

DRAFT

**Agenda Item 1
BG11/81**

23 July 2012

**University of Northumbria at Newcastle
BOARD OF GOVERNORS**

Minutes of the meeting of the Board of Governors held at 1.30 p.m. on Monday 21 May 2012 in Room D111, School of Built and Natural Environment, City Campus West.

- Present: Lucy Armstrong (Chair), Professor Andrew Wathey (Vice-Chancellor and Chief Executive), Alison Alden, Lesley Bessant, Ian Brown, Lorraine Brown, David Buffham, Alasdair Corfield, Dr Graham Hillier, John Josephs, Peter Judge, Professor Kath McCourt, Dr Maureen Norrie, Jo Rhodes, Holly Seabrook, Michael Short, Linda Spencer, John Taylor, Claire Templeton, Ruth Thompson, Michael Short.
- Apologies: Philip Booth, Adam Serfontein
- Secretary: Adam Dawkins
- In attendance: Professor Paul Croney, Jane Embley, Professor Ian Postlethwaite, Chris Reilly, Lesley Salkeld [see Minute 11.114], Andy Sutton, Lucy Winskell.

For Approval

New Chair of the Board of Governors – Appointment and Remuneration
[Confidential BG11/65]

- 11.92 The Senior Independent Governor reported that:
- i. a rigorous selection process had been undertaken, overseen by a panel constituted by, and reporting into Nominations Committee. Of 9 applicants, 4 (with an equal gender split) were shortlisted for interview on 02 May 2012, supplemented by informal meetings with staff and student governors;
 - ii. the Panel reached the unanimous view that Chris Sayers should be appointed to the role, based on the breadth and currency of his experience based on the term and tenure of office specified in the paper;
 - iii. as Board members would be aware, the University had sought approval from the Privy Council to amend its Instrument of Government to include a paragraph on the conferment of benefits on Board members, with the intention of remunerating the new Chair. It was recognised that limited precedents existed for the remuneration of the Chairs or external members of UK HE governing bodies, and careful consideration had been given to the guidance of the Charity Commission relating to the remuneration of trustees. Benchmarking data on remuneration for the HE sector was therefore limited, and one national and a number of international examples had been drawn on, as well as pay bands published for the Non-Executive Directors of NHS Boards. However, these data as well as what would be considered a 'reasonable payment' had informed the proposal that an annual fee of £20,000 be paid.

11.93 The Acting Chair reported that the Nominations and Remuneration Committees had convened prior to the meeting, with the former Committee considering the appointment recommendation, and the latter considering the level and means of remuneration. This provided a clear remit for future equivalent discussions. In future years, the Remuneration Committee would include a wholly independent member, co-opted to contribute to the review of the Chair's fee. As reflected in the tabled minutes of each committee, the recommendations in the Board paper had been endorsed.

11.94 The Board noted that:

- i. the availability of a summary of the professional background and experience of each candidate to the Board would have been informative, and helped members understand the basis on which the specific recommendation to appoint was made. However, this was a matter for consideration in future recruitment processes, and did not detract from the rigour of the recruitment process and the fact that the Board had agreed to delegate this to Nominations Committee;
- ii. consideration had been given to the published guidance of the Charity Commission on the remuneration of charity trustees circulated to members, and summarised with a commentary on implications in the Board paper. Based on this, the Board had concluded that payment of an annual fee to the Chair was the most appropriate option to reflect the skill-set and demands of the role. The annual fee level of £20,000 was also judged to be reasonable.

11.95 **Resolved:**

- 1) That the appointment of Chris Sayers as the new Chair of the Board of Governors be approved with effect from the end of the final 2011/12 Board meeting on 23 July 2012 until 21 November 2013, as the unexpired period of his initial three-year term of office as an external Board member. Consideration of renewal for a subsequent three-year term of office will be taken prior to the end of his first term of office;
- 2) That the amendments of the Instrument of Government of the University be approved as follows:
 - i) deletion of the existing paragraph 6(3), the insertion of new paragraphs 6(3) and (4) as set out below, and the re-numbering of the existing paragraph 6(4) as 6(5):

'(3) A member of the Board of Governors shall automatically cease to hold office, and the office shall become vacant, if the member fails to attend three successive ordinary meetings of the Board of Governors, or all the meetings of the Board of Governors within any period of six months, whichever shall be the greater number of meetings, without having obtained the express permission of the Board for such a failure to attend.'

(4) If at any time the Board of Governors are satisfied that any member of the Board of Governors is unable or unfit to discharge the functions of a member, the Board of Governors may by notice in writing to that member, remove him from office, and thereupon the office shall become vacant.'

- ii) the insertion of the additional paragraph 9(2) as set out below:

"The University may, and may only, confer benefits on members of the Board of Governors if the benefit has been authorised by the Board of Governors in accordance with the Regulations. In this clause "benefit" includes:

- (a) buying any goods or services from the University;*
- (b) selling goods, services, or any interest in land to the University;*
- (c) being employed by, or receiving any remuneration from the University; or*
- (d) receiving any other financial benefit from the University."*

and to request Her Majesty approves these amendments subject to any further amendments as may be required by her Majesty; and

- 3) That, subject to formal approval by the Privy Council to the amendments in 2) above and following consideration of the Charity Commission guidance on Trustee Payments, the payment of an annual fee of £20,000 to the new Chair (subject to annual review).

Preliminary Business

- 11.96 The Acting Chair extended her condolences on behalf of the Board to Michael Short and his family following the passing away of Lord Glenamara on 04 May 2012. The funeral on 16 May 2012 had been attended by the Vice-Chancellor, Acting Chair and other current and former representatives of the University. The commitment of Lord Glenamara to the University in his role as Chancellor of the University from 1983-2005, and wider support for the polytechnic movement and HE generally was unsurpassed and represented a major loss on a national level as well as to the University and NE region.

- 11.97 Michael Short thanked the Acting Chair for her kind comments, and noted his father's sadness at having to relinquish the post of Chancellor due to declining health. His father had always had a considerable affection for the University and, until the end of his life, remained keenly interested in its affairs. He knew that his father would want him to pass on to each and every member of the Board, and to the University, his warm best wishes for their future happiness and success.

Minutes: meeting of the Board of Governors on 26 March 2012 [BG11/65]

Resolved

- 11.98 That the minutes of the meeting on 26 March 2012 be approved, subject to the transfer of Dr Graham Hillier from the 'Present' to 'Apologies' section.

Matters arising and Summary Action List [BG11/66/67]

- 11.99 The Board noted the Matters Arising and Summary Action List, including the approval of the Financial Regulations by the sub-group comprising the Acting Chair and Chairs of Audit and Employment and Finance Committees.

Vice-Chancellor's Report [BG11/68]

11.100 The Vice-Chancellor reported that:

- i. on 27 April 2012 it was announced that the AAB A-Level threshold for unlimited recruitment of students would be reduced to ABB from 2013. This would significantly alter the market for places, and an increased number of Northumbria applicants would achieve grades above the threshold, creating the risk of recruitment to competitor institutions. The 20,000 'core and margin' places in the student number controls system allocated for institutions charging at £7.5k or below in 2012 would be reduced to 5,000 in 2013;
- ii. the Interim Regulatory Partnership Group (IPRG) established in 2011 by HEFCE and the Student Loans Company (SLC) to advise the government on policy, strategic and operational issues arising from the development of the new funding and regulatory regime, was likely to assume a more permanent role to address the challenges ahead. There was also a possibility that the postponed publication of the HE Bill would come back on the agenda during 2012/13;
- iii. the departure of Sir Adrian Smith as Director General, Knowledge and Innovation at the Department for Business, Innovation and Skills (BIS) would potentially impact on the future location of government's HE portfolio, including the possibility of responsibility for HE moving to the Department for Education, which was not a desirable location for it, given its main focus on the primary and secondary sectors;
- iv. the University had climbed six places in the 2013 Complete University Guide (CUG) from the 2012 ranking, to 54th place, reflecting the realisation of its corporate objectives to improve the student experience, research staff capacity and staff-student ratios. The University had also risen 14 places in the Student Experience Survey from 2010 to 2011, placing it 31st;
- v. notable successes in securing research grants included £840k from the European Regional Development Fund in the School of Design to work with regional SMEs to identify new areas of commercial value and realise new products and services. The University has also been shortlisted in the Times Higher Education Leadership and Management Awards 2012, for Outstanding Leadership and Management Team for its innovative work in partnership development across the NE region and beyond.

Strategic Discussion

Review of the Corporate Strategy: Vision 2025 [Presentation]

11.101 The Vice-Chancellor reported that:

- i. this was the first of two presentations to the Board, focussing on the wider context and vision which would provide the direction underpinning the revised Corporate Strategy to 2018 and strategic trajectory in a Vision for 2025. Whilst this represented a major opportunity for the University, it was also a necessity in entering a vastly challenging environment with greater regulatory, competitive and economic pressures. On this basis, the Vision would be radical in ambition, to shape the future and attract both the best students and staff, and strengthen the academic base for our research, the student experience, international work and partnerships. To enable this, the financial sustainability of the university was key, to enable reinvestment in our mission and operations;

- ii. distinguishing Northumbria from its competitors was key in a ternary sector, in which we will compete with the research-intensive HEIs, and stand apart from the teaching-led post-1992s. The University would therefore position itself as a professional university, research-rich, business-focussed - an inspiration for North East – as well as a major national and global player;
- iii. key goals were set to achieve the Vision: to be in the top 20 nationally (and 100 internationally) by 2025, and top 30 nationally by 2018, which is stretching but realistic if our objectives are met. The objectives are clustered around core themes: Research, Student Experience, International, Partnerships, Culture and Finance facilitated by, and delivered through, technological innovation and the possibilities of collaborations, alliances and mergers (CAM);
- iv. Research: significant progress was required to realise the University's research, recognising that it is the prime driver for academic quality and a catalyst for excellence in teaching, business, enterprise and international reach. Key measures include: the percentage of staff eligible to be submitted to the Research Excellence Framework (REF); the volume of research grant and contract income; PhDs students and Research Assistant numbers; numbers of PhD-qualified staff, and Professors as a percentage of academic staff;
- v. Student Experience: the importance of improving the student experience was key throughout the whole student life-cycle, including more effective use of learning technologies to support distance and e-learning delivery. Key measures include improvement of the student entry tariff; being a leading provider in our chosen PGT professional programmes, and ranking in the top quintile in the National Student Survey (NSS) and other satisfaction measures;
- vi. International measures would include a growth in international income as a percentage of the total to 18% (2018) and 23% (2025); stakeholder measures with overseas partners and agencies, and progress towards 50% of student from outside the UK. Partnership measures will contribute greatly to the international activities of the University, regionally, nationally and globally within a culture of 'One University';
- vii. Finance was key in order to be sustainable and to have the resource to invest in the future, with ambitious, but achievable measures in relation to surplus generation, the percentage of academic staff spend and effective space utilisation;
- viii. Technology will transform the operations of the University and will need to meet student expectation, to shape a transformed on-campus and distance and e-learning experience;
- ix. Collaborations, Alliances and Mergers: by 2025 the University could have a group structure and be co-providing with established or new providers, or take over another quality institution, all of which would sharpen the effectiveness of Northumbria as a quality brand;
- x. the risks and scenarios related to the achievement of the Vision included the economy, regulation, competition, socio-demographics, institutional failure and international barriers including UKBA regulation and market failure. Effective planning and scenario testing would help mitigate these risks and realise the University's mid and long-term objectives;
- xi. In conclusion, delivery of the Vision was not an option, but a necessity to sustain and grow the success of Northumbria as a professional university with a global reputation for academic excellence, committed to the values of transforming lives and societies.

11.102 The Board noted that:

- i. the scale of ambition in the proposed Vision was impressive and was greeted with its full endorsement and enthusiasm. The emphasis on the transformative role of the University for individuals, groups and society more widely provided a

- clear message about its values, alongside a clear focus on objectives and metrics against which performance would be measured;
- ii. the proposal in no way negated the significant achievements linked to the current Corporate Strategy, which would be built on to secure the University's future and success in a challenging HE environment;
- iii. the identification of distinguishing factors for the University was key. This was particularly key in research, to ensure that the University's research had a real-world application and impact to meet social and commercial needs;
- iv. the importance of communicating the essence of Vision 2025 to the University community, and wider external stakeholders and partners to foster engagement and buy-in, which would be key to its delivery;
- v. at the July 2012 meeting, it looked forward to considering the Vice-Chancellor's findings and reflections in relation to the period immediately ahead for the Corporate Strategy 2013-18, and contributing to its further development.

Research Strategy [BG11/70]

- 11.103 The Pro Vice-Chancellor (Research and Innovation) reported that:
- i. as previously presented to the Board, research was critical to the profile and quality of the University. Whilst a number of outcomes were directly measurable, including the amount of HEFCE Quality-Related (QR) and other research grant and contract income, others were more challenging to measure, including reputational gain and its role in building research capacity in attracting high-calibre research staff, PGT and PGR students;
 - ii. the investment in research to date had contributed to a number of achievements: an improved staff-student ratio; increase in PGR students from 2007 to 2012; an anticipated major increase in staff eligible to be submitted to the REF in 2013, and an increase in academic staff holding doctoral qualifications;
 - iii. reinforcing the research objectives in the Vice-Chancellor's presentation, key objectives by 2017/18 included: increasing the number of REFable staff to 60%; a 30% increase in PGR students; PhD completions up to 60% and research, grant and contract income to rise by 15% per annum;
 - iv. preparation for the REF included a dry-run to assess the quality of outputs and pilot the submission process by 29 external assessors, involving 479 staff across 17 Units of Assessment (UoAs). In addition, research environment statements, as a key component of REF submissions, were currently being drafted and scrutinised, and a series of roadshows led by Pro-Vice-Chancellor (Research and Innovation) had been completed across the Schools, to raise awareness of the REF.
- 11.104 The Board noted the presentation, and the ambitious targets for research, which extended beyond REF performance. It was expected that either Performance and Risk Committee or Employment and Finance Committee would play an active role in monitoring investment in research, and the financial performance arising from this in the period ahead.

**CR/
PB**

Forecasts for 2011/12 to 2014/15 and Financial Commentary on Sustainability [BG11/69 – Tabled Confidential]

- 11.105 The Finance Director reported that the presentation distilled key areas arising from a more detailed consideration of the forecasts for 2011/12 to 2014/15 at Employment and Finance Committee earlier in the day. The following key points were made:
- i. the assumptions to 2014/15 are based on no growth in Home/EU UG numbers, retention of tuition fees at £8.5k per annum for Home/EU UGs, and a rise of 5%

per annum on PGT fees. International student recruitment was an area for key growth, with proposed increases of 8% on tuition fees in 2012/13 and 5% per annum thereafter. However, assumptions have been made within the forecast to mitigate against a decline in student numbers and risks linked to HEFCE funding including fines associated with over-recruitment;

- ii. In order to meet the targeted surplus of £11.6m by 2014/15, a gap needed to be met through additional income and cost savings. Other challenges included the adverse impact of inflationary costs on surplus in a context of modest income growth; rising interest rates and increased depreciation charges;
- iii. in summary the forecast to be submitted to HEFCE reflected a challenging time ahead, which would be dependent on achievement of the 2012/13 budget; student recruitment targets and rigorous University-wide cost control.

- 11.106 The Board noted that the Chair of Employment and Finance Committee would give interim approval to the budgets and forecasts prior to submission to HEFCE by 20 June 2012. A fuller understanding of the principles behind the forecasting and the detailed lines would be key prior to this point and final approval by the Board on 23 July 2012.

Proposal for new cross-disciplinary collaboration with business in the Northern Design Centre [BG11/71- Confidential]

- 11.107 Peter Judge declared an interest in this item, based on prior knowledge of Gateshead Council's position on lease terms and charges, gained through his previous role at One North East, and left the room for this item.

- 11.108 The Board noted VCEG's and Employment and Finance Committee's support for the project and recommended that a pre-meeting presentation on the nature of the project as an exemplar for innovative, cross-disciplinary partnership working should be made to the Board at the next meeting on 23 July 2012 if possible.

LW

11.109 **Resolved:**

That the proposal to lease space at the Northern Design Centre be approved, following consideration and the endorsement of Employment and Finance Committee at its meeting on 30 April 2012.

Corporate Governance Policy Pairing: Fraud and Money Laundering, and Public Interest Disclosure ('Whistleblowing') Policies [BG11-72/73]

11.110 **Resolved:**

That the revised Fraud and Money Laundering and and Public Interest Disclosure ('Whistleblowing') Policies, and new Money Laundering Policy be approved.

Code of Practice on Freedom of Speech [BG11/74]

11.111 **Resolved:**

That the revised Code of Practice on Freedom of Speech be approved.

Code of Practice on Compliance with the S22 of the 1994 Education Act: Board of Governors and Students' Unions [BG11/75]

11.112 **Resolved:**

That the revised Code of Practice on Compliance with the S22 of the 1994 Education Act: Board of Governors and Students' Unions be approved.

Committee and related reporting

Committees of the Board [BG11-76/77/78/79]

- 11.113 The Board noted the following minutes of meeting of the Committees:
- i. Audit Committee: 14 May 2012
 - ii. Employment and Finance Committee: 30 April 2012 [subject to amendment of Minute 11.105 to state 'an £11.5m [5.5% of current income] surplus target, **after** before costs associated with the Voluntary Severance Scheme (VSS) had been set'.
 - iii. Nominations Committee [tabled]: 21 May 2012 – Confidential.
 - iv. Performance and Risk Committee: 16 April 2012
 - v. Academic Board: 21 March 2012
 - vi. Remuneration Committee [tabled]: 21 May 2012 – Confidential

Health, Safety and Environment Update [BG11/80]

- 11.114 The Board considered the Health, Safety and Environment Update report, and noted the controls established in relation to the near-miss coach incident and fatality at Coach Lane campus which had been considered in detail by Audit Committee on 14 May 2012, including additional training for security staff on the use of defibrillators in high-traffic buildings on campus. The number of minor accidents reported had reduced by 36%, compared with the same period in 2011, including a decline in injuries logged in Sport Central. A preventative and proactive, rather than reactive, approach to health and safety was welcomed by the Board.

Meeting Review

- 11.115 The Acting Chair reported that:
- i. the venue was the most appropriate used to date and should therefore be used for future meetings of the Board.
 - ii. members were commended to attend the presentation by Sir Nicholas Montagu, Chair of the Committee of University Chairs (CUC) which would follow the next meeting of the Board on 23 July 2012. The meeting would start at the later time of 4.00pm followed by a drinks reception, presentation and dinner.

PB

Any Other Business:

- 11.116 The University Gallery was recommended by a Board member as a valuable resource which should be promoted more widely throughout the University and beyond, and that Board members should also be invited to the 'first nights of exhibition' in the future.

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