



BOARD OF GOVERNORS

Minutes of the meeting held on the 23rd November 2015

The Chair welcomed Dr Simone Clarke, Clerk to the Board of Governors, to her first meeting since taking up the post.

1.1 Attendance and Absences

1.1.1 For a record of attendance and apologies, please see attached list.

1.2 Declarations of Interest

1.2.1 There were no declarations of interest.

1.3 Chair's Business

1.3.1 In the absence of the Chair, the Vice-Chair Mrs Leonetti provided a short verbal report on the CUC Plenary session held in October 2015, which Mr Bateman had attended. Discussion at the Plenary event focused on: the recent sector pay awards and the forthcoming pay negotiations, which may be challenging given the recent election and the upturn in the economy and on the impact of market competition and government policy and regulation on international student recruitment.

2. Minutes and Matters Arising

2.1 The minutes of the meeting held on the 12th October 2015 were confirmed as a correct record with the following amendment: "Mr Lewis" should be replaced by "Mr Arnold".

2.2 The confidential minutes of the meeting held on the 12th October 2015 were confirmed as a correct

2.3 record. The Board agreed there were no matters arising not covered elsewhere on the agenda.

3. Vice Chancellor's Report

3.1 The Board received for information the report from the Vice Chancellor, which included:

- student recruitment figures for 2015/16 entry and the overall size of each Institute;
- the financial performance of the University in 2014/15;
- the report by House of Commons Select Committee on Science and Technology;
- developments in relation to further education;
- the ministerial visit by Nicky Morgan, and
- the University's profile in terms of there being no gender pay gap.

3.2 The Vice Chancellor also provided a verbal report on University activities and sector developments that had taken place since the report was written namely: the success of Graduation and the publication of Sir Paul Nurse's review of the Research Councils; which recommended that Research Councils UK (RCUK) is replaced by a super research council called Research UK. This review was referenced in the Higher Education Green Paper: *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*. A copy of the Green

Paper was circulated with the papers for the Board meeting, and a special seminar involving the Board and the University Executive had been organised to take place on 9th December 2015. At that seminar discussions will also include the outcomes of the Comprehensive Spending Review which will be announced on Wednesday 25th November 2015.

- 3.3 The Vice Chancellor's report was discussed by the Board and the discussion focused on the separate review of Further Education provision in Worcestershire due to take place next year and that there is a strong likelihood that following the government review there will be fewer Further Education Institutions in Birmingham and that wider rationalisation will take place across that sector.

4. ***[Commercial in Confidence Item]***

5. **Financial Matters**

- 5.0 The Board received the Annual Accounts for the University, its subsidiary companies and joint ventures, and the Management Letter for the group-level accounts. It was noted that Audit Committee had reviewed the process relating to the preparation and external audit of the Accounts, whilst Finance and Development Committee had reviewed the results in relation to the University's financial strategy linked to the University's Strategic Plan.

5.1 **Annual Accounts 2014/15 and the Management Letter**

- 5.1.1 The Board received for formal approval the Annual Accounts for the University of Worcester group. These showed a favourable outturn compared to budget, with turnover of £82M and a surplus of £3.86M, compared to a budgeted surplus of £3.3M. It was noted that this was an impressive result given pressures in relation to student tuition fee income and a number of exceptional items. The modest fall in first year student numbers during 2014/15 also accounted for the decline in 'other income', which relates to monies received from students and then paid to third party landlords, with whom the University contracts for student accommodation. It was noted that these results reflected careful management of expenditure, including savings of £2.4M by enhancements in procurement.

- 5.1.2 The Board had been sent a revised Management Letter from PricewaterhouseCoopers (PwC) after all of the following stages in the external audit process had concluded, namely:

- the internal review processes at PwC
- the Audit Close meeting
- Submission by PwC of the Management Letter and Audit Opinion for scrutiny by the Audit Committee, and after;
- Attendance at Audit Committee on 9th November 2015 by the Lead Partner.

5.1.3 ***[Commercial in Confidence discussion]***

- 5.1.4 The Board resolved to **approve** the Annual Accounts for submission to HEFCE.

5.2 **Annual Accounts for UW Developments Limited**

- 5.2.1 The Board received for approval the Accounts for UW Developments Limited for the year ending 31st July 2015 and noted that it had made a loss of £25K.

- 5.2.2 The Board resolved to **approve** the Annual Accounts for submission to Companies House.

5.3 **Annual Accounts for UW Enterprises Limited**

- 5.3.1 The Board received for approval the Accounts for UW Enterprises Limited, which had made a small loss of £8 during 2014/15.

5.3.1.1 ***[Commercial in Confidence discussion]***

5.3.2 The Board resolved to **approve** the Annual Accounts for submission to Companies House.

5.4 Annual Accounts for UW Worcester Wolves Limited

5.4.1 The Committee received for approval the Accounts for the first period of trading of UW Worcester Wolves Limited, which was incorporated in June 2014, with a loan of £500K to the company from the University (via UW Enterprises Limited), to provide the necessary financial security during the initial years of trading. In line with the original business plan, the company had made a loss of £164K during 2014/15. It was noted that the Finance and Development Committee had discussed action that is being taken to ensure the company continues to work in accordance with the business plan.

5.4.2 The Board resolved to **approve** the Annual Accounts for submission to Companies House.

5.5 Annual Accounts for UW UP LLP

5.5.1 The Board received for approval the Accounts for UW UP LLP for the year until 31st July 2015, which made a loss of £259K during the financial year. The principal focus of activity during 2014/15 was addressing the conditions of the sale of 5 acres of the land to Sanctuary Housing, including developing the necessary infrastructure. When this transaction is concluded, the partnership will be reviewed.

5.5.2 The Board resolved to **approve** the Annual Accounts for submission to Companies House.

6. HEFCE Annual Assurance and Accountabilities Returns and Review Visit

6.1 Annual Financial Sustainability (ASSUR) Report

6.1.1 The Board received for approval the Annual Financial Sustainability Report and noted that one additional indicator had been included relating to performance in the National Student Survey. This is reflective of the considerable attention given to this area by the Board over the past year and importance it attaches to good student satisfaction in relation to the delivery of the University's Strategic Plan. It was also noted that an alternative Key Performance Indicator for the section titled 'Other leading area' had been introduced this year. Formerly the measure related to staff recruitment: average number of applicants for posts. Given good performance in recent years in terms of staff recruitment it was agreed that an alternative measure should be introduced relating to the diversity of staff, to ensure the University continues to meet the needs of a diverse student base and demonstrates its strategic mission to be an inclusive University. Given the planned academic and community outreach developments relating to disability, it was agreed that the percentage of staff with a disability (with a target to increase representation on a year-on-year basis) was most appropriate.

6.1.2 The Board discussed the proposed rating of amber/red for the measure: staff costs as a % of income. It was noted that whilst the actual performance was higher than target, this is significantly lower than the sector average, and that work has been undertaken successfully over the years to bring staff costs down to this sustainable level. It was also noted that c1% related to additional pension costs and that the University continues to carefully manage staff costs. It was agreed that the rating should therefore, be amended to amber, thereby recognising the importance of this measure whilst not flagging this as an area of significant concern.

6.1.3 The Board resolved to **approve** the ASSUR report with the amendment to the sustainability assessment rating for staff costs as a percentage of income.

6.2 HEFCE Annual Assurance Return form

6.2.1 The Board received for approval the HEFCE Annual Assurance Return Form and noted the inclusion of a question concerning student complaints, to reflect both new requirements introduced by HEFCE following the lifting of the Student Number Control, and also reflective of other sector developments for example, associated with the guidance issued by the Office of the Independent Adjudicator (OIA). Attached to the paper was an annex setting out evidence concerning existing arrangements in relation to each question and sources of assurance.

- 6.2.2 The Board resolved to **approve** the Annual Assurance Return for sign-off by the Vice-Chancellor and submission to HEFCE.

6.3 Briefing on the HEFCE visit that took place on 10th November 2015

- 6.3.1 The Board received for information short briefing on the HEFCE Assurance Review Visit that had taken place on 10th November 2015. It was noted that the visit had been very productive and that the lead auditor had provided timely provisional feedback concerning areas of good practice for future development and some technical changes in relation to key documentation, such as the labelling of minutes and details concerning governors' expenses in the financial accounts. A final report will be received from HEFCE in December when the auditors have reviewed all documentation submitted as part of the Annual Accountability Returns.
- 6.3.2 The Board were advised that the full report and the related action plan will be discussed at the next Board meeting.

7. Annual Report from the Audit Committee

- 7.1 The Board received for information the Annual Report of the Audit Committee and the Internal Audit Annual Opinion. It was noted that the University had tendered for its internal audit provision during 2014/15 and this would be provided, from 2015/16, by Ernst & Young. The Chair of the Audit Committee highlighted that a couple of amber/red internal audit reports had been received during the year, including one on the governance and financial management arrangements for the Students' Union. The Committee had received a further report at its meeting on the 9th November from the new Chief Executive of the Students Union in which she identified the measures being taken to address the areas of concern.
- 7.2 The Chair reported that whilst the Committee received two annual reports on arrangements associated with risk management, risk was also considered in every item received by the Committee.
- 7.3 It was noted that the Committee had received presentations throughout the year on the following topics: Transparent Approach to Costing (TRAC), Data Assurance, and Purchasing and Value for Money.
- 7.4 The Board received the report for information.

8. Reports from the Committees

8.1 Audit Committee

- 8.1.1 The Chair reported that the Committee had received, at its meeting on the 9th November, a presentation from the Head of the Data Management Unit on key data returns specifically related to HEFCE and the HESA Student return. The Committee had received assurance around the management of data and how it is verified. The Committee had also received the Value for Money Annual Report which had highlighted procurement savings of £2.4m over the last financial year. Members noted that the Committee had agreed the annual internal audit plan for 2015/16 subject to two changes in relation to the inclusion of an annual audit of a key data return and planning for a Cyber Security audit being brought forward.
- 8.1.2 The Committee had also considered the Annual Accounts of the University and its subsidiaries and the Management Letter; considered by the Board elsewhere on the agenda.

8.1.3 [Commercial in Confidence discussion]

8.2 Finance & Development Committee

- 8.2.1 The Chair of the Committee reported that at its meeting on the 11th November, the Committee had focused on the review of the Annual Accounts for the University (including the Management Letter) and its subsidiaries, and a paper concerning the first phase of capital development; both of which are elsewhere on the Board agenda.

- 8.2.2 The Committee had also received a report on student applications for 2016/17 which at that time showed a small decline in applications which followed the national trend. It was noted that the decline in the number of young people who may apply to University would continue until the mid 2020s.
- 8.2.2 The Committee had also considered the paper on the University's Academic Portfolio which members of the Board had received as part of the Framework for Capital Developments. It is anticipated that new developments such as the introduction of Mathematics and Law, along with Integrated Masters, would assist the University in its planned growth of student numbers.
- 8.2.3 The Committee had received a financial update for the current year to the end of the first quarter. It was reported that the University's finances were on track and the budget included £15.7m for capital developments, of which £7m had been spent in the first quarter as planned.

8.3 Personnel Committee

- 8.3.1. The Chair of the Committee advised that she had been working with the Acting Director of Human Resources and the Acting Clerk to identify ways to re-invigorate the work of the Committee. Following the Special meeting of the Board on the 12th September, where staffing was highlighted as a priority for the Board, the Committee is working with the Acting Director to draw up a framework for Human Resources. It is proposed that this follows the lifecycle of a member of staff from application to exit interview. A draft framework will be presented to the next meeting of the Personnel Committee
- 8.3.2 The Committee had reviewed the current arrangements for appraisal in the University and had requested that a significant review be carried out.

8.3.3 *[Commercial in Confidence discussion]*

8.4 Remunerations Committee (University of Worcester Salary Spine)

- 8.4.1 The Board was reminded that the Remunerations Committee had been restructured to form two committees: Remunerations Committee (University of Worcester salary spine) and Remunerations Committee (Board appointees). The latter committee currently considers the remuneration of the Vice Chancellor and Chief Executive and the Clerk to the Board of Governors; neither of whom are members of that committee. The Chair of the Personnel Committee is a member of both Committees.
- 8.4.2 The Remunerations Committee (University of Worcester Staff Spine) had met on the 22nd October 2015 and had agreed with the Vice Chancellor the process for reviewing individuals' performance and remuneration during the coming year.
- 8.4.3 The Committee reported that it had agreed an uplift in pay of 1% for this group of staff in line with the national pay award which other members of the University's staff had received.

9. *[Commercial in Confidence Item]*

10. Report from Academic Board

- 10.1 The Board received the Report from Academic Board held on 14th October 2015 and a verbal update from the governor observer who attends Academic Board. It was reported by the governor observer that there had been a productive and detailed discussion concerning the National Student Survey and developments identified in the light of feedback provided by students, and the arrangements relating to examinations and granting awards were very thorough.
- 10.2 A request was made that non-completion rates for students studying for research degrees should be circulated to the Board.

Action: Clerk to the Board

11. Any Other Business

11.1 The Board thanked Ms Helen Johnstone for the very good work she had undertaken in her capacity as Acting Clerk to the Board.

12. Date of Next Meeting

Monday 22nd February 2015

BOARD OF GOVERNORS ATTENDANCE – 23RD NOVEMBER 2015

Key

= Absent with apologies.

INDEPENDENT MEMBERS APPOINTED BY THE BOARD OF GOVERNORS

A	John Bateman	Chair of the Board of Governors
A	Carl Arntzen	
	Michelle Chamberlain	
A	Douglas Dale	Vice-Chair
	Diana Gant	
	Anna Hooper	
	David Iddon	
	Aude Leonetti (In the Chair)	Vice-Chair
A	Zadvinder Padda	
	Reverend Dr Alvyn Pettersen	
A	Charmian Richardson	
	Sarah Speck	
	Julie Swan	

CO-OPTED MEMBERS APPOINTED BY THE BOARD OF GOVERNORS

	John Yelland	Nominated by the Board of Governors
	Odette Fielding	Nominated by non-academic staff

VICE CHANCELLOR AND CHIEF EXECUTIVE

	Professor David Green	Vice Chancellor and Chief Executive
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MEMBERS OF UNIVERSITY STAFF NOMINATED BY THE ACADEMIC BOARD

	Dr Derek McDougall
	Dr Richard Woolley

STUDENT MEMBERS NOMINATED BY THE STUDENTS' UNION

A	Lewis Arnold	Vice President: Education, Students' Union
A	Wesley Hudson	President, Students' Union

CLERK TO THE BOARD OF GOVERNORS

	Dr Simone Clarke	Clerk to the Board of Governors
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IN ATTENDANCE

	Rob Bonham	Director of Finance & Resources
A	Dr Heather Forland	Pro Vice Chancellor (International)
	Professor Sarah Greer	Pro Vice Chancellor (Academic)
	Helen Johnstone	Acting University Secretary
	Dr Chris O'Malley	Pro Vice Chancellor (Business & Development)
A	Hemeka Pathirana	Vice President Worcester Students' Union
	Ross Renton	Pro Vice Chancellor (Students)