

**CONFIRMED**

## **BOARD OF GOVERNORS**

Minutes of the Board of Governors meeting held on Monday 26 November 2012.

**Present:** C Booy; G Camm (Chair); S Forbes; Dr M Hagen; J Laycock; S Mills; S Moore; Professor P Olomoloyaie; T Smallwood; Professor G Upton; G van der Lely; Professor S West.

**Apologies:** Professor P Gough; I Gray; Dr J Harrington; E Okon.

**In Attendance:** R Bott (for item G12.11.5); W Liew; W Marshall; A Osborn (Deputy Clerk); J Rushforth (Clerk).

### **G12.11.1 MEMBERSHIP**

G12.11.1.1 Members were informed that in accordance with the Articles Of Government the Board was required to elect its Chair and Deputy Chair every three years and the terms of the current Chair and Deputy Chair had recently expired.

G12.11.1.2 Mrs Gillian Camm was unanimously re-elected as Chair of the Board of Governors. Members also unanimously re-elected Professor Graham Upton as Deputy Chair.

G12.11.1.3 The Chair welcomed William Liew, Director of Finance, to his first meeting.

### **G12.11.2 DECLARATIONS OF INTEREST**

None received.

## **MINUTES AND MATTERS ARISING**

### **G12.11.3 Minutes of the meeting of 25 September 2012**

*Paper G12/11/1 were received and approved.*

### **G12.11.4 United Kingdom Border Agency (UKBA)**

Members received an update from the Vice-Chancellor on the anticipated UKBA audit of the University's procedures and noted that:

- i. Universities UK had been engaging with the Agency and Ministers in an attempt to address the perceived inconsistent approach taken in UKBA audits conducted at other Higher Education Institutions (HEIs);
- ii. lobbying by the sector had been successful in securing the separate reporting of students entering the country but they continued to be included within the overall net migration targets.
- iii. UWE had been talking to HEIs that had undergone their audit, and amongst other things, had developed a standard procedure for staff to follow should UKBA Officers arrive unexpectedly; to date UWE had not been informed of when its postponed audit would take place.

## ITEMS FOR APPROVAL

### **G12.11.5 Annual report and Financial Statements for the Year Ended 31 July 2012 and Auditors Management Report**

Papers G12/11/2, 2a and 2b were received.

#### **G12.11.5.1 Report and Financial Statements**

The Chair informed members that the report, financial statements and the auditors management report had been considered by both Finance Estates and IT Committee and Audit Committee, the Chairs of which briefed Governors on the their respective discussions. Governors noted that, subject to discussion of the management report, both Finance Estates and IT Committee and Audit Committee had recommended the report and financial statements to the Board.

#### **G12.11.5.2 During their consideration of the report and financial statements members:**

- i. highlighted that the sections on employee and student involvement should in future have further emphasis on the importance Governors' attached to the student and staff forums;
- ii. further queried, following discussions at Finance Estates and IT Committee, the apparent increase in expenditure on administrative staff that had arisen as a result of the change how the budget for administrative staff was reported not an increase in administrative costs. This would be confirmed with a note circulated with the minutes confirming the number of UWE funded staff, by category, on 31 July 2012;
- iii. noted that the formatting of the report would be corrected as part of the print production process.

**ACTION: Director of Finance to provide staff numbers for circulation with the minutes.**

[Secretary's Note: Staffing figures as of 31 July 2012 confirmed as: 3053 (headcount)  
a total reduction of 70 on the August 2011 figure:

Headcount	Aug-11	Jul-12	Difference
Faculties	1796	1437	-359
Learning Support	300	305	5
Other Support	227	351	124
Admin & Central	565	739	174
Premises	235	221	-14
<b>Grand Total</b>	<b>3123</b>	<b>3053</b>	<b>-70</b>

#### **G12.11.5.3 Governors **approved** the Report and Financial Statements.**

#### **G12.11.5.4 External Auditors' Management Report**

On behalf of Mazars the external Audit Partner confirmed that an unqualified opinion would be issued and that the University remained well placed to weather the challenges of continued volatility within the sector.

#### **G12.11.5.5 At the request of the Chair of Audit Committee members discussed the adjusted misstatements which had arisen following earlier than normal presentation of the accounts for audit which had in turn reduced the amount of time available to review end of period adjustments. Only one adjustment, in relation to the accrual of anticipated payroll costs, would have an impact on the following years accounts. The External Audit Partner confirmed that in their opinion that the adjusted misstatements had not arisen as a result of routine accounting errors or a lack of oversight.**

- G12.11.5.6** The Director of Finance and Chair of Finance Estates and IT Committee confirmed that any additional meeting of the Committee early in the academic year would not require the accounts to be presented and so should not influence the production of accounts.
- G12.11.5.7** During further discussion Governors:
- i. noted the actuarial assumptions for the University's FRS17 liability were both fair and in line with the sector;
  - ii. recognised that there were a small number of control matters highlighted by the External Auditor, the most significant of which had been included within the topic of an Internal Audit which had not identified any systemic issues. Furthermore to mitigate the risk of fraud within the payroll the University regularly reviewed records of staff starting and leaving employment.
  - iii. that although the environment of change within the institution heightened a number of internal control risks, the control culture remained sound.
- G12.11.5.8** Accountability Return  
Members **agreed** the Annual Assurance Form for signature by the Vice-Chancellor and the Chair of the Board of Governors.
- G12.11.6** **Annual Report of the Audit Committee**  
*Paper G12/11/3 was received.*
- G12.11.6.1** The Chair of Audit Committee highlighted that in accordance with the Financial Memorandum with HEFCE, the report provided the Committee's opinion on:
- i. Risk management, control and governance;
  - ii. Economy, efficiency and effectiveness;
  - iii. Management and quality assurance of data submitted to HEFCE and other funding bodies.
- G12.11.6.2** During discussion of the report members:
- i. noted that the year to 31 July 2012 had seen a large volume of partial assurance reports from the Internal Auditors, but that this had been a result of the formulaic method utilised by KPMG to rate assurance; of far more significance for the University's control environment was the complete absence of limited assurance, or red flagged reports over the previous year.
  - ii. welcomed the continued encouraging feedback from the Internal Auditors on Health and Safety.
- G12.11.6.3** Governors thanked the Chair and members of Audit Committee for the report and **approved** its submission to HEFCE.
- G12.11.7** **Budget Estimates Update**  
*Paper G12/11/4 was received.*
- G12.11.7.1** The Pro Vice-Chancellor (Commercial Projects and Corporation Secretary) outlined the rationale for the revised budget Estimates which in part had resulted from lower than anticipated student recruitment. This had been offset by the rapid and targeted deployment of additional enhanced voluntary severance opportunities for staff and a reduction of the penalty imposed by HEFCE for over recruitment in the previous year. The revised Estimates also provided for up to an additional £3.5m for refurbishment of which would be funded from the revenue budget and therefore reduce the pre FRS17 surplus from 5% to 3%.

**G12.11.7.2** During discussion members noted that:

- i. although marketing expenditure had been forecast to increase significantly as a result of a major brand and market research exercise it remained below that of comparator institutions. Governors would receive further information on the outcomes of the brand and market research at the March away day;
- ii. discussion at Finance Estates and IT Committee had highlighted the importance of the refurbishment programme regardless of whether it was funded from the capital or revenue budget: the University would still be generating the surplus required for investment. A full business case for the work had been scheduled for discussion by the Committee at its February meeting;
- iii. student numbers remained subject to confirmation at the December census point, and then would continue to be subject to revision due to uncertainty surrounding the number of students joining the University in-year, particularly in January, the estimate of the number of these additional students erred on the side of prudence;
- iv. the five year base case for financial projections continued to see the University forecasting a surplus in all years. However in all scenarios pay restraint would be critical given fee income was unlikely to be adjusted for inflation for some time. This would require the Institution to continue to seek further efficiencies, although many would be dependent on systems infrastructure investment;
- v. UWE's position against the sector means contained within the HEFCE Risk Assessment (Paper G12/11/8) appeared to be unfavourable, particularly in relation to the percentage of expenditure for pay, but that it was extremely difficult to compare like for like within the tables. Members agreed UWE should be seek to be in line with the sector and requested Finance Estates and IT Committee to further consider the University's position against sector averages and any underlying reasons for it.

**ACTION: Director of Finance/Clerk**

**G12.11.7.3** Governors **approved** the revised budget Estimates for 2012/13.

**ITEMS FOR DISCUSSION**

**G12.11.8 UWE Values**

**G12.11.8.1** Members received an update from the Vice-Chancellor on the on-going development of the University's 2020 vision which had also drawn from the [University Vision project](http://universityvision.org.uk/)<sup>1</sup> conducted by University Alliance which provided four stretch scenarios for the future of higher education. Whilst the scenarios were deliberately extreme in order to articulate the message, UWE would nonetheless need to consider the same likely economic and social drivers as it developed the Strategic Plan.

**G12.11.8.2** In developing the scenarios consideration had also been given to a number of trends already developing in:

- i. Demand  
The UK's continued move towards a knowledge based economy meant that forecasts were projecting that by 2020 over fifty per cent of workers would be knowledge based.
- ii. Learning  
A developing emphasis on enterprise education with students undertaking more flexible forms of study with credit accumulation and transfer similar to the opportunities provided by the University's Shell Award Framework.
- iii. Research  
UWE's success in research collaboration provided the institution with a good base to build on as institutions looked to pool resources to address complex issues.

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<sup>1</sup> <http://universityvision.org.uk/>

iv. Organisational Management

A survey of higher education leaders, "[The Quiet Revolution](#)"<sup>2</sup>, indicated increase assumptions within the sector of significant organisational change with a trend towards rationalisation, mergers and acquisitions and shared services.

Due to the pace and unpredictable nature of change technology trends had been excluded from specific consideration but, particularly through the emergence of Massive Online Open Courses (MOOCs), could be seen to support many of the trends.

**G12.11.8.3** Alongside the wider macro drivers and trends the initial outcomes from the brand and market research project were being used to inform consideration of how the 2020 Strategy could respond directly to stakeholders. Notable themes from these conversations highlighted that:

- i. UWE was regarded as a large institution and as the local provider which is in part driven from its reputation for inclusivity;
- ii. the institution was considered to deliver high quality practice based provision the University probably understated its impact within the region and underplayed its Bristol location;
- iii. staff were seeking for the institution to be consistent and develop the value we add to students, stakeholders and the wider region.

**G12.11.8.4** The net result was that the Strategy would be likely to see a more prominent statement of purpose, as opposed to mission, and move away from the INSPIRE framework in favour of articulating a number of behaviours.

**G12.11.8.5** Governors warmly welcomed the direction of travel and requested that further time be allotted to discuss the Strategy at the January 2013 meeting of the Board.

**ACTION: Vice-Chancellor/Clerk**

**G12.11.9 Student Experience**

*Paper G12/11/5 was received.*

**G12.11.9.1** Members received an update from the Chair of Strategic Planning and Performance Committee (SPPC) on its discussion of the student experience highlighting that:

- i. discussion at the Student/Governor Forum had been invaluable in developing the Board's understanding of the issues faced by students and informing their consideration of the Student Experience at SPPC;
- ii. the Student/Governor Forum had repeatedly highlighted the students enthusiasm to develop engagement in both curricular and non-curricular activities and the links between the two;
- iii. alongside the student view the Pro Vice-Chancellors/Executive Deans had been invited to update the committee on work being undertaken in their respective faculties as well as their future targets;
- iv. SPPC had welcomed clear input from Academic Board but had expressed reservations around the lead-times for the work: the challenge remained to deliver as significant an improvement as possible within the academic year;
- v. the Students' Union Vice-President (Education) had welcomed the action taking place but had emphasised the need for the work to be communicated more effectively to students;
- vi. consistency of provision and student experience across the institution remained critical to the broader student experience.

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<sup>2</sup> <http://goo.gl/xctEQ> (Provided on the Board's SharePoint site)

- G12.11.9.2** During extensive discussion Governors noted that the:
- i. Student/Governor Forum had stressed the frustration caused as a result of inconstancy in the student experience and the underlying systems issues;
  - ii. SPPC discussion chimed closely with that at Academic Board and that the Executive were also challenging colleagues to make visible differences before the National Student Survey opened early in the New Year. Alongside this Deans had been encouraged to identify and prioritise high impact improvements and work was on-going with the Students' Union to improve the support for the University's Student Representative system and communication of the response to student feedback;
  - iii. systems issues attributed to weaker performing areas were unlikely to be the root cause given other areas had excelled in spite of the same issues; in some circumstances this could be something as simple as staff being having a positive attitude towards the University. Nonetheless the Information Management Strategy to be presented to Finance Estates and IT Committee in the New Year would set out a roadmap for systems improvement although the significant complexity of UWE's systems meant that a quick fix would not be possible;
  - iv. University needed to support staff to implement best practice and embed it through supportive peer observation and performance and development reviews. Further comparison with the figures contained with HEFCE Risk Assessment (Paper G12/11/8) illustrated that an anomaly existed between UWE's expenditure on staff in comparison with the sector mean, its Student/Staff Ratio and the level of student satisfaction;
  - v. Executive continued to challenge colleagues to benchmark their performance against the sector with an objective of all UWE's provision being in the upper quartiles, although the bar would continue to be raised year on year as comparator institutions also sought to improve their position.
- G12.11.9.3** Governors thanked the Chair and Members of SPPC and **approved** the principle that Academic Board remained the most appropriate forum to progress improvements to the Student Experience but that more explicit reporting in a number of areas be requested.
- G12.11.10 Set-off Agreement**  
*Paper G12/11/6 was received.*
- G12.11.10.1** The Pro Vice-Chancellor (Commercial Projects and Corporation Secretary) outlined the rationale behind the development of a set-off agreement, emphasising that the financial crisis had complicated the University's management of its counterparty limits. The set off agreement would help ameliorate the issue by allowing the University to invest significantly more with its Bankers, taking advantage of favourable rates, whilst managing the risk to the capital by reserving the right to offset it against the outstanding amount of the loan taken out to fund the construction of the student village were the Bank to become insolvent.
- G12.11.10.2** The proposal had been extensively discussed by Finance Estates and IT Committee, the University Investment Group and individual Governors with relevant expertise which had recommended a manual set off which could be implemented by the Management Team at short notice.
- G12.11.10.3** During further discussion Governors noted that:
- i. the likelihood of identifying and reacting to warning signs in sufficient time would be low, as such greater security may be derived from linking the University's investments and borrowings although this would need to be negotiated carefully to ensure the favourable loan terms currently in place were not revised;

- ii. Further work exploring how the UWE could secure its position would be carried out, but that it should not prevent the institution putting the set off agreement in place;
- iii. It would be beneficial to check with the External Auditors over whether the set off agreement would have an impact on the University's Financial Statements;

**ACTION: Pro Vice-Chancellor (Commercial Projects and Corporation Secretary)**

- iv. alongside the effect of the set off agreement the risk to the University's capital position would decrease as the reserves were utilised to fund campus and infrastructure developments.

**G12.11.10.4** Governors **approved** the recommendations subject to:

- i. clarification that the maximum deposit allowable under the scheme would be the lower amount of £40m or no more than seventy five per cent of the outstanding value of the loan;
- ii. an amendment to recommendation six to replace "Lay Treasurer", a position which was no longer in use by the Board, with "Chair of Finance Estates and IT Committee".

**G12.11.11** **Reports and Items to Note**

*Items 6 – 7 together with the relevant accompanying papers, G12/11/7 – 9, were noted by the Board.*

**G12.11.12** **Any Other Business**

The Chair apologised to Members of the Board of Governors and Audit Committee for the unacceptably late circulation of papers and informed them that the Clerk would implement and monitor a service standard of papers to be with members five working days in advance of the meeting.

**ACTION: Clerk**

**G12.11.13** **Date of Next Meeting**

29 January 2013, 15:00, Dartington Suite.