

UNIVERSITY BOARD OF DIRECTORS

CONFIRMED

Minutes of the meeting held on 21st January 2020

Present: Mr G Donnelly (Chair), Miss F Aiken, Mr J Batty, Ms K Brookes, Mr C Bush, Professor L Challis, Ms J Johnson, Professor J Lee, Mr I Looker, Professor J Mennell, Mrs J Stannard, Mr M Williams, Mr P Yates

In attendance: Dr J Brown, University Secretary
Mr A Heron, Deputy Director of Finance and Planning
Mrs M Leek, PVC (Director of Staff and Student Services)
Mrs K McLaughlin-Flynn, Director of Finance and Resources
Professor R Trimble, DVC (Academic)

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| 19:59 | Apologies for absence
Apologies were received from Directors Mrs E Bales and Revd Canon C Butland. | Verbal |
| 19:60 | Declaration of Interests
There were no declarations of interest. | Verbal |
| 19:61 | Minutes of the previous meeting
The minutes and confidential minutes of the meeting held on 18 December 2019 were approved as an accurate record. | UB19/37
a) & b) |
| 19:62 | TRAC and TRAC (T) Approval | UB19/38 |

Received: A paper on the TRAC and TRAC(T) outcomes for approval.

The Director of Finance and Resources (DF&R) introduced the paper, which provided an overview of the TRAC and TRAC(T) returns to the OfS (the returns were noted as available for review on the Board SharePoint site). She explained how the TRAC return provides the full economic costs of the University's provision, but that the data is not used for costing internally as the University is organised in a different manner to that set out in the returns. The difference between the TRAC and accounting deficits for the year was explained, with an adjustment required in TRAC for EBITDA. It was noted that the teaching cost per student is now higher than the standard tuition fee income, with the TRAC(T) data showing variations, but with costs generally higher than last year. As set out in the paper, the Board was asked to approve the returns and confirm compliance with TRAC guidance.

In the discussion that followed the key messages from the returns were debated, including that there were small numbers of students on some courses which was leading to the high costs of teaching in these disciplines, and that additional income was required. Detail was requested relating to the key drivers of 'other income generating activities'; it was explained that this included student accommodation, catering and regeneration activity. The latter was noted as not recovering full costs as bids in this area were not fully funded; the reduction in student numbers in accommodation while retaining the overheads, was also a negative driver in this area of the return. In response to a question, it was confirmed that apprenticeship income was recorded in a number of places, depending on how individual courses were classified.

In summarising, the Chair noted that the University needed to deliver on its financial forecasts, improving the institution's financial position and therefore also the key messages from such data sets for the future.

- AGREED:**
- To approve the TRAC and TRAC(T) returns;
 - To confirm that the University had complied with the relevant guidance in compiling the returns.

19:63 Bank

UB19/39

Received: A request for a revised resolution, for approval.

The Deputy Director of Finance and Planning (DDF&P) spoke to the paper, which set out the minor amendments to the Board resolution requested by the University's bank. It was confirmed that the letter of amendment remained as presented to the November 2019 University Board meeting.

In response to a question, it was confirmed that external legal advice had not been sought on this occasion, however it had been when a similar waiver had previously been agreed and the University was comfortable with the documentation as presented.

The amended resolution was agreed as set out below.

- AGREED:**
- The terms of, and the transactions contemplated by, the letter of amendment are agreed and that the Board resolves to ratify the execution of this letter on 21 November 2019 by Mr Geoffrey Donnelly (Chair of the Board) and Professor Julie Mennell (Vice Chancellor).
 - The amendments set out in the letter of amendment are in the interests of and for the benefit of the University and are most likely to promote the success of the University as a whole.
 - The Bank is authorised to act in all matters concerning the loan agreement as amended by the loan agreement amendment letter once it receives instruction from the University in its capacity as Borrower, signed in accordance with the Bank's mandate for any of the accounts held by the University with the Bank currently and from time to time.

19:64 Approval Arrangements: 2018/2019 Access Agreement and Student Premium Funding

UB19/40

Received: A paper setting out the OfS requirements in relation to the monitoring documentation for the 2018/19 Access Agreement and a proposal for the approval process

The DVC(Academic) reported that the requirements for the monitoring of the 2018/19 Access Agreement had been received from the OfS late in 2019. The reporting was reduced on the previous year, with a focus on high level expenditure. Work on the return was ongoing. It was reported that the OfS requires confirmation that the Board has had oversight and monitoring of delivery of the Access Agreement. In order to ensure that the Board's role has been explicit, it was proposed that the Chairs of the Board, Academic Governance Committee and Finance and Resources

Committee approve the return prior to submission, with reporting to the subsequent committee and Board meetings.

The monitoring requirements were noted and the proposed approval process agreed.

- AGREED:**
- To note the monitoring requirements in relation to the 2018/19 Access Agreement
 - To approve the proposal for explicit Board oversight and monitoring via a meeting of Chairs and subsequent reporting to AGC, FRC and University Board.

19:65 Estates Update

UB19/41

Received: A paper providing updates on delivery of the Estate Strategy and related approvals.

The Howes

The DF&R spoke to the paper, starting by setting out the position with the sale of The Howes, where the National Park Authority has amended the conditions on the use of the building resulting in the buyer reducing the offer. The relationship between the University and the National Park Authority was discussed, noting that the offer to local people was important for both organisations.

A section of this minute has been recorded as a separate confidential minute.

Lancaster Campus

The DF&R went on to update the Board on the position with the disposals at the Lancaster campus, setting out that, although matters relating to planning permissions were largely for the developer, the University had a role to ensure that the proposed developments were suitable for the sites in question, the South East corner area and the former tennis court site. One of the sites for which planning permission was being sought was proposed to be developed as a care village, the other was to be private housing but was now proposed to be used for an assisted care facility. The Board was asked for approval of the planning permissions to be delegated to the Chair of the Board and the Chair of Finance and Resources Committee if the decision was required when a Board meeting was not scheduled.

Secondly, the DF&R set out the request from the developer, UKSF, for a letter of indemnity to cover their costs in proceeding with the planning permissions prior to the sale agreement with the University being finalised. The recommendation being that the University enter into a letter of indemnity, for fees up to £85,000, against the event that the University do not sign the sale agreements.

In relation to the delegation of authority to approve the planning permissions, the Chair of the Board noted that this was a re-authorisation of a decision made in May 2019.

With respect to the letter of indemnity, a question was asked as to whether this would have a fixed end-date and what risks there were that could result in a payment being required. The DF&R set out that the planning permission would be sought in late March, with the letter having

an end date of the end of July. She confirmed that there were risks as UKSF needed to complete their searches, however the letter of indemnity would not cover planning permission being turned down.

The delegation of approval of the planning permissions and the signing of a letter of indemnity, as set out in the paper, were approved.

Borderlands Project

The DF&R went on to provide an update on the Borderlands Project. The timeline for the next stage of the project was discussed, with it being noted that there were risks of the project being accelerated too fast, as well as if it was to be overly delayed.

- AGREED:**
- A section of this minute has been recorded as a separate confidential minute.
 - That the approval of planning permissions in relation to the South East corner area and the former tennis court site in Lancaster be delegated to the Chair of the Board and Chair of Finance and Resources Committee.
 - That a letter of indemnity be signed, for fees up to £85,000, against the event that the University do not sign the sale agreements with UKSF.

19:66 Dates of future meetings

Tuesday 17 March 2020, Lancaster

Tuesday 19 May 2020, Ambleside

Thursday 9 July 2020, Carlisle