

6 February 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 Tuesday 22 November 2011 in the Corry Room, Sport Central, City Campus West.

Present: Lucy Armstrong (Chair), Professor Andrew Wathey (Vice-Chancellor and Chief Executive), Alison Alden, Lesley Bessant, David Buffham, David Clipsham, Dr Graham Hillier, John Josephs, Peter Judge, Professor Kath McCourt, Dr Maureen Norrie, Jo Rhodes, Holly Seabrook, Adam Serfontein, Michael Short, Linda Spencer, John Taylor, Claire Templeton, Eileen Thompson, Ruth Thompson.

Apologies: Chris Sayers, Bill Teasdale.

Secretary: Philip Booth

In attendance: Lorraine Brown, Professor Paul Croney, Adam Dawkins, Jane Embley, Professor Peter Golding, Professor Ian Postlethwaite, Chris Reilly, Lucy Winskell.

Chris Watts, Director of Marketing and Student Recruitment, for minute 11.25.

Jo Purves, Director of International Development, for minute 11.25.

Lesley Salkeld, Head of Health, Safety and Environment, for minute 11.37.

At the outset of the meeting, the Chair welcomed Lorraine Brown to the meeting to observe, as Support Staff Representative Governor-Elect. The Chair also thanked Eileen Thompson, who was attending her last meeting, for her significant contribution to the Board of Governors over the last six years.

Preliminary Business

11.22 **Minutes: meeting of the Board of Governors on 10 October 2011**

Resolved:

That the minutes of the meeting held on 10 October 2011 be approved, subject to correction of an error in Minute 11.05 as follows: 'a working group was also being established to review ~~was also being undertaken~~ the recently published University League Tables with a view to gaining an improved and more detailed understanding of the drivers for the University's performance in league tables in this area'.

11.23 **Summary Action List**

The Board noted the Summary Action List.

11.24 **Vice-Chancellor's Report**

The Vice-Chancellor presented his update report to the Board, which made the following key observations:

- i) Following the Board's approval at its meeting on 10 October 2011, a bid was submitted to HEFCE for 400 'flexible margin' places, distributed over programme areas combining high quality with demand.
- ii) 202 bids had been received by HEFCE for a total of 35,811 student places, of which 34 were from HEIs, 167 from Further Education Colleges (FECs) and one from another publicly-funded HE provider. In terms of volume of places bid for and quality of provision, the FECs represented less competition for the University than mainstream HEIs.
- iii) The NU12 project would encompass a number of major projects and areas of focus for 2012, including provision of the Key Information Set (KIS), arrangements for tuition fees and financial support, marketing and recruitment activities and league tables analysis and action-planning
- iv) Early indicators for the 2012 undergraduate recruitment position were encouraging, with 5804 applicants made to date. This compared with 7032 for 2011 in which there was an unprecedented peak in applications, and 5050 for the same period in 2010.
- v) A trade union day of action was planned on 30 November 2011 in relation to proposed changes to the Public Sector Pension Schemes. The University was planning for the potential disruption caused by strike action and communications would be issued in the near future to staff and students clarify the University's position.
- vi) The second staff opinion survey had been launched in November 2011 to enable individuals to share their views and perceptions about the University and their experience as employees.
- vii) Major research awards secured since August 2011 included: £438k from the European Commission for Professor Robin Williams' network to create a European Virtual Centre of Forensic Genetic Research and £311k from the Natural Environment Research Council [NERC] for collaborative, multi-disciplinary work in the West Antarctic.

- viii) The appointment of Christine Borland as the BALTIC Professor and Director of the new Institute of Contemporary Art in the School of Arts and Social Sciences.
- ix) The accreditation in October 2011 of the University's BA (Honours) International Business Management programme in conjunction with the Institute of Vocational Education (IVE) through the Hong Kong Qualifications framework.

Strategic Discussion

11.25

Strategic Analysis of Markets and Recruitment

The Board considered a report of a strategic analysis of the University's position in its major student recruitment markets.

The following key points were covered in the presentations:

- i) The University's current teaching income is derived from a number of customers to whom the University provides services, from the individual learner or major bodies such as the NHS. A detailed understanding of the University's future marketing and recruitment position was of strategic importance.
- ii) Overall the University had performed well in a competitive Home/EU recruitment market, demonstrated by a growth in Full-Time (FT) Undergraduates (UG) in terms of volume and quality of entrants across most subjects. Postgraduate Taught (PGT) numbers were an area of historic growth but had recently flattened out. Part-Time Taught (PTT) provision was an area where recruitment was challenging at both UG and PG levels, with most areas performing below the sector average. The Postgraduate Research (PGR) market was continuing to grow, but was below sector average.
- iii) International recruitment was strong, with the University ranked 17th of all UK HEIs based on its share of the market. The University was also in the top 25 HEIs for UG recruitment in a number of key overseas markets including China, Malaysia, Hong Kong, USA, Saudi Arabia and Singapore, and at PG level in India, China, Thailand, Taiwan and Malaysia. The wide range of non-EU academic and government partners, and its Highly Trusted Sponsor (HTS) status with the UK Border Agency (UKBA), placed the University in a strong position in international markets.
- iv) Key opportunities for Home/EU recruitment included: the anticipated impact of the 'Powered By' marketing campaign on recruitment for 2012 and beyond, and the

potential benefits should the outcome of the bid for margin places be successful.

- v) Key opportunities for international recruitment included the capacity of the University to increase high-margin income generation activities for specific programmes and markets, and scope to improve the international student experience more generally, which would lead to reputational gain and increased visibility with sponsors.
- vi) Key weaknesses and risks to the University's Home/EU recruitment included the potential impact of current economic conditions and student debt on recruitment for UG and PGT enrolments, and the impact of the downturn on PT recruitment.
- vii) Key weaknesses and risks to international recruitment included: the absence of clear marketing intelligence on specific international markets; the impact of league table and RAE performance as a barrier to entry in some markets; less strong UG recruitment in Nigeria, Pakistan and Norway and weaker PG recruitment in Nigeria, USA, Canada and Saudi Arabia; UKBA regulatory constraints.

The Board made the following key points:

- i) An understanding of how income from a range of sources and customers, whether these students or organisations would affect the overall financial position and sustainability of the University was critical.
- ii) An analysis of the profitability, sustainability and susceptibility to market changes of each major customer group was key for the Board to enable it to provide strategic input to analysis. This should include a critique of the current position for each customer group and plans for the future.
- iii) A wider understanding of regional, national and international demographics of potential future students was critical to assessing the impact on recruitment.
- iv) Northern Europe represented a potential growth area, given that it was not a market in which the University worked, its geographical proximity to the North East of England and the high esteem placed on UK HE in Norway and Finland.
- v) The Employment and Finance Committee had received information on the rationale and commitments of the Marketing Strategy at a recent meeting. However, the extent to which the level of investment made as a response to the challenges of the new funding context in 2012 translated into the maintenance and growth of recruitment recruitment was difficult to measure. It was hoped that the forthcoming mid-point evaluation of the

effectiveness of the marketing campaign would provide further analysis of outcomes to inform the long-term marketing strategy of the University and future investment decisions for its delivery.

- vi) The creation of flexible curricula responsive to skills gaps and growth areas in the economy and employment market was key. This represented a means of differentiating the University from its competitors. Such an approach could be undertaken on a transitional basis, to introduce relevant modules and semesters and years of study into existing programmes as a means of testing student and employer demand, prior to full validation of new programmes. The University's Employer Engagement Plan would be key to this process. This was being delivered at School level through formulation of Region, Engagement and Partnership Plans and the proposed establishment of Partnership/Employee Advisory Boards comprising employer representatives.
- vii) The presentations provided a helpful summary of performance in this area to date, as well as identifying a number of risk areas. A further presentation would be provided for the Board meeting on 26 March 2012, to include a strategic analysis and set of options to develop each key customer segment in the widest sense from student markets to bodies such as the NHS.

For Approval

11.26

HEFCE Annual Accountability Returns:

i) Financial Statements 2010/11

The Vice-Chancellor and the Finance Director introduced the Financial Statements of the University for 2010/11. The following key points were noted:

- i) Confirmation from the Chairs of the Employment and Finance Committee and the Audit Committee that the Financial Statements had been endorsed at the respective meetings on 24 October and 7 November 2011, subject to resolution of the outstanding matters identified.
- ii) Significant amendments had been made to the Operating and Financial Review section of the Financial Statements following the Audit Committee meeting. This work had led to significant improvements to the content and coherence of the narrative.

Resolved:

That the Financial Statements for 2010/11 be adopted by the

Board, for signature of the Acting Chair of the Board, Vice-Chancellor and submission to HEFCE.

11.27 ii) Financial Results and Forecast Tables to 2011/12 and Commentary on assumptions for 2011/12 forecasts

The Board considered the Financial Results and Forecasts Tables to 2011/12 and Commentary on assumptions.

The following key points were noted:

- i) The Employment and Finance Committee would receive a report on the revised financial performance and forecast position at its meeting on 12 December 2011.
- ii) In light of the uncertainty across the HE sector and its impact on HEIs' capacity to undertake financial planning, HEFCE did not expect forecasts beyond 2011/12 to be submitted on 1 December 2011. Financial tables and forecasts for 2012/13, 2013/14 and 2014/15 would be submitted to HEFCE in June 2012, following prior consideration by Employment and Finance Committee and approval of the Board.

Resolved:

That approval be given to the Financial Results and Forecast Tables and Commentary to 2011/12, subject to meeting the surplus recovery target.

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11.28 iii) Audit Committee Annual Report 2010/11

The Committee considered the Audit Committee's Annual Report to the Vice-Chancellor and the Board of Governors for 2010/11.

The Chair of the Audit Committee reported the following key points:

- i) The format and content of the Report had been subject to a number of iterations both in advance of, and following, the Audit Committee meeting on 7 November 2011.
- ii) The Committee had confirmed in its opinion that the University's overall arrangements for risk management, internal control and governance are sound; that measures to ensure economy, efficiency and effectiveness were adequate, and that the University's arrangements for quality assurance of data provide to HEFCE, HESA and other bodies were effective.

Resolved:

That the Annual Report 2010/11 of the Audit Committee be

endorsed by the Board for submission to HEFCE.

11.29 iv) Internal Audit Annual Opinion 2010/11

The Board considered the Internal Audit Annual Report for 2010/11.

The Chair of the Audit Committee reported that Internal Auditors' overall opinion for 2010/11 was that the University's internal control framework and level of compliance was effective. Areas for development and improvement to controls were summarised in the Report and also in the Annual Report of the Committee.

Resolved: That the Internal Audit Annual Opinion 2010/11 be endorsed for submission to HEFCE.

v) KPMG: Audit Highlights Memorandum and Management Representation Letter

The Board considered the External Audit Highlights Memorandum and Management Representation Letter for 2010/11. The Chair of the Audit Committee confirmed that the representatives of external audit had confirmed that they were satisfied with the accounting treatments and controls tested as an outcome of the external audit, central to which was the finalisation of the Financial Statements for 2010/11.

Resolved:

That the External Audit Highlights Memorandum and Management Representation Letter for 2010/11 be endorsed for submission to HEFCE.

11.30 vi) Annual Assurance Return 2010/11

The Board considered the Annual Assurance Return for 2010/11.

It was noted that the return had been reviewed by the Audit Committee and had been completed to confirm that the University had met its obligations under the HEFCE Financial Memorandum (2008/19) and (2010/19) and had complied with its duties as a charity. The Vice-Chancellor, as Accountable Officer and as a trustee would sign the Return on behalf of the Board.

Resolved: That the confirmation provided in the Annual Assurance Return 2010/11 be noted for signature of the Vice-Chancellor and submission to HEFCE.

11.31 Loan Facilities and Associated Hedging Facilities – Alternatives

This item (agenda item 6/document enclosure no BG11/29 was confidential)

Resolved:

- i) That the outcome of the investigation to date and options available in relation to the Hedge Facility be noted.
- ii) That a sub-group of the Employment and Finance Committee be established, comprising the blend of membership and expertise proposed, to evaluate the University's options in relation to this matter and to report into the Employment and Finance Committee.
- iii) That the Employment and Finance Committee report to the Board of Governors in early 2012 with a recommended course of action.

11.32 Process for the Appointment of the Chair of the Board of Governors

The Board considered proposals for a formal process of appointment to the Chair of the Board of Governors. The following key points were noted:

- i) The Nominations Committee had considered the process for the appointment of the Chair of the Board, and accompanying Role Description, which had been revised in light of feedback provided at its meeting on 10 October 2011.
- ii) The process represented an open and transparent approach to appointment, through a robust assessment process against which candidates could be benchmarked.
- iii) The process confirmed that it was a requirement that the Chair was appointed from the Board's existing membership, but this did not preclude the recruitment of a new Board member on a Chair-Elect basis. However, the reference to a 'search exercise' implied that a Chair would be recruited externally.
- iv) It was confirmed that it was the intention that the Chair could potentially be drawn from the eligible members of the Board. In addition it might not be necessary to engage external search consultants at significant cost but an option could be for an external advertisement to be placed directly by the University.
- v) The process would be reviewed in light of the observations, including reviewing the terminology used for the process, and make reference to a 'recruitment exercise' rather than 'search exercise', emphasising the

possibility that the Chair could be drawn from eligible candidates serving on the Board at the point of the recruitment process commencing.

Resolved:

- i) That the process recommended for recruitment to the role of the Chair of the Board be agreed, subject to clarification of the points raised.
- ii) That the Role Description for the Chair of the Board be agreed.

11.33

Revision to the University's Constitution

The Board considered proposals to amend University's Constitution. The following key points were made:

- i) Following legal advice sought by the University Secretary's Office, it had been confirmed that substantive changes to the Instrument of Government would not be permissible, as this required amendment to the primary legislation of 1988 and 1992 which related to Higher Education Corporations (HECs). The only change for which there was precedent was for the remuneration of Chairs and Chairs of Committees. However, the basis on which an HEI sought such a provision would be subject to scrutiny by the Privy Council, which would seek the guidance of the Charity Commission.
- ii) Prior to a more detailed discussion by the Board of the rationale for, and implications of amendments to the Instrument and Articles, a wider internal consultation with members should be undertaken. This should be informed by an initial steer from interested members, and comprise consultation with each committee and members across each governor category. However, based on advice from the Privy Council, the Board should not make a formal resolution to amend the Instrument and Articles prior to initiating discussions and garnering feedback from the Privy Council, to minimise the possibility of proposed amendments not being authorised.

Resolved:

That:

- a sub-group be established to examine the Constitution, informed by consultation with each Committee and members across governor categories prior to submitting a formal proposal to the Board.
- proposals be submitted to the March 2012 meeting of the Board.

11.34 Bid to the Social Action Fund

The Board considered and strongly supported and application made to the Social Action Fund for a grant to support the School of Law's "North East Free Law" Project for two years.

Resolved: That acceptance of the grant from the Social Action Fund be approved in the event that an offer is made to the University.

Committee and related reporting

Board of Governors Committees:

11.35 **Audit Committee: Minutes of the meeting held on 7 November 2011**

The Committee noted the minutes of the meeting.

11.36 **Employment and Finance Committee: Minutes of the meeting held on 24 October 2011.**

The Committee noted the minutes of the meeting.

11.37 **Nominations Committee: Minutes of the meeting held on 22 November 2011**

The Committee noted the tabled, unconfirmed minutes of the meeting.

11.38 **Performance and Risk Committee: Minutes of the meeting held on 20 October 2011**

The Committee noted the minutes of the meeting.

11.39 **Remuneration Committee: Minutes of the meeting held on 17 October 2011**

The Committee noted the Confidential minutes of the meeting.

11.40 **Academic Board**

- i) Annual Report 2010/11
- ii) Minutes of the meeting: 12 October 2011
- iii) Minutes of the meeting: 2 November 2011

The Board noted the Annual Report from the Academic Board for 2010/11 and the confirmed minutes of the meeting on 12 October 2011 and unconfirmed minutes of the meeting on 2

November 2011.

11.41 **Health, Safety and Environment: Update**

The Board considered the Health, Safety and Environment Update Report. It was noted that an improved understanding of the volume and type of sport-related injuries would be beneficial, building on the work already undertaken by the Health and Safety Department in this area.

11.42 **Meeting Review**

The Board noted that:

- i) The meeting had extended beyond the prescribed two hours. The importance of using Board meetings for feedback from governors was key, and therefore presentations from the Executive needed to be more tightly structured and timed.
- ii) The venue was appropriate based on the new table configuration. However, it should be excluded from use in the future if the acoustics and background noise from the heating system could not be resolved.