack of car parking provision at certain times of year on recruitment and retention, it was noted that the limits placed on the University by the local council had been regularly raised. The Vice-Chancellor indicated that the reduction in PGCE provision and the increase in on-site accommodation should ameliorate the position to some extent.

BG.17.054 Student Discipline, Complaints and Appeals Report

Received: Document BG/041/17

The Pro Vice-Chancellor (Student Experience) and University Secretary spoke to the report which summarised the position with respect to student discipline, complaints and appeals in comparison with previous years. She drew attention to the small number of complaints overall and the emphasis placed on finding resolution at an early stage. With respect to appeals, it was noted that a significant proportion of those upheld arose from the late notification of mitigating circumstances and efforts were being made to ensure that students notified their position in advance so that they could be taken into account at the appropriate time. The number of complaints submitted to the Office of the Independent Adjudicator was below sector norms and too few to identify any trends or patterns. With respect to student discipline, there was an increase in the number of incidents dealt with and, whilst this was likely to be largely due to the increased number of

students living on campus, most were low-level and could be dealt with by supportive intervention. The position would be monitored however to see if recurring trends could be identified.

The report on Student Discipline, Complaints and Appeals was received.

BG.17.055 Key Performance Indicators

Received: Document BG/042/17

The Deputy Vice-Chancellor introduced the KPI report which was presented in the new format discussed at the last meeting. He drew attention to the categorisation of application rates and NSS results at Amber reflecting a more challenging position in both areas. With respect to REF targets, it was noted that, whilst bid application success had fallen with increasing competition, income targets would be met and the current emphasis was on increasing published scholarly articles.

In response to a member's question concerning the effect of 'A' level reform on the continued improvement in entrant tariff scores, it was noted that the norm referencing of grades would be likely to mitigate against any negative impact.

In response to falling application rates, the Vice-Chancellor indicated that maintaining entry standards during a time of reduced recruitment would be important in protecting brand and reputation even if that led to a slightly smaller institution in the short term. The position could be further mitigated by ensuring retention rates were maximised.

Concluding discussion, members expressed the view that the new report format, whilst containing detailed information, could be improved with more visual highlighting of trends and movements in the colour coded risk categories. It was agreed that further discussion was required.

The Key Performance Indicator report was received.

BG.17.056 Any other Business

There was no other business.

SECTION C ITEMS

BG.17.057 Student Charter

Received: Document BG/043/17

The final approved version of the Students charter was received for information.

BG.17.058 HEFCE Higher Education in England: Key Facts – Summary

Received: Document BG/044/17

The HEFCE report was received for information.

BG.17.059 Securing Student Success: OfS consultation – Summary

Received: Document BG/045/17

The summary of the consultation document concerning the operational role and responsibilities of the OfS as the new HE regulatory body was received for information. The University would not be making an institutional response but would be feeding in to various sector body responses.

BG.17.060 Date and time of next meeting

The next meeting is scheduled for 29 January 2018.

RESERVED BUSINESS

BG.17.061 Update for Independent members