

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD AT 9.30AM ON THURSDAY 25 JULY 2019 IN THE BOARDROOM, VICE CHANCELLOR'S SUITE, MINERVA BUILDING, BRAYFORD POOL, LINCOLN

Present:

Acting Chair
Ms M Jackson

Vice Chancellor
Professor M Stuart CBE

Independent Members
Mr N Corner
Professor J Ker

Sir Graeme Davies
Ms Z King

Mr N Gray
Mr J Raine CMG OBE

Co-opted Members
Professor S Bailey
Ms D Gilhespy

Student Member
Ms C Coakley

Deputy University Secretary (Officer)
Ms L Baker

In attendance

Mr D Blanchard
Mr D Braham
Mr J Free CBE
Professor A Hunter
Ms C Low
Mr C Spendlove
Professor T Wilkinson

Strategic Property Manager (item 9)
Chief Finance Officer (item 6)
Deputy Vice Chancellor
Deputy Vice Chancellor
Director of Planning and Corporate Strategy (item 5)
University Registrar and Secretary
Deputy Vice Chancellor

Action

1. (i) APOLOGIES FOR ABSENCE

Apologies for absence were received from Ms Lees, Mr Barratt, Ms Dawes, Mr Herbert, Ms Reeves, Dr Savage, Professor Mossop and Mr Parkes.

(ii) DECLARATIONS OF INTEREST

There were no declarations of interest.

PART A – ITEMS FOR DISCUSSION

2. MINUTES OF THE MEETING OF MEETINGS OF THE BOARD AWAY DAY HELD ON 27 JUNE 2019 AND THE BOARDS OF GOVERNORS HELD ON 28 JUNE 2019 AND 16 JULY 2019

The minutes of the meetings held on 28 June 2019 and 16 July 2019 were **approved** as an accurate record.

3. REPORT ON ACTIONS FROM THE PREVIOUS MEETING/MATTERS ARISING

OVERSEAS OPPORTUNITY UPDATE – SEE CONFIDENTIAL ANNEXE
(minutes of 16 July 2019 refer)

The University had submitted its Access and Participation Plan and subsequently received five simple queries from the Office for Students. A response had been provided and the Office for Students had no further concerns or questions and the Plan was now active (item 10 of 28 June 2019 refers). It was noted that some institutions had been required to undertake major rewrites of their Plans and the five straightforward queries raised by the Office for Students was a testament to the quality of Lincoln's Plan and the team was congratulated and thanked for the work that had gone into developing the Plan.

The action plan deriving from the recent Away Day was in process (item 11 of 28 June 2019 refers).

4. VICE CHANCELLOR'S REPORT

Received:

A report from the Vice Chancellor.

Noted:

HE Environment

- Mr Boris Johnson had been installed as the new Prime Minister this week and he was in the process of allocating roles to colleagues. Mr Jo Johnson had been announced as the HE and Science Minister, a role that he had held previously. The Minister had not supported the Augar review and it was possible that some or all of its recommendations would not be implemented.
- There were also potential implications for TEF as this had originally been the Minister's project. Subject level TEF demanded significant work but it could be useful if it was maintained in a similar cycle to the REF.

Accommodation

- The Registrar assured the Board there would be enough beds to accommodate students arriving in September and October 2019.
- The 179, High Street complex was expected to deliver 247 rooms by 6 September 2019 and the remaining 50 on 4 October 2019. Contingency plans were in place and the University would communicate with affected students in due course. The University was holding weekly progress meetings with the developer.
- It was hoped that the final wing of Valentine Court would be ready on time and a site visit would take place next week.
- If students needed to be moved into short-term accommodation it was hoped that they would subsequently decant into their preferred option when it was ready. However, the student interest would be paramount.
- As part of audit planning, the internal auditors had been asked to look at the institution's relationships with third parties with a view to learning any lessons in terms of how the University worked with partners around new builds.

Subject Level TEF

- The Vice Chancellor reported the very pleasing outcome from the pilot process for the subject level TEF. The outcome would remain confidential and could not be published. However, it confirmed that the University's teaching was of the highest standard.

National Student Survey

- The NSS results was extremely disappointing with the University having dropped from its top ten position last year to 46th place. Significant analysis had been undertaken to understand the reasons for this drop and the University was very clear about where it needed to place focus to make improvements. It would demonstrably act on the messages from students.

- However, despite the disappointing result, it was also important to acknowledge and celebrate the programmes that had done well in the NSS with five subjects in the top ten and three subjects (Music, Chemistry and Physics) ranking number one for all institutions for their subject.

Institute of Technology

- The joint venture had been registered with Companies House but there were some delays at the Department of Education. It was still hoped, however, that the relevant documents would be signed by the end of July 2019.
- The purpose of the Institute of Technology was to enhance the University's regional role and strategy and develop higher level study for the 21st century. Pedagogically, provision would focus on future rather than current working and provide pathways through to HE with the University.

Summer Works

- All summer works were on track for delivery and a number of contractors were on site.

London Campus

- The project continued to progress well but the main issue would be whether the University could obtain planning permission for change of use and initial contact had been made with the responsible London Borough to start planning discussions.

Global Professors and Recent Senior Academic Appointments

- Seven confirmed appointments for global professors had been made and a further two had been offered positions. All were excellent individuals with brilliant track records. The DVC (Research and Innovation) was discussing options with colleagues around the areas that did not recruit.
- The University had received notification yesterday that its QR funding had increased by £500k which was very encouraging.

Ms Low entered the meeting at 10.10am.

5. RISK MANAGEMENT

Received:

A report submitted by the Director of Planning and Corporate Strategy.

Noted:

- The Audit Committee had considered and reviewed the risk register (following its recent rescoring by the Senior Leadership Team) in detail at its most recent meeting.
- As part of the risk register review, the SLT had started with a 'blank page' to collate together all of the risks relevant to the University and these had then been mapped against the risk register. One additional risk around the University's operation within the current regulatory environment had been recorded and a number of sub-risks had been revised, removed or refocussed.
- The sub-risks around Riseholme, data futures, and strike action had been removed. Data Futures was a government project to change the technical data structure through which all institutions submitted their data returns. It would require significant changes to University systems and the project had been suspended while the government reviewed the situation.
- The 'no deal' Brexit group, chaired by the DVC (People Resources and Operations) met regularly and would continue to do so.

Ms Low was thanked for her work and left the meeting at 10.15am. Mr Braham entered the meeting following the break at 10.45am.

6. FINANCE REPORT

- SUMMARY FINANCIAL POSITION
- INSURANCE

- REVIEW OF FINANCIAL REGULATIONS
- BUDGET AND FIVE-YEAR FORECAST

Received:

A report submitted by the Chief Finance Officer.

Noted:

Summary Financial Position

- The full year statutory forecast surplus was slightly higher than the previous month's forecast. However, the forecast outturn did not include the likely current year impact of the finalisation of the Riseholme matter. The executive and external auditors were concluding the accounting treatment and it would be factored into the final year end statutory adjustments. The CFO was confident that an agreement would be made about this issue; last year's adjustment would be reversed and full provision made for the agreed funding. The overall statutory surplus would be in the range presented to the Board in June 2019.
- The recent McCloud case (relating to pensions) would impact on the income and expenditure account this year. The actuarial evaluation had not yet been received for the LGPS but it was likely to increase the deficit and balance sheet liability would correspondingly rise. This would impact on surplus. However, this affected institutions across the whole sector. With the adjustments it was possible that the accounts would show a net deficit. The CFO confirmed that he did not anticipate the impact to be more than a few £100k at worst. The CFO also reported that a net deficit would not impact on covenants, at least initially, because most were cashflow based; however, this could change if the deficit was very high. The pension assumptions needed to be bespoke to Lincoln rather than applicable across the whole fund.

Review of Portfolio of Insurances

- As part of the last two annual renewals, the majority of the University's insurance portfolio had been transferred to UMAL to realise significant cost saving. The transition had been successful and the remaining insurance policy with another provider would be transferred to UMAL for 2019/2020.
- There were no changes of substance planned for the 2019/2020 insurance portfolio.

Review of Financial Regulations

- Following annual review of the financial regulations, and consideration at Audit Committee, the following two amendments had been recommended for approval:
 - To state within the financial regulations that the DVC (Finance and Infrastructure) shall be authorised to undertake all duties of the CFO where the CFO post is vacant or the current postholder is absent from the University (section 1.2.6)
 - To extend the definition of 'bank account' to include all accounts to manage all types of investments, such as stockbroker accounts and money market funds. The authorisation process for opening such accounts should follow the process for opening a standard bank account (in appendix A)

Budget and Five-Year Forecast

- Following approval of the 2019/2020 budget by the Board in June 2019, the paper set out the extended five year financial model in the context of the latest assumptions following the Augar Report and the positive impact of progressing the London and Dubai initiatives.
- The key assumptions in the base case assumed that home/EU undergraduate fees remain at £9,250 for the next three years (the next two years had been confirmed at this rate by government). It was assumed that the fee for 2022/2023 would reduce to £7.5k based on Augar's recommendations and that the Office for Students top-up from the same period would relate to high cost subjects. However, given the current government reshuffle, it was very possible that Augar's tuition fee recommendations would not be implemented

and, in that scenario, the University would maintain a breakeven position but would eventually decline if the fees were fixed on a continuous basis. The base case would be remodelled against this assumption.

- Overlaying the London and Dubai projects indicated that if the fee dropped neither project would be sufficient to ensure sustainability. Staff costs would need to remain flat from 2021/2022 onwards as this would help to maintain a breakeven position.
- The scenario included commercially generated income and this could increase over the period.
- The Office for Students needed to clarify its information request with regards to future forecasts at which point Board approval would be sought for submission of the five year plan to the Office for Students.

Agreed:

- The Board **noted** the summary financial position.
- The Board **noted** the level of insurance cover in place for 2019/2020.
- The Board **approved** the two changes to the Financial Regulations as detailed above.

Mr Braham was thanked and left the meeting at 11.05am.

7. REPORT ON FUNDRAISING ACTIVITY 2018/2019

Received:

A report submitted by the DVC (External Relations).

Noted:

- The appointment, in March 2019, of a new Head of Fundraising and Alumni Relations had strengthened the University's fundraising activities.
- New gifts and pledges totalling more than £2.3m had been received during 2018/2019, the highest amount of philanthropic income raised by the University in a single year in recent times. Circa £2m had been pledged towards the construction of the new Lincoln Medical School building.
- Generally, the vast majority of philanthropic giving was received by a sub-set of the Russell Group and younger institutions like Lincoln tended to achieve in the region of £200k per annum. Without the gifts towards the medical school, Lincoln's fundraising would be slightly above some of its contemporaries and it was hoped that this could be maintained and elevated going forward.
- Campaign targets provided a useful focus for giving. Currently, a group of donors were keen to provide bursaries for medical students to support living costs and this would resonate with alumni with whom it was important to build relationships.
- Extra care needed to be exercised around potential international donors, particularly around ethical concerns.

8. ANNUAL REPORT ON ETHICAL MONITORING

Received:

A report submitted by the DVC (External Relations).

Noted:

- The University's Code of Ethics included a broad statement of the ethical principles, values and behaviours that governed relationships and behaviours within the University, between its members and parties external to it.
- The Code had been designed to ensure that the University complies with the ethical dimensions of its obligations as an exempt charity and to assure the Board that it had the necessary instruments in place to meet the requirements of the CUC Code.

Mr Blanchard entered the meeting at 11.20am.

9. SALE AT RISEHOLME

Received:

A report submitted by the Strategic Property Manager regarding the proposed freehold disposal of 7 and 9, Riseholme Lane.

Noted:

- The University owned a number of non-student residential properties at Riseholme which were not considered to have any strategic significance to the institution and it was not economically viable to re-let the properties commercially.
- The properties were both semi-detached, three-bedroom houses which had become vacant in the past year. Two offers (combined total circa £425k) had been made on the properties with a target completion date of the end of September 2019.
- The University also owned numbers 1 and 3, Riseholme Lane which were both currently let.
- The funds from the sale would go into the University's capital budget.

Agreed:

- The Board **approved** the disposal of 7 Riseholme Lane (£205k) and 9 Riseholme Lane (£220k).
- The Board **agreed to give delegated authority** to the Director of Estates, in consultation with the DVC (Finance and Infrastructure) to oversee the freehold disposal of both properties and take all necessary actions to implement the disposals through the legal completion.

Mr Blanchard left the meeting at 11.25am.

10. ANNUAL REPORT OF ACADEMIC BOARD

Received:

The annual report of Academic Board activity during 2018/2019.

Noted:

- Academic Board was the highest academic authority in the University and set the strategic academic direction. Its membership was broad and included ex officio members, elected representatives (mainly from and academic community but also a professional services representative) and several students. It had a strong structure beneath it which implemented the academic strategy.
- The Board met four times per annum and, over the past few years, had taken a thematic approach. Members would do some early work around a particular theme which would then be worked on outside of the Board before returning with recommendations for approval.
- Governors were particularly pleased to see how well internationalisation had embedded across the institution. An update would be provided at the next meeting.

DVC (ER)

11. RECOMMENDATIONS FROM NOMINATIONS COMMITTEE: MEMBERSHIP OF SUB-COMMITTEES, NEW GOVERNOR AND CHANGE TO STANDING ORDERS

Received:

A number of recommendations from the Nominations Committee were tabled by the Deputy University Secretary.

Noted:

- The Nominations Committee had met yesterday evening and now made a number of recommendations for the Board's approval.

Recommendation for Appointment of New Co-opted Governor

- The Chair of the Board and the Vice Chancellor had met with Professor Kathleen Armour (Pro Vice Chancellor, University of Birmingham) and Nominations Committee now recommended Professor Armour's appointment as a co-opted member with effect from 1 August 2019 for an initial term of four years.

Membership of Sub-Committees

- *Audit Committee:*
- Nominations Committee recommended an extension of Mr de Braal's (non-governor co-opted member) tenure as a member of Audit Committee. Mr de Braal had significant knowledge of the University and the Audit Committee process as well as valuable financial expertise as an accountant. The extension would take Mr de Braal's appointment to 31 December 2020; by the end of this period Mr de Braal would have served for 9.5 years and the Nominations Committee recommended that there should be no further extensions.
- *Nominations Committee:*
- The recommendation that Mr Corner and Ms Coakley join the Nominations Committee in succession to the current Deputy Chair and previous student member.
- *Remuneration Committee:*
The recommendation that Mr Corner joins the Remuneration Committee in succession to the current Deputy Chair together with Ms Lees and Mr Raine.
- *University Honours Committee:*
The recommendation that Ms Reeves takes over as Chair of the Committee (as Mr Corner will be joining Remuneration Committee and Nominations Committee) and Ms Coakley and Mr Raine join the Committee.

Change to Standing Orders

- Recommendation to change the Standing Orders to allow an independent or co-opted governor to step back from their role for a period of time (normally no longer than six months) on an exceptional basis. Such a request would be considered by the Chair in the first instance who would make a recommendation to Nominations Committee and to the full Board as appropriate. The length of the interruption would be added to the end of the governor's term of office.
- If the above was agreed by the Board, Nominations Committee recommended that Mr Barratt be allowed to step back from his role as governor for a period of six months (until January 2020).

Agreed:

- The Board **approved** the appointment of Professor Kathleen Armour for an initial term of 4 years from 1 August 2019; the changes to the membership of sub-committees as detailed above; the change to the Standing Orders to allow independent or lay governors to take up to six months interruption on an exceptional basis; and to allow Mr Barrett to step back until January 2020.

12. ANY OTHER BUSINESS

Noted:

- This would be the final meeting for Ms Jackson, Ms Gilhespy and Professor Bailey as they stood down as governors at the end of the month. On behalf of the Board, the Vice Chancellor thanked them for their service to the

University, their wise counsel and the benefit of their knowledge and experience. They had all facilitated, encouraged and supported the success of the University over the years and their contribution could not be underestimated.

13. DATE OF NEXT MEETING

There would be an extraordinary Board of Governors on Tuesday 6 August 2019 at 11am (members could attend in person or via video link or teleconference). The next full Board would take place at 9.30am on Thursday 26 September 2019.

PART B – ITEMS TO BE RECEIVED

14. USE OF SEAL

15. ANNUAL REPORT ON STUDENT COMPLAINTS

16. MINUTES OF RECENT MEETINGS

- NOMINATIONS COMMITTEE, 29 MAY 2019
- ACADEMIC BOARD, 3 APRIL 2019

The meeting concluded at 11.40am.

I confirm that the above minutes are a true and accurate record of the meeting held on 25 July 2019 and have been approved by the Board of Governors.

Ms Diane Lees CBE (Chair)

Date: 26 September 2019