

University Board Meeting

Minutes of a meeting held on 30 September 2022

Members Present

David Furniss (Chair)	Chair of the University Board
Jim Andrews	Chief Operating Officer (COO)
Paula Alliston	Staff Member, Professional and Support Services
Nastassia Asselin	Student Member
Omuwa Ayomoto	President, Students' Union Bournemouth University
John Beswick	Independent Board Member (via MS Teams)
Prof Carol Clark	Staff Member, Senate
Prof Carol Evans	Independent Board Member
Karima Fahmy	Independent Board Member
David Furniss	Independent Board Member
Maggie Frost	Independent Board Member
Nick Golding	Independent Board Member
Simon Jackson	Independent Board Member
Stuart Jones	Independent Board Member
Jean Lang (Deputy Chair)	Independent Board Member
Prof Tim McIntyre-Bhatty	Deputy Vice-Chancellor (DVC)
Tola Oloyede	Independent Board Member (via MS Teams)
Susie Reynell	Finance Director (FD)
Prof John Vinney	Vice-Chancellor (VC)
Robert Williams	Independent Board Member

In attendance

Jacqui Dudley (PwC) (CPD presentation); Deborah Wakely (Clerk to the Board), Geoff Rayment (Senior Governance Manager).

1. CPD Briefing: HE Finances and Cost Transformation (Presentation) (Jacqui Dudley, PwC)

22/001 Jacqui Dudley of PwC gave a presentation on HE Sector Insights, Financial Sustainability, including overviews of approaches being taken elsewhere in the sector to respond to current sector challenges. The presentation slides would be made available to all Board members in the meeting pack.

2. Welcome, Apologies and Declarations of Interest (Chair)

22/002 Apologies were noted from Lois Farquharson, Karl Hoods, Sara Luder, Deborah Ward and Deborah Warman. The Chair confirmed that the meeting was quorate. The Chair welcomed new independent members Nick Golding and Simon Jackson, new student member Nastassia Asselin and the SUBU President Omuwa Ayomoto.

22/003 The Chair asked members if they had any new or relevant interests to declare and Mr Jones

confirmed that he had been appointed by Dorset Council as a Non-Executive Director of Dorset Centre of Excellence (a wholly owned operating company) which is the operator of Coombe House School near Shaftesbury.

3. Minutes of the Board Meeting Held on 8th July 2022 (Chair)

22/004 The minutes were **approved** as an accurate record of the meeting.

3.1. Matters Arising and Actions Register (Chair)

22/005 The Actions register was noted. On action 185 (equalities and inclusion) the COO advised that the action was now completed and that the Director of HR Services had reviewed the work being undertaken and identified areas of overlap with SUBU's allyship programme. They were now working collaboratively to avoid duplication. On action 188 (Board papers), the Chair would take this forward with the Clerk and new Committee Chairs once new appointments had been made and they were all in place.

3.2. Report back on written resolutions, deeds and contracts signed and Chair's actions (Chair)

22/006 The report was **noted**. [Redacted].

4. Board and Committee Membership and Appointments (tabled papers) (Chair)

4.1. Board and Committee Appointments

22/007 A paper was tabled setting out the recommendations of the Nominations Committee on Board and Committee appointments, which were approved as follows:

Dr Lois Farquharson to be appointed for a second three year term as the Academic Staff Member of the Board with effect from 8 October 2022 ending on 7 October 2025.

Mr Williams withdrew from the meeting.

Robert Williams to be appointed as Chair of FRC with effect from 1 December 2022 for a period coterminous with his Board term (and to leave ARG and join FRC and Nominations Committee).

Mr Williams re-joined the meeting and Mr Jones withdrew.

Stuart Jones to be appointed as Deputy Chair of FRC with effect from 1 December 2022 for a period coterminous with his Board term.

Mr Jones re-joined the meeting and Ms Fahmy withdrew

Karima Fahmy to be appointed as Chair of ARG (and to leave Student Experience, Quality and Standards Committee (SQS) and join Nominations Committee) with effect from 1 December 2022 for a period coterminous with her Board term.

Ms Fahmy re-joined the meeting.

Sara Luder to be appointed as Deputy Chair of SQS with effect from 1 December 2022 for a period coterminous with her Board term.

22/008 There were currently two vacancies to fill on SQS and one on the Honorary Awards Committee. Expressions of interest were welcome from independent members to join these committees and the Clerk to the Board would circulate further details after the meeting.

4.2. Deputy Chair appointment – process and role description

22/009 The Chair reminded Members that the Deputy Chair, Mrs Lang, would come to the end of her term of appointment on 30th November 2022. A paper was tabled setting out the proposed process and timetable for appointing a successor as recommended by Nominations Committee. The Board had previously agreed that this would be an internal recruitment process. The Board **approved** the process, timeline and panel membership as set out in the paper and the draft amended Deputy Chair Role Description as recommended by Nominations Committee. The Clerk to the Board would circulate an invitation to all independent members after the meeting inviting expressions of interest to apply for the role,

with a deadline of 14th October. Mrs Lang said that she would be happy to speak informally to anyone who may be interested in applying if that would be of assistance.

5. Strategic Matters

5.1. Roles and Responsibilities of the Board - Presentation (Chair/Clerk)

22/010 The Clerk to the Board gave a presentation on the roles and responsibilities of Board Members as charity trustees and governors. The presentation covered the main duties for all Charity trustees, the OfS ongoing conditions of registration and public interest governance principles, the Board's statement of primary responsibilities and the key points of the Board Members role (with a focus on challenge, assurance, good decision-making and accountability). These duties applied equally to all Board Members, including staff, students and Executive. In summary the Chair highlighted the point, 'To contribute positively to a Board culture where transparency, challenge and continuous improvement are expected and welcomed'. He stressed it was important that the Board did not rely solely on Committee scrutiny but did itself also provide challenge and seek assurances.

5.2. Vice-Chancellor's Update (VC)

22/011 The VC updated members on current reportable events. [Redacted]. Admissions were ongoing and it had been a positive recruitment cycle. Details of graduation ceremonies were provided and all members were encouraged to attend at least one ceremony.

22/012 The Board discussed the relationship with the regulator and the approach towards considering reportable events. Members asked whether there may be a risk that increased reporting could lead to a loss of confidence from the regulator and whether reports were arising in areas BU had already identified within our risk and control environment as possible issues. The VC stated that although there was variation across the sector BU had always adopted transparency in its approach and followed the Reportable Events Procedures to review each matter carefully with appropriate escalation including to Chair and Deputy Chair of Board. The Clerk to the Board and Board Members agreed that it was beneficial for the regulator to be able to trust that the University was being transparent and managing any issues arising effectively. Unlike predecessor HEFCE, the OfS did not provide an overall institutional risk rating to providers. OfS could impose additional specific ongoing conditions and implement formal monitoring if they had concerns. A Member also noted that OfS had been undertaking more specific investigations of possible issues at providers, such as the ongoing investigation into a number of un-named business schools.

22/013 In order to provide further assurance and information to members, it was agreed to recirculate the Reportable Events Procedures (as approved by ARG) including the OfS' reportable event definitions.

Action: Circulate the OfS reportable events guidance and the University's Reportable Events Procedures.

Action by: Clerk to the Board

5.3. BU 2025 Review and Priorities (UET)

22/014 The VC gave a presentation on BU2025 – Progress and next steps. Much of the focus in 2021/22 had been around recovering from the pandemic. The majority of staff and students had now returned to campus and the Hybrid Working Trial for staff was ongoing. He summarised the positive REF 2021 outcomes and improvements over previous REF results. He outlined the work being taken forward on student experience, based around 6 dimensions with a Fusion focus, and the cross BU action plans. League table results were shown, with improved THE world ranking and young university ranking.

22/015 Looking ahead, the VC thought there would be 2 more challenging years to continue to improve student experience, supporting students and staff through ongoing changes and rebuilding a vibrant campus culture. There would be a continued focus on building research culture and income and working to achieve long-term financial sustainability. The key financial indicators would be updated to reflect recent changes. The Government vision for HE was unlikely to change and there would be ongoing challenges arising from the impact of inflation and the failure to raise the UG fee cap. Comparisons with the University's competitor set were shown in respect of grant income and Student/Staff ratios. India and Africa were big growth areas for international students and mild student number growth had been achieved over the last few years but was subject to capacity constraints. A SWOT analysis was presented and examples of positives and negatives arising from international and home student growth and RKE income growth

respectively.

22/016 Members discussed research growth and how to increase income. The increase in the proportion of disabled staff submitting bids was noted and the VC explained that this resulted from work undertaken to be more inclusive and include more staff in the REF submission as part of a long-term commitment to support staff. More team-based approaches could also be used to deploy individual skills to the best use and share strengths. Members asked which research areas were most promising for growth and the DVC explained that it was largely those areas where the University was already engaged. Gradual increases were being made in STEM research areas, which tended to be more expensive. Social sciences and humanities tended to attract lower amounts of funding.

22/017 Members asked what student feedback was being sought and received on the hybrid working trial, and also whether there was any evidence of a negative impact on female workers. The SUBU President also emphasised the need to ensure facilities and access for all students was not negatively impacted by hybrid working. The COO explained that the hybrid trial had been extended so that further work could be undertaken to ensure that the campus remained vibrant throughout the year, across all sites, and further consideration was also being given to the equality issues. Accessibility was an important consideration, regardless of hybrid working, and staff needed to be clear about this and could be more accessible, for example by being available remotely. The downside was that there could be less opportunities for informal in person contact. Prof Evans added that it was important to be clear about expectations and for any approach to be manageable. The DVC noted that the approach was also guided by consumer protection requirements and a focus on campus premium in accordance with the published provision.

6. Other Matters for Approval

6.1. Revolving Credit Facility (RCF) with Barclays (FD)

22/018 The Finance Director introduced this paper which had been recommended to the Board by FRC by written resolution. The FD explained that it was intended that the proposed RCF would now run to 2025 rather than 2024 (the precise terms of that extension in term would come back to the Board once confirmed). [Redacted]. The Chair also drew members' attention to the advice provided by the report from specialist banking lawyers Mills & Reeve setting out the findings of their legal review of the documents and the assurances in the paper on the points raised. The Board noted that it was satisfied that the borrowing assists the University's charitable purposes and having taken, and given consideration to, appropriate professional advice on the financial risk, that the borrowings were appropriate for the University and in its best interests.

22/019 Members asked if the rates quoted were fixed and the FD explained that they were valid for a period of 60 days, to allow time for completion. The Clerk to the Board confirmed that advice from Mills and Reeve had been sought to ensure that all lenders had been made aware of the revenue recognition issue (discussed at 6.2 below) and that Mills and Reeve had confirmed that it did not prevent the Board from being able to approve the RCF, however, the FD would work with Mills and Reeve to ensure that all relevant disclosure issues and any related waivers as required were addressed prior to completion. The Board **approved** the resolution as set out in the appendix to these minutes.

6.2. Accounting Policy for Tuition Fee Revenue Recognition Update (FD)

22/020 The FD introduced this paper advising the Board of a change of accounting policy in respect of tuition fee income. [Redacted]. No decision was being sought from the Board at this time, but there would be further discussion of the matter in committee as part of the consideration of the financial statements and external audit report.

22/021 Mrs Lang asked whether a restatement would be needed for earlier years, and whether the University was alone in needing to address this change of revenue recognition timing. The FD explained that it would not be necessary to re-open the accounts for previous years and just this one restatement would be necessary. The external auditor served many universities but had advised that this was a specific issue for BU.

22/022 Mr Beswick welcomed the transparency on the matter and suggested that, when the issue came to FRC for further consideration, it would be helpful to understand the ease of implementation of the new approach and any learning points and new control measures arising. Mr Golding also welcomed the

disclosure and sought assurance that all income was now being matched correctly to expenditure, not just tuition fees. The FD acknowledged this and was considering obtaining additional accountancy expertise to review the application of all accounting policies, to provide further assurance.

22/023 The Board **noted** the report.

6.3. BU application for Phase 3b of the Public Sector Decarbonisation Scheme (COO)

22/024 The COO introduced this business case. Due to the nature of the bidding process for the grant and short deadlines the business case had been submitted directly to the Board without prior FRC scrutiny. The business case had been subject to full financial and legal review and details were contained in the paper. Delegated authority was also sought for the execution of the grant application submission and related documents. The project aimed to decarbonise heating systems and would provide air source heat pumps to replace expired gas boilers in particular buildings. The COO confirmed that the revenue was a grant and not a loan. Members asked whether there was scope to increase any financial savings arising from the project but the COO explained that the primary focus was on reducing carbon rather than saving money and that the project contributed to the CECAP.

22/025 The Board **approved** the submission of the grant application for the Phase 3b of the Public Sector Decarbonisation Scheme (PSDS).

22/026 The Board **delegated** authority for the execution of the PSDS grant application submission and any other related documentation required to submit the grant application by any one member of UET and any one of the Director of Estates, Head of Estates Development or Head Of Facilities Management.

6.4. Utilities Brokerage - Verbal update (FD)

22/027 The FD advised that a paper on this topic would be submitted to the next FRC and Board meetings for consideration. The University was looking to use an energy broker in future, which would require them to be given agency to commit to energy procurement on behalf of the University and this would potentially be a significant financial sum, being the utilities budget for several years, and it would require careful consideration of the risks and safeguards needed. Mr Beswick suggested that the paper should consider the hedging policy (also in times of illiquidity), and what attributes the University would be seeking from a supplier and/or other counter party in order to protect the University. Mr Williams asked what the status was of the gas supply and the FD confirmed that this was fixed until March 2023.

6.5. Kaplan Student Accommodation Agreement (COO)

22/028 The COO introduced this business case which sought approval to commit to additional student accommodation in 2023/24. Due to the urgency of securing the beds before they went to the open market in October, this had not been submitted to FRC for prior scrutiny before coming to the Board. The growth in student numbers and reduction in the availability of provision in the local housing market created increased demand which needed to be addressed as soon as possible. The accommodation guarantee offered to students had been met for the current year but could be challenging for future years if additional provision was not identified. There was some financial risk if the additional rooms were not subsequently used, however, this risk was considered by UET to be low and could be mitigated by offering the rooms to returning students.

22/029 The Board **approved** BU committing to additional student accommodation in Academic Year 2023/24 up to a total maximum financial exposure of [Redacted] under contract with Kaplan and **delegated** authority to the Chief Operating Officer or in his absence any member of UET to sign the contract and any related documentation.

7. Committee Reports (To note)

7.1. Finance & Resources Committee (10 June 2022) (Mr Furniss)

22/030 The minutes were **noted**.

7.1.1. Management Accounts and Cash-flow (FD)

22/031 The management accounts were noted and the FD advised that the current position was that the University remained on target, but there were additional challenges around inflation. The revenue recognition issue had already been taken into account and was not expected to impact the surplus.

7.2. Audit, Risk & Governance Committee (24 June 2022) (Mrs Lang)

22/032 The minutes were **noted**.

7.3. Student Experience, Quality & Standards Committee (7th July 2022) (Chair)

22/033 The minutes were **noted**.

7.4. Nominations Committee (7th July 2022) (Deputy Chair)

22/034 The minutes were **noted**.

7.5. Senate (8 June 2022) (VC)

22/035 The minutes were **noted**.

8. Any Other Business

22/036 There was no other business.

Date of Next Meeting

Friday, 25th November 2022, 9.30am to 12.30pm (Note that the Board induction for new members will take place on the afternoon of Thursday 24th November 2022 and a Board dinner will follow that evening (in the Fusion Building, Talbot Campus - drinks on arrival from 6.30pm with dinner at 7.00pm).

Extract from the minutes of a meeting of the board of governors (the “Board”) of Bournemouth University Higher Education Corporation (the “University”) held on 30 September 2022 at 9:30 am at Poole House, Fern Barrow, Poole.

1. **PRELIMINARY**

1.1 The Board noted the following:

- 1.1.1 that the meeting has been properly convened and a quorum of members of the Board was present;
- 1.1.2 notice of the meeting was given to each member of the Board who was entitled to receive it; and
- 1.1.3 that no member of the Board at the meeting had, directly or indirectly, any interest in the transactions contemplated by the Amendment Letter referred to below which they were required by the Articles or Instrument of Government of the University or by legislation or otherwise to disclose or was for any reason disqualified from voting at the meeting or forming part of the quorum of the meeting.

2. **PURPOSE OF MEETING**

2.1 The Chair informed the meeting that the purpose of this part of the meeting, amongst other things, was to consider, and if thought fit, to delegate to the Vice-Chancellor and the Finance Director (or in either or both of their absences the Deputy Vice-Chancellor and/or the Chief Operating Officer), certain powers in relation to the proposed:

- 2.1.1 amendments by way of amendment letter to the University’s £10,000,000 sustainability linked revolving credit facility agreement with Barclays Bank PLC (“**Barclays**”) dated 27 November 2020 as amended from time to time (the “**Barclays Facility**”); and
- 2.1.2 cancellation by way of written notice of the University’s £10,000,000 revolving credit facility (“**Lloyds RCF**”) under its £25,000,000 term loan and £10,000,000 committed revolving credit facility agreement, with Lloyds Bank plc (“**Lloyds**”) dated 18 December 2017 as amended and restated on 30 July 2019 and as further amended from time to time (the “**Lloyds Facility**”).

2.2 The Chair noted the University was in discussion with Barclays to allow the University to amend by way of amendment letter, the Barclays Facility in order to, inter alia:

- 2.2.1 extend the commitment amount from £10,000,000 to £20,000,000;
- 2.2.2 adjust the margin **rate** from 1.40% per annum to 1.115% per annum and amend clause 11.2(d) to state that the application of any Sustainability Margin Adjustment Rate is not cumulative and the margin shall never be lower than 1.09% nor greater than 1.14%; and

2.2.3 amend the commitment fee calculation.

2.3 The Chair also noted that under the terms of the Lloyds Facility and the £25,000,000 term loan facility agreement between (1) the University (2) Scottish Widows Limited (as original lender) and (3) Lloyds (as agent and arranger) dated 18 December 2017 as amended and restated on 9 October 2019 (the “**SW Facility**”), the University would be required to obtain consent from Lloyds:

2.3.1 as lender under the Lloyds Facility; and

2.3.2 as agent under the SW Facility,

to enter into an amendment letter to amend and extend the Barclays Facility.

3. **DOCUMENTS PRODUCED**

3.1 A copy of the:

3.1.1 amendment letter amending and extending the Barclays Facility as set out in paragraph 2.2 (“**Amendment Letter**”);

3.1.2 certificate to be given by an officer of the University certifying certain matters and documents in relation to the University (the “**Officer’s Certificate**”);

3.1.3 cancellation notice to Lloyds under which the University will provide formal written notice to Lloyds cancelling the Lloyds RCF under the Lloyds Facility pursuant to clause 7.2 of the Lloyds Facility (“**Lloyds Cancellation Notice**”);

3.1.4 letter from Lloyds as lender under the Lloyds Facility under which:

(a) Lloyds will acknowledge the University’s written notice to it cancelling the Lloyds RCF under the Lloyds Facility pursuant to clause 7.2 of the Lloyds Facility; and

(b) Lloyds will grant consent to the University’s entry into the Amendment Letter pursuant to limb (j) of the definition of Permitted Financial Indebtedness under the Lloyds Facility and in order for the University to comply with clause 17.26.2 (*Security and Financial Indebtedness*) and clause 20.28 (*Financial Indebtedness*) of the Lloyds Facility;

3.1.5 letter from Lloyds as agent under the SW Facility under which Lloyds will grant consent to University’s entry into the Amendment Letter pursuant to limb (j) of the definition of Permitted Financial Indebtedness under the SW Facility and in order for the University to comply with clause 16.26.2 (*Security and Financial Indebtedness*) and clause 19.28 (*Financial Indebtedness*) of the SW Facility,

(together the “**Documents**”); and

3.1.6 report prepared by Mills & Reeve LLP setting out the terms of the Amendment Letter (the “**Report**”).

3.2 The Chair reported that the Documents have been circulated to all members of the Board in the Board papers for the meeting. Each member attending confirmed that they had had an opportunity to review and consider the Documents.

4. RESOLUTIONS

4.1 After due and careful consideration of the Documents and taking into account their duties and obligations as charity trustees pursuant to the Charities Act 2011 and the Articles and Instrument of Government, and considering the best interests of the University, the Board on behalf of the University unanimously resolved that:

4.1.1 it was in the best interests of the University to enter into the Documents;

4.1.2 the terms of, and the transactions contemplated by the Documents, be approved;

4.1.3 the Vice-Chancellor be given delegated authority to negotiate, consider and approve the Documents on behalf of the University and be authorised to make such further amendments as he thinks fit and necessary provided that no further amendment to the amount or term of the Barclays Facility, the interest rate provisions, the financial covenants or any requirement for security in respect of the Amendment Letter may be approved by the Vice-Chancellor without prior approval to such amendment(s) from the Board;

4.1.4 any two of the Vice-Chancellor and the Finance Director or in either or both of their absences, the Deputy Vice-Chancellor and/or Chief Operating Officer (each an “**Authorised Signatory**”), be authorised to sign the Documents on behalf of the University (subject to such further changes agreed by the Vice-Chancellor in accordance with the above resolution at 4.1.3, such changes to be evidenced by the execution of the Documents by the relevant Authorised Signatory); and

4.1.5 any two of the Vice-Chancellor and the Finance Director or in either or both of their absences, any other Authorised Signatory, be authorised to execute and do all such acts, documents, certificates and notices (including, if relevant, any Utilisation Request) as they may consider expedient or desirable in connection with the execution or performance by the University of the Documents.

I certify that (i) this is a true and complete minute extracted from the minutes of a meeting of the Board, (ii) the meeting was duly convened and quorate and (iii) the resolutions referred to remain in full force and effect.

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David Furniss, Chair of University Board