



## BOARD OF GOVERNORS

Minutes of the meeting held on 8<sup>th</sup> February 2017  
at 10.30am at Newton Park

Present:	Mr T Jagger (Chair) Professor R Alexander Ms K Curtis Dr K Doern Ms T Fisk Ms L Fleming Mr M Francis Mr J Glasspool	Ms R Heald Ms K Hilton Lady T Lloyd Professor P Martin Mr T Osborne Mr D Pester Professor C Slade (Vice-Chancellor)
In attendance:	Mr C Ellicott (Clerk) Mr N Latham Professor N Sammells	Mr K Wright Professor R Mears (item 16/23 only) Mr S Williams (item 16/28 only)
Apologies:	Mr S Brooks Ms N Campbell	Mr A Fasoutis Reverend E Mason

### 16/16 CHAIR'S INTRODUCTION

The Chair welcomed all and especially new members Jonathan Glasspool and Kerry Curtis.

### 16/17 MINUTES OF THE MEETING HELD ON 16<sup>th</sup> NOVEMBER 2016

The minutes were agreed as a true record, after the spelling of 'Fasoulis' and 'Terence' had been corrected. It was agreed that minutes would in future be circulated as soon as possible after meetings, and corrections and matters arising sought in advance of the next meeting.

### 16/18 MATTERS ARISING

The Clerk drew the meeting's attention to the Schedule of Decisions taken on 16<sup>th</sup> November 2016.

### 16/19 CHAIR'S BUSINESS

The Chair, himself attending his first meeting, noted that the Board was unusual for its sheer size, but this did allow lots of points of view. He said he wanted it to be a Board which discussed, at which people could challenge and be challenged, of course in an unthreatening way. He asked Governors to think about the need for further review of Board arrangements, and training needs (for instance, on academic, finance or governance matters). He said that a review of Committees and membership of Committees was, in his view, necessary. It was important to ensure that decisions were being taken in the right forums. The timing of Committees also needed consideration, his early thoughts being to not have any Committee meetings on the day of the full Board meeting, with Audit Committee being held shortly before, and Policy & Resources halfway between, Board meetings. He invited Governors to consider these matters in due course and feed back any comments to himself or the Clerk.

Governors asked for early advice of dates of meetings during academic year 2017/18;

**16/20 CLERK'S BUSINESS**

**Register of interests (Governors) [Paper G922]**

The update to the register of interests was noted. In future this would be maintained in a simple updateable spreadsheet.

**16/21 VICE-CHANCELLOR'S REPORT [Paper G923]**

In presenting her report, the Vice-Chancellor mentioned a recent meeting a Clarence House, at which she had been accompanied by the Chair of Bath Festivals, which had resulted in the planning of a visit to the University in May by the Duchess of Cornwall.

She was working hard with a group of institutions of a type similar to Bath Spa University to jointly guarantee and self-audit to assure the Home Office of compliance with immigration regulation demands. She said that the Minister of State for Universities, Science, Research and Innovation had indicated his support for this venture.

She directed Governors to the i-graduate report of student opinions. She said that this gave a great understanding of the student experience, strengths and weaknesses, and a fine-grained account of the University's performance in this area, for both home and international students. She noted that accommodation costs were impacting particularly hard on students.

Governors felt that building improved relationships with both the Duchy of Cornwall and Bath Festivals was highly desirable. It was also felt important to be able to explain to the wider world and set in context University sponsorships and relationships. It was important to balance being global and acting locally, and it was felt that the local authority was beginning to better understand the University's changing profile. The value of students to the local economy was a very powerful message.

Governors asked whether students considered that the level of their tuition fees represented value for money. The Vice-Chancellor said that there was national disquiet about the level of fees and some Student Unions, including Bath Spa, had decided to boycott the National Student Survey in protest. She said that the University needed to be very clear what it was spending its money on and good communications with students on this were critical. The University spent a lot of money on IT and estates, and needed to be sure that this was appropriate. An example of a positive recent initiative was the cutting of the cost of printing for students. The Chair said that he had overheard conversations on the University bus that suggested that work deadlines and travel arrangements were of particular concern to students.

It was agreed that there needed to be a comprehensive analysis of how money is spent and how this is communicated to students and it was agreed that such an analysis need to be carried out.

**ACTION: VICE-CHANCELLOR**

Governors felt that the Higher Education sector was in an unprecedented period of change and that the REF and TEF would bring about changes to contracts. The Vice-Chancellor set this in context for Bath Spa University. She said the levels of research activity were rising but that the University still had a different staff mix to many more traditional universities due to the high number of practitioners amongst staff. She hoped that the University could move

towards variable contracts for academic staff, which allowed the balance of research and teaching to be flexible across a period. She said that it was important that strong researchers were able to be released for a full semester to do their research. She believed variable contracts would be a very positive step forward. Governors agreed that this, and the future of research assessment in particular, was a profound issue.

The Vice-Chancellor clarified that UKVI audit was now concluded to the satisfaction of the University. A series of actions had been pursued to improve readiness for any future audit. The roll-out of the new attendance monitoring system continued and it was important for the University to improve its use of learning analytics.

She drew attention to the section of her report on government funding initiatives. Governors welcomed Professor Sammells's suggestion of a paper on research and enterprise strategy for the next meeting of the Board.

**ACTION: DEPUTY VICE-CHANCELLOR**

#### **16/22 FINANCIAL INFORMATION AS AT 31<sup>st</sup> DECEMBER 2016 [Paper G924]**

The Chair commented that he was pleased to see this item going to the full Board of Governors as its primary destination, as all Governors had responsibilities in this area, and he felt having a full debate was crucial. He believed that there was scope to make financial reports punchier and easier for Governors, for example, with less data, more graphics, and more attention drawn to key issues. Mr Latham agreed that it would be possible to make the presentation of financial information easier to digest, without presenting just as headlines. He suggested this might be trialled at Policy & Resources.

In introducing Paper G924, Mr Latham drew attention to the summary at 2.1 which showed that the University was a little behind budget with a projected surplus of £3.4M (4.1%), but moving in the right direction. The other parameters were all positive, and the University was on track as regards its covenants.

Mr Wright drew particular attention to paragraph 4.3, which indicated an underspend in staffing costs of just over £1m, which mostly related to unfilled posts. Governors felt that caution was necessary in this area, and that tensions between arrangements to recruit new staff and the development of new curriculum needed to be explored. Mr Latham explained the present planning and budgetary systems and said that last year it had been possible to release resources early to enable Schools to get ahead with their planning.

Governors felt that it was particularly important to be thinking about income from student recruitment and tuition fees; the costs of pension schemes; profits from operating surpluses; the capital budget; and debt levels. It was important to have the right amount of detail to be able to draw out the bigger picture without being overwhelmed, and governors would welcome the finance report indicating major strategic risks which needed considering

Mr Wright covered other aspects of the report relating to spending, and said that the University was moving into uncertain times during which there would be a need for careful budgeting. He hoped for a positive outcome at the end of the financial year, and planned to submit a high-level budget paper in April which would include, inter alia, scenario analyses, covering recruitment velocity and the impact of economic factors. Governors felt it was important to have a spread of variances.

The Vice-Chancellor indicated the need to improve intelligence, particularly on new courses, through market research, both nationally and internationally. It was important to be very careful when allocating resources.

Governors questioned the reference in 4.7 to there being no need for temporary accommodation at Sion Hill. Mr Latham confirmed that this was the current situation and said the position would be continually re-evaluated beyond the current academic year. The Chair agreed the need to learn from the past in order to achieve a natural transition to the future strategies and the methods to manage it.

Mr Latham summarised that at the halfway point in the year, the University was a little behind target but on track. He believed that targets could be achieved and that there was a need for care but not for management intervention at this stage.

Governors asked about attrition in student numbers, particularly between first and second year, and the possible negative effect of semesterisation on retention. It was noted that the University's retention rates were generally good, although this year had been slightly higher than assumed in the financial model, and that a wastage of around 13% between undergraduate years one and two was far from untypical, and indeed compared favourably with many institutions. Changes to the undergraduate framework would need to be communicated carefully to students to ensure good levels of engagement.

In concluding discussions, the Chair stressed the need for finance documents to be simplified and shortened, focusing on the key areas that Governors needed to think about. It was agreed that senior staff would look at better ways of presenting the finance data, and Governors were invited to share other styles of financial presentation.

**ACTION: VICE-CHANCELLOR / CHIEF OPERATING  
OFFICER / HEAD OF FINANCE**

Paper G924 was noted.

*[The Chair welcomed Professor Mears to the meeting]*

#### **16/23 UPDATE ON PROGRESS AGAINST ACADEMIC STRATEGY (Paper G925)**

In reflecting on the creation of the College of Liberal Arts, Professor Sammells said that the restructuring had been driven by academic considerations rather than being a cost-cutting exercise. He said it was important to remember that the three Schools were equal partners, rather than Bath School of Art & Design and the Institute for Education being satellites. The decision to delay semesterisation from 2018 to 2019 reflected staff concerns and had created more time for Schools to reimagine their course offers and to look at course costings. The key was to streamline the curriculum offer.

Professor Mears said that there were 674 undergraduate modules in the current scheme though not all operated every year. This suggested a choice that was wide but fragmented and his staff were searching for repetition. The objective was to slim down the huge number of modules and to get staff working together to build connected communities. It was important to create a regulatory framework which enabled choice and did not compel students too much. He said that the size of CoLA had been challenging in terms of structures, but the College had broken down obstacles and staff were finding it easier to identify areas of collaboration. Student recruitment was based more on choice of course and subject than detail. The Vice-Chancellor said it was hoped to reduce to around 200 undergraduate modules

in all, which would take around two years. Facilities needed to be available to all, through the rethinking of structures and courses.

Governors asked for greater familiarisation with University facilities, and the Clerk agreed to organise campus visits and tours for governors who wanted them.

ACTION: CLERK

The Vice-Chancellor said that a number of other Universities were looking at Liberal Arts. Specialisation was a particular feature of UK HE courses and the notion of flexibility was poorly understood by careers offices and some schools. There was a need to create a clear link between the structure of courses and the new world of work. This could be particularly challenging to convey to the parents of prospective students. A BA in Liberal Arts might not create great demand, but it was important to create that ethos in different courses and break up old modules.

Governors felt that CoLA was a great unique selling point for the University and it was important to signpost what CoLA was and to reach out to parents as buyers and applicants as consumers.

Mr Latham reassured governors regarding the paper's final paragraph 5.4. Risks had been mitigated and staff in CoLA were committed to the new structure and would not opt to go back. He believed that there no significant risk in the changes, and that staff appreciated what the University was trying to do.

Paper G925 was noted.

*[Professor Mears left the meeting]*

#### 16/24 STUDENT RECRUITMENT 2016/17 AND UCAS APPLICATIONS FOR 2017 ENTRY (Paper G926)

The Clerk presented Paper G926 and said that further research had shown that a large proportion of increasing number of applicants holding firm places who had failed to register at the University had deferred from the previous cycle. He said there was also some evidence of the impact of personal and financial circumstances, but some applicants had changed to other Universities and some had opted for apprenticeships. As to the present recruitment cycle, he said that the drop in UCAS applicant numbers was balanced by early indications of an improvement in the conversion of applicants such that, based on the same number of offers, the University was already more than 20% ahead in terms of firm acceptance compared to the same point in the previous cycle.

The Vice-Chancellor expanded on the University's strategy to improve conversions, particularly focusing on improvements in contact with applicants. She was concerned that the University was seeing applications from the European Union being affected by Brexit and there was a drive to remedy this. To summarise, she was cautiously optimistic about Home applications via UCAS; pessimistic about EU applications; but relatively confident about improving international (non-EU) numbers to an intake of around 400.

Governors discussed the use of different strategies in offer-making, and particularly the recent growth in the number of institutions making unconditional offers. It was also agreed that it would be desirable to grow the number of BME students.

Staff were being encouraged in particular to convey their passion for the University and its courses at Open and Visit days, this approach having significantly improved conversion rates in the Bath School of Art during the previous cycle. It was agreed the emphasis on improving conversion could not be over-stated, but Governors were impressed by the effort and enthusiasm demonstrated by the University in seeking to achieve this.

Paper G926 was noted.

**16/25 SANTANDER BORROWING FACILITY – CREDIT AGREEMENT (Paper G933)**

The Board approved the amendment to the Santander Borrowing Facility Credit Agreement outlined in Paper G933 and authorised the signing of the letter appended to the paper.

**16/26 AUDIT COMMITTEE**

**i. Terms of Reference (Paper G934)**

The Convener of the Audit Committee, Ms Fisk, presented the recommended revised terms of reference. She said that at its meeting the previous day Audit Committee had clarified that membership of the Committee should be drawn from Independent and Co-opted members of the Board, the Terms of Reference would be amended to make this clear. With this understood, Governors agreed the revised terms of reference presented in Paper G934.

**ii. Anti Bribery and Corruption, Financial Code of Conduct & Gifts and Hospitality Policy (Paper A424)**

Ms Fisk said that the Audit Committee had asked the policies to be taken back for further work. She said that there was the need for a framework for monitoring policies and a stand format. She clarified that Governors were not being asked to approve the policies. It was agreed that the developed policies should be circulated to Governors as soon as possible for Governors to indicate approval.

**ACTION: CLERK**

**iii. Appointment of Internal and External Auditors**

Audit Committee had agreed to tender for both internal and external auditors in a year's time.

**iv. Timing of Audit Committee**

There had been some discussion about the future timing of Audit Committees. The Chair asked that Audit Committee decide their preferred dates and advise as soon as possible. It was recognised that adjustment to Board meeting dates might also be necessary.

**ACTION: CONVENER AUDIT COMMITTEE / CLERK**

**16/27 ESTATES STRATEGY AND DEVELOPMENTS (Paper G928) / LONG TERM FINANCIAL PLANNING, PLANNED CAPITAL EXPENDITURE, AND THE REQUIREMENT FOR BORROWING (Paper G929)**

It was agreed that these papers should be taken in tandem.

Mr Latham introduced the paper, and both he and Mr Osborne talked about the projects summarised at para 2 of Paper G928, particularly the project relating to the Royal Mineral Hospital, the concept of an innovation town and the Locksbrook Road development. Mr Latham also clarified the position with regard to the former Stothert and Pitt sports ground, which it was hoped in due course would provide a sports hall and gymnasium for the University, with some community use as well.

As regards the Locksbrook Road development (the former Herman Miller factory) the Chair said that he was nervous about using up the University's borrowing capacity. The initially expected cost had been far short of £30M so questions needed asking as to whether it still represented value for money and was affordable. It was a very different project to the Green Park housing development, which had gone up in value and strengthened our financial position.

Governors discussed all aspects of the Locksbrook Road project. Mr Latham stressed that the project gave the University an additional capacity of at least 850 students, which was necessary given existing expansion and the ambition for growth. Overall estate planning had also been adjusted to take into account a reduced growth profile. He said that the cost of the project was compatible with the cost of providing a new Art School elsewhere. Options for spending less were available, but would not result in what the University wanted. The difference was between creating additional space, a new teaching facility or a new campus, and it was a new campus that the University wanted.

The Vice-Chancellor noted that competition between Art Schools was fierce and that the University had to be able to compete. In response to a question as to how the project compared with other similar projects in the sector, it was agreed that all Governors needed to be reminded of the detail of the project, which should be circulated.

**ACTION: CLERK**

Governors agreed that it was important that the University should not lose its nerve, but there was a suggestion of a more specific sensitivity analysis for the project, as some felt that the appendix 4 to Paper G928 was too general and did not go far enough. There was acknowledgment that unless the School of Art & Design had the facilities to challenge competitors, it was bound to lose market share.

Turning to Paper G929, Mr Latham said that he developed a base case for student numbers and thus financial modelling based on a 10% reduction in recruitment in 2017/18 but, as discussed earlier, the University was hoping for a better outcome than that. He had removed the option of spending £15M for the Ralph Allen Building which both reduced financial risk and better aligned medium term growth in space to likely student numbers. He felt the proposed revolving credit facility of £15M to July 2022 gave the University a flexible option at an attractive price, and added that he had been looking at 'accordion' funding which would allow further expansion of the drawdown facility if necessary. Alternative financing arrangements were briefly discussed. While these might provide a greater cash margin during the next few years they would commit the University for a longer period with a higher rate of interest payable. The possibility of conversion to such an arrangement in the future was recognised as a possibility.

The Chair proposed that the meeting agree paragraph 1.2 of paper G929, subject to Mr Latham demonstrating to P&R that cash holdings would not fall below 60 days at any time during the period. As indicated in paragraph 1.2 it was reinforced that agreement to proceed further at this stage did not commit the Board to the build expenditure for Locksbrook Road, which would be proposed for decision in the Summer.

Subject to the above, recommendations included in para 1.2 of Paper G929 were agreed. Paper G928 was noted.

*[The Chair welcomed Scott Williams to the meeting]*

**16/28 MARKETING STRATEGY**

Mr Williams introduced himself as a recent-joined member of staff and talked about his ideas for taking the marketing and brand strategy forwards. He covered short-term marketing recruitment plans; brand and reputation, which he saw as involving refreshment and evolution rather than change; and the need for a perception study. He said that the i-graduate survey had produced much interesting information, but the University need to think about where it was and where it needed to be and identify the gaps. He said that there was a need to better integrate teams working the areas of marketing and recruitment. The success of the marketing strategy would be based on analyses of enquiries, applications, declines, offers and an understanding of conversion rates. There followed a discussion on the means of communicating effectively with applicants and their families, and the need to adopt appropriate communication channels was felt to be paramount.

In thanking Mr Williams, the Chair said that it was important that the University's marketing; recruitment; development activity; and public positioning/press coverage had shared values. He said that he was sure that Governors would want to support the marketing effort individually through their own contacts and all were willing to help if they could. He asked for Governors to be suitably briefed.

**ACTION: DIRECTOR OF MARKETING  
& INTERNATIONAL**

*[Mr Williams left the meeting]*

**16/29 2017/18 TUITION FEE PROPOSALS (Paper G931)**

Mr Latham explained that the proposals included increasing tuition fees to £9250 for both new and continuing (Home and EU) undergraduate students; the increase for continuing students represented income of about £1M to the University. Governors noted that this was equivalent to about one third of the projected surplus this year.

Governors nevertheless expressed nervousness at the proposal to increase fees for continuing students, particularly as more than half of Universities proposed not to increase fees for those cohorts. In particular, Ms Hilton said that she was worried that students would feel a sense of commercialisation and the University did not value them. She feared that there might be a backlash from students which would be detrimental to the University.

After further discussion during which an option for phasing in an increase was considered, such that the higher fee would not be paid by continuing students in 2017/18 but would be charged in subsequent years, and the increased challenge of meeting financial targets was noted, the meeting agreed the following:

1. Tuition fees to be increased to £9250 for new full-time students from academic year 2017/18.
2. Tuition fees for students continuing in academic year 2017/8 to be either fixed at the current rate of £9000 for that year; or raised to £9250 but then discounted to £9000 in a way to be determined.

**ACTION: CHIEF OPERATING OFFICER**



16/30 PROPOSED STUDENT ACCOMMODATION RENTS 2017/18 (Paper G932)

The Board agreed the proposed rents as detailed in Paper G932.

16/31 It was agreed that the following items be not taken at this board.

- LEAD INDICATORS AND COMPARATOR GROUP (Paper G927)
- PROFITABILITY AND BETTER WAYS OF WORKING (Paper G930)

There being no further business, the meeting closed at 4.05pm.

Christopher Ellicott  
Clerk to the Board of Governors  
February 2017

Signed as a record of confirmed minutes by:

Mr Terence Jagger

Chair

Date

*Terence Jagger*  
*20<sup>th</sup> Aug 2017*

