

BIRMINGHAM CITY UNIVERSITY

BOARD OF GOVERNORS

MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2014

PRESENT: Mr Alex Stephenson (Chair)
Professor Cliff Allan
Mr Jim Beeston
Professor Stuart Brand
Mr John Charlton (for items 1 – 10.1)
Mr Vic Cocker
Lord Bruce Grocott
Mr Mark Hopton
Ms Ann Jones
Ms Jenny Ladbroke
Ms Jenny Loynton
Mr Niall Magennis
Professor David Roberts
Mr Raaj Shamji
Mr Shaun Smith

APOLOGIES: Professor Graham Henderson
Mr Andrew Jowett
Mr Joe Kelly

IN ATTENDANCE: Ms Christine Abbott, University Secretary and Director of Operations
Mr Steve Bradley, Director of Campus and Management Services (for agenda item 10.2)
Professor Fiona Church, Pro-Vice-Chancellor
Mr Tony Felthouse, Senior Audit Manager, KPMG (for agenda item 9.1)
Dr Paul Hartley, Pro-Vice-Chancellor
Professor Bashir Makhoul, Pro-Vice-Chancellor
Ms Helen Matthews, Assistant University Secretary
Mr Graham Rhodes (for agenda items 10.1 and 10.2)
Mr Richard Spilsbury, Director of Finance and Resource Allocation

72/14 MINUTES OF THE MEETING HELD ON 17 JULY 2014 (BGOV.14.11.01)

Minutes of the meeting held on 17 July 2014 were received.

RESOLVED:

That the Minutes of the meeting held on 17 July 2014 be confirmed and signed as an accurate record.

73/14 CHAIR'S BUSINESS

Arising from Minute 60/14, the Chair reported that a summary of the issues raised during his annual review meetings with Governors would be issued shortly. The general view was that the Board operated effectively and held the Executive to account but that (with the exception

of the Estates Strategy which was reviewed regularly) more time should be devoted to measuring and considering the progress made in respect of strategic projects.

74/14 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 2 OCTOBER 2014
(BGOV.14.11.02)

Minutes of the extraordinary meeting held on 2 October 2014 were received.

RESOLVED:

That the Minutes of the meeting held on 2 October 2014 be confirmed and signed as an accurate record.

75/14 REPORT FROM THE VICE-CHANCELLOR ON KEY BUSINESS ISSUES
(BGOV.14.11.03)

The Vice-Chancellor presented the paper to the Board which included updates on: HEFCE-related issues; the CUC Code of Governance, student recruitment for 2014/15; senior staff; the University's visual identity; and a royal visit to the School of Jewellery by Prince Charles and the Duchess of Cornwall.

The University had been successful in its recent STEM Capital Bid to HEFCE which would supplement the existing commitment to a new build at the City South Campus, enabling the expansion of the development to incorporate additional facilities.

Members noted that HEFCE would be undertaking a review of future approaches to the assessment of quality in higher education in light of the rapid changes taking place within the sector. Further information would be provided to the Board in due course.

76/14 REPORT OF OPERATIONAL KEY PERFORMANCE INDICATORS
(BGOV.14.11.04)

The University Secretary and Director of Operations presented the report which included information in respect of the University's full suite of Key Performance Indicators.

77/14 ANNUAL REPORT OF THE AUDIT COMMITTEE FOR 2013/14 (BGOV.14.11.05)

The Chair of the Audit Committee presented a paper that reported on the work of the Audit Committee during 2013/14. The Board was invited to approve the full statement of internal control to be made in the 2013/14 audited accounts and the University's annual assurance return for the same period. In accordance with the HEFCE Code of Practice on Accountability and Audit, a copy of the Committee's report would be sent to the HEFCE Chief Auditor.

Paragraph 4.6 of the paper reported PricewaterhouseCooper's (PwC's) unmodified audit opinion based on the internal audit work completed during the year. The Board noted that this was the highest classification of opinion provided by PwC to its clients in the higher education sector and commended the Executive on a positive outcome.

RESOLVED:

- 77.1 That the full statement of internal control to be made in the 2013/14 audited accounts be approved.
- 77.2 That the annual assurance return at Annex 4 be approved for signature by the Vice-Chancellor and Chair of the Board prior to submission to HEFCE.

78/14 REPORT OF THE MEETINGS OF THE AUDIT COMMITTEE HELD ON 2 OCTOBER AND 12 NOVEMBER 2014 (BGOV.14.11.06)

A paper was received that provided a report of the business transacted by the Audit Committee at its meetings in October and November 2014.

Proposed changes arising from the annual review of the University's Financial Policies and Financial Rules were recommended to the Board for approval. Details of the changes were outlined in the Annex to the paper and would ensure that the Rules were consistent with the new automated processes currently being piloted in respect of the authorisation of student Change of Circumstances forms.

The Board noted that a major review of the University's finance function, facilitated by PwC, was currently being undertaken to reduce reliance on paper-based processes and ensure that the department was able to provide higher level business support to senior management. A full review of the Financial Rules would be undertaken as part of this process, with recommendations for changes coming forward to the Board via the Audit Committee in 2015.

RESOLVED:

That the proposed changes to the University's Financial Policies and Financial Rules outlined in the Annex to BGOV.14.11.06 be approved.

79/14 OPERATING AND FINANCIAL REVIEW AND FINANCIAL STATEMENTS FOR 2013/2014 (BGOV.14.11.07)

Mr Tony Felthouse from the External Audit Division of KPMG LLP was in attendance for this item.

The Operating and Financial Review (OFR) and consolidated Financial Statements at Annex 1 had been considered by the Finance Committee at its meeting on 6 November 2014 and came forward with the Committee's support. The Committee had also considered a summary of each subsidiary company's current board membership, main activities and financial results for 2013/14. The full audited financial statements for each of the University's trading subsidiary companies had been considered by the respective company boards prior to the Board of Governors meeting.

Mr Felthouse confirmed that that no significant financial control issues had been identified during the course of KPMG's audit of the University's accounts for the year ended 31 July 2014 and that the audit process had gone well. All four recommendations made in the previous year's report had been fully implemented and only one low-priority recommendation had been identified for implementation in 2014/15 in respect of regular payroll to general ledger reconciliations.

On behalf of the Board, the Chair thanked members of the Executive and the Deputy Director of Finance and his team for their work in producing the Financial Statements and the excellent results contained therein.

RESOLVED:

- 79.1 That letters of financial support be issued to the Boards of Directors of ABBE Limited, the Birmingham School of Acting, TIC, TIC Commercial and BCU Enterprise Limited.
- 79.2 That the Operating and Financial Review and Financial Statements for 2013/14 at Annex 1 to BGOV.14.11.07 be approved.
- 79.3 That the Chairman, the Vice-Chancellor and the Director of Finance and Resource Allocation be authorised to sign the Financial Statements for 2013/14 on behalf of the Board.

80/14 FINANCIAL BENCHMARKING REPORT AND ANNUAL SUSTAINABILITY ASSURANCE RETURN FOR 2013/14 (BGOV.14.11.08)

The Board considered the benchmarking information produced by HEFCE following receipt of the financial forecasts submitted by HEIs in July 2014 and was invited to approve the proposed voluntary Annual Sustainability Assessment Return (ASSUR) for submission to HEFCE by 1 December 2014.

Overall, the University compared favourably with the rest of the sector in the key financial indicators. Actual and forecast quartile positions for the period 2011 – 2017 for staff costs as a percentage of income compared less favourably with the sector but still remained within the Board's upper limit of 60%. The University's position in respect of staff costs was likely to be a reflection of the inclusion of centrally held, uncommitted, sums for strategic investment and the fact that the treatment of pension costs under FRS17 affected institutions differentially. The Board recognised the need for investment in staff (and had approved increased budgeted staff costs as part of the 2014/15 budget) but asked the Executive to reflect upon how returns on this investment might be measured and reported to the Board within the University's Key Performance Indicators.

The Board noted that the University's forecast quartile position in respect of net liquidity compared less favourably with the sector in 2015/16 and 2016/17. Whilst this was an understandable consequence of the current Estates Strategy, members were assured that the issue of long-term liquidity would be considered as part of the Major Projects Programme to be submitted to the Board in April 2015.

RESOLVED:

- That the proposed voluntary Annual Sustainability Assessment (ASSUR) return for 2014 at Annex 2 to BGOV.14.11.08 be approved.

81/14 FINANCIAL ISSUES (BGOV.14.11.09)

The Director of Finance and Resource Allocation presented a report of financial issues, including treasury management and high value purchase orders.

The University's overall liquidity position remained strong, with cash at bank and on deposit £18.1m ahead of budget at 31 October 2014.

The Board noted that the supplier of the University's library periodicals (Swets Information Services) had recently entered administration. In order to ensure continuity of service, swift action had been taken by the University under delegated authority to enter into a contract with an alternative supplier until 30 July 2015 (EBSCO Subscription Services) under the Southern Universities Purchasing Consortium framework.

82/14 CONFIDENTIAL ITEM

83/14 CONFIDENTIAL ITEM

84/14 SENATE NAME CHANGE (BGOV.14.11.12)

A paper was received that invited the Board to approve the change of name from Senate to Academic Board.

Referring to the revised CUC HE Code of Governance due to be published in early 2015, the Board noted that Senate's Terms of Reference would need to reflect its role in providing assurance to the Board that academic governance was operating effectively. The Executive would give further thought to this issue once the final version of the Code was published.

RESOLVED:

That the change in name from Senate to Academic Board be approved for implementation with immediate effect.

85/14 BOARD MEMBERSHIP AND SUCCESSION PLANNING

Arrangements had been made for a number of potential nominees for Board membership to have informal discussions with the Vice-Chancellor, the Chair and Deputy Chair of the Board and the University Secretary and Director of Operations. It was anticipated that proposals in respect of new appointments would come forward to the Board for consideration early in 2015.

86/14 PROGRESS REPORT ON STUDENT RECRUITMENT, THE APPROVED BUDGET AND ON-DEMAND IT SERVICES (BGOV.14.11.13)

A paper was received that provided updates in respect of student numbers for the 2014/15 academic year, the approved Budget for 2014/15 and the On-Demand IT Services project.

In considering the development of research (one of the key areas of high priority activity requiring investment in order to facilitate delivery of the University's Strategic Plan), members noted that, as outlined by Professor Ivey in his presentation to the Board on 2 October 2014, additional funding had been earmarked to deliver the University's Research Strategy. The Executive had commenced the process of allocating, on a phased basis, the additional investment included in the approved budget for 2014/15. Whilst recognising that significant investment in research would impact on enterprise and business engagement,

members noted that these were critical areas for the University and would therefore need to be kept under review.

87/14 CONFIDENTIAL ITEM

88/14 REPORT OF THE MEETING OF THE FINANCE COMMITTEE HELD ON 6 NOVEMBER 2014 (BGOV.14.11.15)

A report was received of the business transacted by the Finance Committee at its meeting held on 6 November 2014.

89/14 ANNUAL REPORT OF THE TRUSTEE COMMITTEE FOR 2013/14 (BGOV.14.11.16)

Members received a paper that reported on the activities of the Trustee Committee in 2013/14.

90/14 HONORARY AWARDS COMMITTEE UPDATE REPORT (BGOV.14.11.17)

A report was received that provided details of recent changes in the membership of the Committee and information in respect of the honorary awards due to be conferred in November 2014 and January 2015.

91/14 ORAL REPORT FROM THE PERSONNEL AND REMUNERATION COMMITTEE

The Board was advised that the formal meeting of the Personnel and Remuneration Committee scheduled to be held in November 2014 had been cancelled. Members would, however, be holding an informal meeting with the new Director of Human Resources in mid-December.

92/14 REPORT OF THE MEETINGS OF SENATE HELD ON 16 JULY AND 17 SEPTEMBER 2014 (BGOV.14.11.18)

A report was received of the matters considered, decisions taken and information received by Senate at its meetings held in July and September 2014.

Members noted that the report in respect of student retention contained within the July report was inconsistent with the position stated previously to the Board and reported again in BGOV.14.11.13. The reasons for this discrepancy would be investigated and clarification provided to members in due course.

93/14 APPLICATION OF THE SEAL (BGOV.14.11.19)

A report of the application of the University Seal since the Board meeting in July 2014 was received as follows:

- (i) On 17 July 2014 to a Land Registry Transfer (TR1) in respect of 42 Oscott Road, Perry Barr between Birmingham City University (transferor) and Sonia Begum/Faiza Bibi (transferee).
- (ii) On 17 July 2014 to the Appointment of a Design Consultant relating to Birmingham Conservatoire Project, Jennens Road, Birmingham between Birmingham City University and WYG Engineering Limited.
- (iii) On 31 July 2014 to a Lease of the Electricity Substation situated at Birmingham City University, Curzon Street, Birmingham between Birmingham City University (the Landlord) and Energetics Electricity Limited (the Tenant) for a term of 99 years.
- (iv) On 2 October 2014 to a Land Registry TP1 Transfer of part of registered title(s) in respect of Property at Wellhead Lane, Perry Barr, Birmingham between Birmingham City University (transferor) and Tauheedul Education Trust (transferee).
- (v) On 6 November 2014 to a JCT ICD 2011 Intermediate Building Contract in respect of the refurbishment of the NTI Building between Birmingham City University (employer) and GTH Construction Ltd (contractor).
- (vi) On 6 November 2014 to a Theatre Sub-contractor to Fund/Purchaser Collateral to a sub-contract relating to the Birmingham City University Phase 2 Development at the City Centre Campus between Hussey Seatway Ltd (sub-contractor), Birmingham City University (employer) and Willmott Dixon Construction Limited (contractor).
- (vii) On 6 November 2014 to a Theatre Seating Sub-contractor to Employer Collateral to a sub-contract relating to the Birmingham City University Phase 2 Development at the City Centre Campus between Hussey Seatway Ltd (sub-contractor), Birmingham City University (employer) and Willmott Dixon Construction Limited (contractor).
- (viii) On 6 November 2014 to a Sub-contractor to Tenant/Management Collateral to a sub-contract relating to Birmingham City University Phase 2 Development at the City Centre Campus between Hussey Seatway Ltd (sub-contractor) and Birmingham City University (the beneficiary).

The Seal was applied to item (v) above as Chairman's action under the authority delegated to the Chairman to approve the application of the Seal between meetings of the Board and Committees in order to expedite transactions to which the necessary financial and other approvals had been granted.

94/14 DATE OF NEXT MEETING

The next meeting of the Board would be held on Thursday 5 February 2015 at 4.00 pm.

Chair:

Date: