



BOARD OF GOVERNORS

Minutes of the meeting held on 13 July 2022 at 1300 hrs Room CM225/226, Commons, Newton Park campus

Present:

Mr J Glasspool (Chair)	Ms S Lane
Ms E Casey	Mr S Lockren*
Mr S Egan	Ms J Luxford
Ms M Evans	Professor S Rigby (Vice-Chancellor)
Ms F Fryer	Ms C Stott
Ms S Harris	Mr N Sturge
Ms S Henriksen	Dr E Wakelin

In attendance:

Ms L Barling (Governance Manager)
Mr P Fox (Pro Vice-Chancellor, Finance and Infrastructure)
Professor Neil Sammells (Deputy Vice-Chancellor)
Mr D Newman (University Secretary)
Professor G Andrews (Provost)
Ms J Stocks (Director of Finance & Strategic Planning)
Mr R Campbell (Head of Heritage Services, BANES) – for minutes ref 21/80
Professor J Strachan (Pro Vice-Chancellor, Research & Enterprise) – for minutes ref 21/84

* attended virtually

21/70 CHAIR'S MEETING WITH MEMBERS OF THE BOARD OF GOVERNORS

- 1.1 A short private meeting was held between the Chair of the Board and the rest of the Board members, without members of the executive present. The private meeting was to discuss the outcomes of the Chair's one to one meetings he had recently held with all of the independent governors since his formal appointment as the permanent Chair on 10 May.

21/71 WELCOME AND APOLOGIES

- 2.1 Apologies had been received from Ms A Workman, Dr J Brasted, Professor J Ravalier and Mr S Riad. Mr S Lockren joined the meeting remotely.
- 2.2 The Chair welcomed the new Provost, Professor G Andrews, and the new student governor, Ms S Henriksen, to their first Board meeting in their new roles.

21/72 DECLARATION OF NEW INTERESTS

- 3.1 The Board noted that there were no new governor declarations.

21/73 PREVIOUS MINUTES

- 4.1 The Board **APPROVED** the minutes from the meeting held on 10 May 2022 as a true and accurate record.

21/74 MATTERS ARISING

- 5.1 There were no matters arising and the University Secretary provided an update on the outstanding actions, one of which (development of KPIs) was on today's agenda as part of the strategy refresh discussion. The Board was satisfied that all actions had either been completed or were being progressed.
- 5.2 The University Secretary commented on the approach taken with regards to any lessons which could be learned from the recent Chair recruitment process, including consultation with the Chair and a number of governors individually. The collective view was for the Board to now look forward into the future. The Board was pleased to hear that an externally facilitated governance refresher session was being arranged for governors in September and noted that the implementation of the recommendations from the external governance effectiveness review would assist with the Board's ambition to become an even more dynamic and forward-looking Board.

21/75 CHAIR'S BUSINESS

- 6.1 The Chair informed the Board that he would share the outcomes from his recent individual 1-1 meetings with governors in due course.

ACTION: CHAIR

- 6.2 The University Secretary provided an update on the Audit Committee chair recruitment timetable. The deadline for applications had been extended and the specialist Board recruitment firm Nurole had been engaged to assist in the search for suitable candidates. Shortlisting would take place in mid-August, and interviews were expected to be held in early September. A nomination would be brought to the Board for approval at its meeting on 29 September 2022. The Board noted that the interview panel would be comprised of Mr J Glasspool (Chair), Dr J Brasted and Ms C Stott, and that the Vice-Chancellor would be closely consulted at the shortlisting stage.
- 6.3 The Board noted that some items on today's agenda were starred for no discussion and that governors had been given the opportunity to provide any comments or feedback in advance. The SU President confirmed that from a student perspective, the SU was content with the Student Disciplinary Procedure changes as those changes had been very much based on student feedback. The SU President also commented positively on work the University had been doing to improve its framework for preventing and addressing sexual violence and misconduct, in response to the OfS statement of expectations published in 2021. The Board noted that the updated procedure was aligned with the guidance from the Office for the Independent Adjudicator (OIA).

21/76 APPOINTMENT OF STUDENT GOVERNOR (Paper G1227)

- 7.1 The Board **APPROVED** the appointment of Ms Sapphire Henriksen as a student governor with immediate effect until 30 June 2023, thanked Ms V Nawathe for the role she played in the interview process, and welcomed Ms Henriksen to the Board.

21/77 VICE-CHANCELLOR'S UPDATE REPORT (Paper G1228)

- 8.1 The Vice-Chancellor spoke to her report, and the following was highlighted:
 - 8.1.1 As of today, there remained no Higher Education minister in place in the UK Government.
 - 8.1.2 The Trade Unions were currently in formal disagreement and were balloting for strike action.
 - 8.1.3 Universities had been asked to rethink their offer of a 3% cost of living pay increase and the University was working together with the rest of the sector to come to a final agreement. The Board noted that the outcome of the discussions would likely be expensive for the University and unsatisfactory to staff, leading to the increasing possibility of industrial action in the autumn.
 - 8.1.4 The Board was pleased to hear that at UCAS close (6 June), the University had received 2,257 firm acceptances, which represented an increase of 455. The University expected enrolment to be around 2,015. This was extremely positive news, getting the University back on track post-pandemic, and the Board congratulated all of the members of staff involved.

- 8.1.5 The University had recently made an appointed to the newly created role of Director of Recruitment whose sole focus would be to ensure the continual improvement of the University's recruitment position over the coming years.
- 8.1.6 NSS results were published in the previous week and the University had improved by 4% on last year – this represented a third year of continuous improvement relative to the sector. There was a clear and steady incremental improvement year on year and the University would continue to work hard to hold that course.
- 8.1.7 As a result of last year's NSS scores, the University had recently gone up nine places in the Complete University Guide which represented an improvement and meant that the executive team were optimistic about operational delivery going forward.
- 8.1.8 There had been a reduction in the rate of students withdrawing this year – last year the figure was 498 students and this year the figure was 268 students, getting the University back to pre-pandemic levels. The Board noted that graduate outcomes and student retention were two key areas that the Office for Students (OfS) were focussing on, and that in the future the Board would receive regular updates on graduate outcomes as part of the Vice-Chancellor's update so that it could exercise appropriate scrutiny on an important measure of student success.
- 8.1.9 There was a discussion about how the University kept in contact with those students on a study break to ensure that they did not turn into a withdrawal, and the Board noted that the Re-ignite programme, led by the Deputy PVC Academic Planning, was launched last summer in order to help identify those students at risk of withdrawal and to make contact with them to bring them back into the fold of the University. Once the digital transformation strategy was completed, the University should also have a more comprehensive record and clearer understanding of those students that were struggling and at risk of withdrawal.
- 8.1.10 [Redacted: FOI exempt Section 43] The outcome was expected in the Autumn. A more detailed discussion would be had later on in today's agenda (*see item 21/80*).
- 8.1.11 The Board was pleased to hear that Professor G Andrews, the new Provost, had also been appointed as the Deputy Chair of the Academic Board, acting as another vital link between Academic Board and the Board of Governors.
- 8.1.12 In light of the forthcoming retirement of the Deputy Vice-Chancellor, the Board discussed with the Vice-Chancellor what contingency plans were in place in the event that she were to become incapacitated in some way. The Vice-Chancellor assured that Board that she was confident that the Provost and the rest of the executive could step in to run the organisation on a day-to-day basis should this situation occur and to give the University enough time to recruit a new Vice-Chancellor should it be necessary. The Board also noted that that in this circumstance, the Provost and the University Secretary would work together to ensure that the Board could continue to perform its duties.
- 8.1.13 The University's external education partners had done very well in the NSS, with the Global Banking School (GBS) receiving a 99% satisfaction rate, as an example. However, there had recently been an instance of whistleblowing relating to fraud involving one of the University's recruitment agents, which the Chair of the Board and the Chair of the Audit Committee had been made aware of and which had been notified formally to the OfS as a reportable event. This had coincided with concerns raised with the University by the OfS around two of the University's delivery partners. The University Secretary was in the process of commissioning auditors to conduct an urgent independent audit of the University's internal control arrangements and broad sample testing (including BSU, BSUL and delivery partners) in respect of student recruitment, registration, enrolment and SLC data returns. A report would be delivered by around the end of August. The University would of course address any gaps arising from that independent audit promptly. The Board **NOTED** that members of Audit Committee would receive a copy of the final report when available and that a further update would be provided to the Board on this in the Autumn term.

ACTION: VICE-CHANCELLOR / UNIVERSITY SECRETARY

21/78 DESIGNATION OF PROVOST AS A SENIOR POST HOLDER (Paper G1229)

- 9.1 The University Secretary introduced his report.

- 9.2 The Board **APPROVED** on the recommendation of the Remuneration Committee, the designation of the post of Provost as a Senior Post Holder within the meaning given under the University's constitution.

21/79 2030STRATEGY REFRESH (Paper G1230)

- 10.1 The Vice-Chancellor introduced her report, and the Board discussed the following three key questions in two breakout groups:

- 10.1.1 Was the strategy correct?
- 10.1.2 Did the Board members agree with the direction of travel on the changes put forward in the report?
- 10.1.3 Was there anything missing that should be captured or emphasised in the plans that fell out of the refreshed strategy?

- 10.2 During the discussions, the following comments were made:

- 10.2.1 Each section of the strategy had been allocated an owner in the executive team (some sections had several owners), who would lead on strategic progress updates to the Board for the different elements of the strategy.
- 10.2.2 The KPIs referenced in the report were, appropriately, both quantitative and qualitative and would be finalised once the Board had signed off on the strategic plan in the Autumn.
- 10.2.3 The Board broadly supported the direction of travel of the refreshed Strategy and were content that it accurately captured the comments, views and feedback provided to the Vice-Chancellor at the Board Away Day in April. Additional comments were made as follows:

- The strategy would need to be clear about what we meant by 'one community' given that our geographical reach was now much broader than Bath.
- Clarification may be helpful in the reference to 'West' as a region.
- Perhaps we could be more ambitious with regards to our growth and include an express reference to innovation as part of this.
- Research success should be measured beyond REF results, with explicit reference to the value research adds to teaching and the student experience.
- The importance of KPIs being both qualitative and quantitative so that the Board had a more subtle and sophisticated sense of success.
- The University's agility and responsiveness was one of its 'USPs' in relation to other universities and this should be referenced in our ambition – the context being that this Strategy represented a helpful framework that allowed for some agility but also provided confidence and assurance about the direction of travel and the level of ambition going forward.
- The tone of the wording in the section around staff 'strain' should be reviewed to in favour of using more inspirational language for staff.
- The Strategy should include more emphasise on industry partner links.
- The Strategy should emphasise the importance of educational partnerships in terms of the value they add for our Widening Participation agenda both within and beyond our local area.

- 10.3 The Board **ENDORSED** the direction of travel and, subject to the comments above, **APPROVED** the revised strategy 2030. The Board mandated the Executive to develop a three-year strategic plan to enact the next stages of the University Strategy, which would be presented to the Board for scrutiny in the Autumn 2022.

Mr R Campbell joined the meeting

21/80 OVERVIEW OF THE FASHION MUSEUM, BATH (PowerPoint presentation)

- 11.1 The Head of Heritage Services at Bath and North East Somerset Council (BANES) delivered his presentation about the Fashion Museum in Bath.

- 11.2 The Board **CONSIDERED** the information presented to it, and made the following comments:

- 11.2.1 The Board was very supportive of the proposed project to collaborate with the Fashion Museum and commented that not only was it well aligned with the strategic intent and values of the University, but it also represented an exciting opportunity to enhance the student offer by creating a completely new integration between business, Research & Development, skills and education, as well as historical understanding, centred around Locksbrook. It would additionally offer cultural and economic opportunities to local people e.g. employment, volunteering, skills and creative programming.
- 11.2.2 The new student governor commented that should the Board decide to commit to collaborating on this project, it might be useful to consider developing a textile conservation post graduate degree course as there was currently only one in the UK and only a few internationally. The new course, together with access to the Fashion Museum, could attract a strong cohort of students. Such a course would also speak to one of the University's core values of sustainability and sustainable fashion.
- 11.2.3 The Board noted that BANES and BSU were currently awaiting the outcome of the application to the Levelling Up fund, after which a more comprehensive timeline could be drawn up.
- 11.3 The Board **ENDORSED** the direction of travel, pending the outcome of the BANES funding options, and **NOTED** that the next step would be to develop a business case for the Board to approve.
- 11.4 The Board **NOTED** that a tour of the fashion museum would be arranged for the autumn term.

ACTION: GOVERNANCE MANAGER

[Mr R Campbell left the meeting]

21/82 5 YEAR FINANCIAL PLAN 22/23 INCLUDING BUDGET 22/23 AND 21/22 Q3 FORECAST (Paper G1231)

- 12.1 The PVC F&I introduced his paper by way of a PowerPoint presentation, which set out the budget proposals and the related 5-year plan for the University, as recommended by the Finance & Infrastructure Committee.
- 12.2 During discussions, the following was highlighted:
- 12.2.1 The budget assumed a cost of living pay increase of 3% year on year, in line with the current UCEA final offer, but it was noted that the external context was rapidly shifting, with the prospect of industrial action in many sectors, not just higher education.
- 12.2.2 The key challenge for all Vice-Chancellors currently was that at the moment the unit of income was now fixed until after the next general election. For the foreseeable future, University income per unit was £9,250 per year, but there were now additional inflationary costs to take into account. The F&I Committee had undertaken detailed deliberations on this matter at its meeting in June, and it was noted that by the time the Financial Plan was presented again to the Board in December, the external context could be much clearer.
- 12.2.3 There was a concern raised about the impact of inflation increasing higher than currently forecast and whether the University's 'trigger' would be the adjustment of staff salaries – this would be particularly challenging given that the University had already gone through a Voluntary Severance Scheme very recently and staff morale was low. The Vice-Chancellor emphasised that there would not be a major reduction in staff pay over the next 2-3 years.
- 12.2.4 The Board noted that the CAPEX assumptions also incorporated the sale of Sion Hill, although the figure was an early estimate – a more informed number would be presented to the Board in December when this plan was in its next iteration. There might also need to be a detailed paper with regards to the progress with the sale of Sion Hill at the December Board meeting and a slide show in September.

ACTION: GOVERNANCE MANAGER

- 12.2.5 The positive messages were: It was clear that the University had a very strong balance sheet that allowed it to be more strategically ambitious; It was impressive that there were no backlog maintenance issues on the University estate which was relatively unusual across the sector; and the investments that the University was able to make as a consequence of the savings from the recent VS and from additional investments that it was choosing to make had most definitely put the University in a stronger position in terms of quality of curriculum and its core offer to students.
- 12.2.6 There were a number of areas that the F&I Committee were keen to scrutinise further – the estate cost per square meter, for example, was very high, so there could be an opportunity to reduce some of those costs as well as underlining the need to make best use of space. The Committee was also going to consider in the autumn term the financial accounting pension adjustment which was currently around £4m so not insignificant.
- 12.2.7 Whilst some of the assumptions in the budget were correctly prudent, the University still had some flex on a relatively optimistic assumption about the inflationary situation to the extent that it was willing to accept a larger deficit and defer the time at which it moved back into surplus.
- 12.2.8 The Board noted that the recent whistleblowing allegations referred to above were not expected to have a material impact on the budget.
- 12.3 After detailed consideration, the Board **APPROVED**, on the recommendation of the F&I Committee, the budget and the related 5-year plan. Specifically, the:
- a) 5-year I&E 2022/23 to 2026/27 of which the 22/23 column is the proposed University Budget for that year as set out in Appendix A ii) of the paper.
 - b) 5-year Capital Expenditure Plan 2022/23 to 2026/27 as set out in Appendix A iii) of the paper.
 - c) 5-year Cashflow statements 2022/23 to 2026/27 as set out in Appendix A iv) of the paper.
 - d) 5-year Balance Sheets: 31 July 22 – 31 July 27 as set out in Appendix A v) of the paper.
- 12.4 The Board **NOTED** the Q3 forecast out-turn for 21/22 as set out in Appendix A of the paper.
- 12.5 The Board **NOTED** the satisfactory covenant compliance check as set out in Appendix B of the paper.
- 12.6 On the recommendation of the F&I Committee, the Board **APPROVED** the following:
- a) BSU to continue to use the range of financial health indicators contained in the paper (which included both surplus and deficit and also the operating cashflow, alongside the debt to income and liquidity days, and the Lloyds margin), noting that the Lloyds definition of operating cashflow was being used rather than the marginally different Santander definition;
 - b) Surplus / deficit would continue to be the primary financial health indicator for external reporting and internal communications, while operating cashflow would be used as the primary measure in relation to financial planning;
 - c) The 22/23 targets in respect of both surplus / deficit, operating cashflow and Debt / Income ratio, would be the numbers set out in each Budget / Financial Plan update, i.e. the target was to at least achieve the plan;
 - d) That following consideration of further information in the meeting in relation to monthly cashflows, the Liquidity Floor Target be reduced to 45 days.
- 12.7 The Board **APPROVED**, on the recommendation of the F&I Committee, the following in respect of the Lloyds RCF and authorisation limit for the Lombard line:
[Redacted: FOI exempt Section 43]
- a) A revised Liquidity Target of 45 days (see also above).
- 12.8 The PVC F&I and the Deputy Vice-Chancellor declared a conflict of interest in relation to the recommendation regarding the gifting of the land to the University owned by Summix LRB Developments Ltd, as they were currently Directors of that subsidiary company. The Board

discussed the recommendation, noting that the tax advice from Grant Thornton was that it was best done as a gift and that once the University had formally agreed to accept the gift, then the Summix subsidiary should then be dissolved. After detailed consideration, the Board **APPROVED** the recommendation that the University accepted the gift of the land owned by its subsidiary Summix LRB Developments Ltd, in line with the Grant Thornton tax advice and that the subsidiary be dissolved thereafter. The Board therefore also **AUTHORISED** all related legal documents to be executed to that effect.

- 12.9 The Board **NOTED** that the 15 June Financial Portfolio Committee (FP Committee) had considered a proposal from HSBC in respect of a particular Private Equity (PE) investment opportunity. The opportunity was open until the end of July, so a decision was required at this Board meeting. The Board also **NOTED** that the Committee had agreed to recommend to the Board that BSU proceed with this investment opportunity, [Redacted: FOI exempt Section 43] subject to the Board receiving independent external investment advice. That independent advice had been delivered and was presented to the Board at today's meeting. The Board discussed the fact that the opportunity was well-aligned with the University's sustainability goals and that it represented a useful opportunity for the University to put its sustainability objective into practice and to diversify its risk to a certain extent. Board members were assured that the Fund Managers, KKR were well known, experienced and respected in this type of investment space and that the FP Committee was comfortable with all the information that been provided to it by HSBC and by the independent external advice provided by FACET Investment Management.
- 12.10 Based on the evidence provided to it, and on the recommendation of the Financial Portfolio Committee, the Board **APPROVED** the PE investment opportunity. The Board also **NOTED** the F&I Committee's related considerations in respect of funding such an investment i.e. that the Committee had a preference for use of cash reserves rather than borrowing through the Lombard Line and would also support use of the funds within the long-term element of the invested portfolio but only if this would not result in crystallising a loss.
- 12.11 The Board was reminded that the Remuneration Committee was currently considering options in relation to the total reward package and that staff remuneration was a 60% of total expenditure (21/22). The Board **APPROVED**, on the recommendation of the F&I Committee, that the financial parameters of that review be aligned with the financial plan, such that any recommendations to the Board included options within the parameters of the agreed financial plan.
- 12.12 The Board **NOTED** the key risks and planned mitigations as set out in the paper.

21/83 REVIEW OF UNIVERSITY RISK MANAGEMENT FRAMEWORK (Paper G1232)

- 13.1 The University Secretary introduced his paper, which had already been considered in detail at the Audit Committee in June.
- 13.2 The Board **CONSIDERED** the report. It was **AGREED** that the Risk Register should more clearly articulate the current cost of living crisis and how it might impact on the student experience and student mental health. The University Secretary would discuss the matter with the Pro Vice-Chancellor (Student Experience) outside of the meeting in order to take this forward promptly.

ACTION: UNIVERSITY SECRETARY

- 13.3 The Board **APPROVED** the amendments to the Risk Management Policy and the revised Risk Appetite Statement.

[Prof J Strachan joined the meeting]

21/84 RESEARCH EXCELLENCE FRAMEWORK RESULTS (Paper G1233)

- 14.1 The Pro Vice-Chancellor Research & Enterprise introduced his paper.
- 14.2 The Board congratulated the Pro Vice-Chancellor Research & Enterprise (PVC R&E) and his colleagues on the excellent REF 2021 results.
- 14.3 The Board **CONSIDERED** the next steps for the University's research strategy, culture and environment and commented that going forward it would be important for the University to be realistic about where its research strengths were and where they were not. For example, whilst it was important to focus the Research Centres on where the core research strengths were, it was also worth reviewing where the funding was for those research areas, and also consider where there might be external demand for the outputs of those centres.
- 14.4 The Board **ENDORSED** the direction of travel for the future research strategy and **NOTED** that the PVC R&E would be attending a Board meeting in the autumn to talk about the process of research concentration.
- 14.5 The Board formally **NOTED** the outcome of the REF 2021.

[Prof J Strachan left the meeting]

21/85 GOVERNANCE EFFECTIVENESS REVIEW: IMPLEMENTATION PLAN (Paper G1244)

- 15.1 The University Secretary introduced his report, and the following was **NOTED**:
- 15.1.1 Work had begun in earnest to take forward the recommendations from the review, with a number of actions already completed or in progress.
- 15.1.2 The Board was being asked to approve the expansion of the Nominations Committee to encompass effective governance operations, and re-name it to the Nominations and Governance Committee (this would not alter the remit of the Audit Committee).
- 15.1.3 Full revisions to the terms of reference and membership of the committee would be discussed in the autumn.
- 15.2 The Board **NOTED** that the next meeting of the Nominations & Governance Committee would be brought forward to September, in order to provide some additional flexibility for taking forward the review recommendations.
- 15.3 The Board was pleased with the progress that had been made to date on the implementation of some of the effectiveness review recommendations and agreed that the Nominations and Governance Committee would be best placed to oversee the implementation plan.
- 15.4 The Board **APPROVED** the expansion of the Nominations Committee to encompass effective governance operations, and for it to be re-named the 'Nominations and Governance Committee', with immediate effect.

21/86 RESUMING THE CHANCELLOR SEARCH COMMITTEE (Paper G1245)

- 16.1 This item was starred for no discussion.
- 16.2 The Board **APPROVED** the resumption of the Chancellor Search Committee in line with the terms of reference which were previously agreed by the Board in February 2020. The Board **NOTED** that due diligence formed part of the process to ensure that reputational risk was managed.
- 16.3 The Board were reminded that the Committee had previously included among its membership two independent governors who had since retired, therefore expressions of interest to join the Committee were kindly invited and should be made as soon as possible to the University Secretary, for the Board Chair's consideration.

21/87 PROPOSED AMENDMENTS TO THE STUDENT DISCIPLINARY PROCEDURE (Paper G1246)

17.1 This item was starred for no discussion.

17.2 The Board **APPROVED** the revisions to the Student Disciplinary Procedure, after consideration of issues raised with the University Secretary.

21/88 STUDENTS' UNION ANNUAL COMPLIANCE REPORT (Paper G1247)

18.1 This item was starred for no discussion.

18.2 The Board **NOTED** the report.

21/89 OTHER ITEMS FOR INFORMATION: COMMITTEE REPORTS

19.1 The Chairs of the Remuneration, Financial Portfolio and Finance & Infrastructure committees provided a verbal summary update of discussions held and decisions made at their most recent committee meetings – these were all referenced in the minutes of those meetings which were included in the meeting pack.

19.2 The Board **NOTED** that the Annual Report of the Academic Board was scheduled for the 28 September Board meeting.

21/90 ANY OTHER BUSINESS

20.1 On behalf of the Board, the Chair thanked the outgoing Deputy Vice-Chancellor, Professor N Sammells, who was soon to be leaving the University after 38 years of service. The Chair commented on the extraordinary contribution that Professor Sammells had made to the University.

20.2 No further business was raised.

[The meeting ended at 16.30hrs]
Lucy Barling, Governance Manager
13 July 2022

[Redacted: FOI exempt Section 40: Personal Data]
Jonathan Glasspool, Chair
Date: 28 September 2022