

CONFIRMED

University of Derby

Governing Council

Minutes of the meeting of Governing Council, Friday 6th July 2012

Membership

Mr Chris Hughes (<i>Chairman</i>)*	P	Mr Ian Gibbard <i>Chairman FEGP</i>	P
Mr Dominic Anderson	A	Ms Joanne Kay	A
Mrs Susan Ambler	P	Councillor Andrew Lewer	P
Mr James Beckett	P	Dr Antonios Platsas	P
Mr Neil Calvert	P	Mr Peter Richardson	A
Professor John Coyne	P	Ms Andrea Robertson-Begg	P
The Venerable Dr Christopher Cunliffe	P	Mr Martin Rogers <i>Chairman Audit & Risk</i>	P
Mrs Olivia Dean	A		
Mrs Elizabeth Fothergill <i>Vice-Chairman</i>	P		

(* Also Chairman of the Nominations and Remuneration Committee)

In attendance of the seminar and the main meeting:

Mr Hari Punchihewa, Deputy Chief Executive and Finance Director	P
Professor Elizabeth Barnes, Pro Vice-Chancellor	P
Professor Philip Plowden, Pro Vice-Chancellor	P
Professor Paul Bridges, Clerk to the Governing Council	P

Meeting held at the Oaklands Outdoors Pursuits Leadership Centre, Buxton. A full tour of the facilities was provided by Linda Birch and her academic and technical team in torrential summer rain.

Minutes

1. The Chairman welcomed members and thanked Linda Birch and her team for the excellent tour.
2. Apologies for absence were received from Olivia Dean, Dom Anderson and Joanne Kay. Apologies for late arrival were received from James Beckett, Neil Calvert, Cllr Andrew Lewer and Peter Richardson. Despite his best endeavours Peter Richardson was finally unable to make it through the flooded roads. Peter Richardson and Olivia Dean sent written comments to the Clerk regarding the proposed merger with Leek College.
3. There were no declarations of interest by the members of the Governing Council.
4. The minutes of the meeting of the Governing Council held on 23rd March 2012 subject to a correction of the line of reporting in the discussion of the new Further Education structure. The new Principal will report to a *Pro Vice-Chancellor* of the University.
5. Matters arising: The Vice-Chancellor confirmed that he has commissioned a study of the economic contribution of the University to the region and this was now being checked by Mel Powell in the Derby School of Business. It had been provisionally estimated that the University contributed about £200m per annum to the local economy. Christopher Cunliffe suggested that this might be useful to the University in an advertising campaign.
6. Outstanding matters: With regard to the proposed University Technical College the University had decided to monitor the situation rather than to actively take the matter forward. The reason for this is that those in secondary education and the Derby City Council wished to see better schools rather than more schools. The University would not wish to see the establishment of a University Technical College harming relationships the University enjoys with existing schools.
7. Chairman's report: The Chairman commented on how delighted he was regarding recent student exhibitions and performances in the Arts. The performance of *Blonde* at Derby Theatre had been stunning. He had also been impressed by the Film evening and the Fashion show. The recent High Sherriff's Reception had been a reminder of the splendour of the Dome.
8. Vice-Chancellor's report; the Vice-Chancellor presented his written report and confirmed that the University is in good shape. He was pleased to announce that HEFCE had now agreed to provide £987 k transitional funding to support the work of University Derby Corporate over the next three years with a further £320 k still in prospect for the current year. This was broadly in line with the original agreement and would allow the UDC to continue in accordance with its

plan to progressively increase income through business engagement. The Vice-Chancellor also indicated that he believed that student attainment was rising. He had seen superb shows and so he was not surprised to learn that textiles had nine first class graduates this year. The Vice-Chancellor was also delighted to report that the University students on the LLB had won the Blackstone National Advocacy Competition which is a contest of some standing.

9. The University of Derby Student Union: James Beckett UDSU President confirmed that the UDSU had now appointed Robert Hayes from the University of the Creative Arts as the new Chief Executive with effect from 1st August. The Council congratulated the UDSU on its continuing good progress evidenced by the key performance indicators. It was very pleasing indeed to note that Dom Anderson had been elected to the National Union of Students.

DECISION MATTERS

10. The Proposal to merge with Leek College of Further Education and School of Art

Council embarked on a detailed consideration of the proposal to merge with Leek College of Further Education and School of Art. Council received three papers to facilitate the discussion: (i) The strategic context (ii) The financial report and (iii) The formal proposal for the merger.

Professor John Coyne explained that the primary purpose of the merger was two fold. First it was designed to give the FE provision at the University critical mass which was becoming increasingly difficult to achieve with Buxton alone. Secondly, he planned to increase the FE footprint in the north of the county in the medium term. Buxton College and Leek College are amongst the smallest FE providers in the country and there is downward pressure on their contracts. They are competing against one another to some extent. Merger would potentially enable them to improve efficiency and complement one another in the programmes that they offer. There were also broader reasons for the proposal. It was extremely important to appreciate that if the Buxton FE provision terminated then the HE provision would not justify the Buxton Campus. The HE provision would need to double in size quite quickly. The need to protect and promote FE has implications for the HE provision of the University. Professor Coyne also pointed out that FE provision in small market towns such as Buxton and Leek were potentially more significant to the local community than provision in large metropolitan areas.

Hari Punchihewa summarised the financial factors. He noted that the recent report of the actuaries of the Local Government Pension Fund had indicated that the pension deficit relating to 66 staff at Leek was £1.35m. However, we cannot get the exact position as a number of staff are leaving or being made redundant. It should be noted that no pension scheme is fully funded. So the University would not expect to eliminate the pension deficit altogether. Therefore, it is prepared to accept a deficit which needs to be supported through a combination of cash payment and/or increased employer contribution as negotiated with the Fund. There was an important issue over the transfer of staff. The University needs to decide whether to just transfer the staff who would be continuing or transfer the whole scheme. The Finance team will look very carefully at the factors with the help of HR once we receive the up to date valuation reports. The team will also discuss the position with the relevant funding bodies. It may not be necessary to pay the full amount of the deficit into the Scheme.

There has been a useful and positive meeting with the officers of the Skills Funding Agency. The SFA is now prepared to help the merger succeed. One tangible source of assistance is that if the merged provision does succeed in generating higher student numbers, the SFA has indicated that it is prepared to help *within year* by increasing the size of the contract.

Ian Gibbard felt that the paper from the Finance Director was excellent and it did identify some significant concerns. The basic point which has to be addressed is: we already have one college in which the FE business is problematic; why acquire another one? John's strategic paper addresses this question effectively but Council needs to fully understand the numerous liabilities which are broadly financial.

Liz Fothergill was satisfied that there is a strategic fit and a cultural fit which is positive. However, Buxton College is in the process of removing a managerial layer which had only been in place about two years. The layer had been deemed necessary to improve quality and this remained extremely important. So was it wise to strip out this layer at the point of merger and when it was hoped to form the basis for future expansion? Professor Barnes replied that there had been benefits for the additional management layer over the past two years but with the funding cuts costs had to be eliminated prior to the merger and it was important to protect front line delivery. Some adjustments would need to be made in terms of staff responsibilities, ways of working and possibly additional administrative support would be required to ensure sufficient resource for oversight and management of quality. However, we are confident that we will still have sufficient staff to protect standards and promote growth in the merged colleges.

Neil Calvert felt that the most important factor was the strategic fit. He was convinced that the present position was not sustainable in the future. Martin Rogers commented that if this proposal had come as simply a stand-alone opportunity then he would not be recommending the acquisition. But he was convinced that the strategic case was a strong one and so he was supportive of the merger proceeding. Cllr Andrew Lewer observed that it was important not to adopt the argument that because the process had reached this stage it was too late to withdraw now. There must be a convincing case which outweighs the identified liabilities. He felt that it was a very difficult decision.

Peter Richardson submitted written comments which were read to the Council. He believed that the proposal made good strategic sense and so he would support the merger (Option 1). But he did have a number of concerns regarding the implementation. He wanted to know more about the competencies of the teaching staff. Skills, culture and working practices might be so different that significant change may be necessary with the associated cost. He advised that the University should not expect to increase FE income in the first three years while it addresses staffing issues. Mr Richardson also felt that it would be inadvisable to be unequivocal regarding the retention of the Leek brand. A new incoming vice-chancellor might feel different. He recommended a slightly more equivocal wording. This was agreed by members of Council. Mr Richardson also noted the need to check the business and IT systems because these could be problematic and he observed that this would be a further stretch for the very capable top management team. Olivia Dean also sent a communication supporting the merger for strategic reasons but emphasising the major work necessary to address the liabilities.

Dr Antonios Platsas commented that the case was very balanced. Andrea Robertson-Begg feared the merged FE provision would be a continuing drain upon the University resources and so was not convinced that the merger should proceed. Susan Ambler expressed a similar view.

The Chairman commented that if the University did not proceed with the merger than there were strong adverse consequences for both FE provision at Buxton and also HE provision at Buxton. For this reason the strategic case was very powerful.

The Vice-Chancellor wished to acknowledge the point made by Andrew Lewer. He agreed that the case was marginal because one had to balance strategic necessity against addressing significant issues. He did feel quite strongly that delay (Option 2) would not be helpful. This would simply make merger less likely as confidence drained from all stakeholders. If the University's FE provision had been located in the south he would not attempt to compete with Derby College; he would license the provision. But in Buxton FE is a critical part of the University's provision. The Vice-Chancellor pointed out that the University connection to the FE College provision was an asset. Interest in Leek College has risen since it was learnt that it may become part of the University of Derby. Thus the University brand in this context has been helpful. However, the association with FE has no benefits for HE recruitment. The FE association can even be negative in its effect on HE recruitment. And so there is a delicate balance to be achieved in the application and use of the University brand.

James Beckett was supportive of the merger. He had noted the new possibilities for the Students' Union in forging close links with Leek College. There would be some additional operational costs and he would need to discuss these with the University.

The Chairman then asked the Council if it therefore wished the proposed merger to proceed. The Vice-Chancellor commented that while the strategic case was powerful, he had no illusions as to the future – the key task would be the successful delivery of the management plan - it would be tough.

The Governing Council agreed that it would consider Option One which is to accept the risks and proceed with the merger, even though the actual cost of the liabilities are not known at present on the basis that this is an important merger for the group and any further delay may put the FE provision at Buxton under risk. The option also includes preparing a merger plan using reasonable estimates of the substantial liabilities to minimise the exposure. The Chairman offered a vote but there was no request to this effect. There was a clear consensus view:

DECISION: The Governing Council **approved** the proposal to merge with Leek College of Further Education and School of Art and to accept all the assets, property, rights and liabilities of the College Corporation in accordance with the Transfer Deed with effect from 1st August 2012.

DECISION: The Governing Council consented to the letter to be sent to Mr Geoff Russell, Chief Executive of the Skills Funding Agency. The letter will be amended to indicate that the University undertakes *to ensure that the particular identity of the College is preserved*.

DECISION: Governing Council give authority to the Vice-Chancellor and the Deputy Chief Executive and Finance Director to sign the necessary legal documents relating to the merger.

The Vice-Chancellor indicated that if during the process, anything else emerges which potentially goes beyond the mandate given by the Council then the Vice-Chancellor and Deputy Chief Executive and Finance Director undertake to return to the Council.

THE BUDGET 2012/13 Hari Punchihewa

11. The budget 2012/13

Ian Gibbard reported on the close consideration given to the budget by Finance, Employment and General Purposes Committee. He explained that the decline in FT undergraduate applications had caused FEGP to think carefully but it had decided that since the budget included compensatory elements and had been constructed prudently, the budget could be approved.

DECISION: Governing Council approved the budget for 2012/13.

The Financial Forecast 2012/13 to 2016/17. Governing Council noted that this was based on the existence of four tuition fee bands with effect from 2013/14.

DECISION: Governing Council approved the financial forecast for the period until 2016/17.

12. **The proposed tuition fees for 2013/14**

Professor Liz Barnes explained that the student response to the tuition fees had been different from expected. They were interested to know the services that they would receive given that the fees are less than £9,000 per annum. The Executive concluded that the banded approach to fees had been correct and appropriate but that a lower fee offer is a less sensitive matter to students than had been originally envisaged. So faced with the requirement to revisit the fees and amend them even before the students have arrived for 2012/13, the Executive had decided to lift the fees by 10%. This would increase income with minimal disincentive.

James Beckett was comfortable with this providing that the fees remain all inclusive: without extras. Philip Plowden pointed out that the original strategy which had been devised before he arrived had enabled the University to participate in the bid for marginal numbers which had been helpful. Neil Calvert noted that there would be a problem as the fees approach the £9,000 ceiling and the differentiation is progressively lost.

In response to a general question Professor Barnes reassured governors that prices did not increase after students started. The pricing structure remains the same for the duration of a students study with inflationary charges as appropriate.

MEMBERSHIP OF THE GOVERNING COUNCIL INDEPENDENT MEMBERS

13. The appointment of Tina Heathcote as an independent member of Governing Council with effect from 1st August 2012.

DECISION: Council approved the recommendation that Tina Heathcote is invited to join the Governing Council as an independent member for a three year term with effect from 1st August 2012.

And **DECISION:** Sue Norgrove-Moore, Vice-Chair of Leek College Corporation should be invited to join the Further Education Governance Committee.

14. Council noted that Councillor Evonne Williams had resigned from the Governing Council because she is no longer the Derby City Cabinet member for Schools and Young People.

APPOINTMENT OF ACADEMIC BOARD NOMINEES

15. Council noted that Andrea Robertson-Begg has been nominated by Academic Board as a continuing member of Governing Council for two years until 31st July 2014.

Mr Ian Whitehead, has been elected as the nominee for Academic Board. He will serve a three year term ending 31st July 2015. Ian could be invited to serve a second term. He was invited to this meeting as an observer as a courtesy but unfortunately he already had another commitment which could not be changed.

STUDENT MEMBERS

16. Council noted that James Beckett and Dom Anderson were both re-elected to the sabbatical team and their current positions. They will therefore both continue to serve on the Governing Council in 2012/13.

UNIVERSITY COURT

17. (i) To consider recommendations for new members of University Court (GC/12/2/14)

DECISION:

Council approved invitations to the following persons to become members of University Court

	Name	Further information
1	James Blick	Cathedral Quarter Hotel and Marketing Derby
2	Michael Cockerton	Vernon Carlton, Bakewell
3	Michael Copestake	Freeth Cartwright
4	Keith Doble	Lawyer on governing body of Lindau Forte College
5	Jeanette Godfrey	formerly events organiser for Rolls Royce
6	Debbie Fern OBE	Stanford Hall NVQ Training - Childline
7	Michael Williams	Buxton Theatre and Director of Buxton Festival
8	Colin Smith	Global Head of Engineering, Rolls Royce
9	Brad Miller	East Midlands Airport
10	Emma Harrison	Honorary Graduate
11	Paul Pochciol	Manthorpe Engineering, Ednaston Manor
12	Stephen Munn	Director of Deda

13	Stuart Gillies	Head of Museum Transformation at the City Council
14	Cllr Martin Rawson	City Council Cabinet Member:: Education & Young People
15	Ms Mandie Stravino	Principal Designate, Derby College

DECISION: Council also approved the recommendation David Wild and William Barron are invited to join the Advisory Group

THE UNIVERSITY CONSTITUTION:

18. The Articles of Association

The Chairman reported that he, Professor Coyne and Paul Bridges had met with Mark Taylor of Eversheds to stress test the articles and it had been agreed to proceed. The Clerk confirmed that he had instructed Eversheds to draw up the paperwork needed for the submission. A further issue had been raised regarding Clause 24 that states that the Vice-Chancellor will confirm all suspensions and dismissals. The problem is that if the Vice-Chancellor is not a participant in the disciplinary hearings, this process could be deemed unfair. The UCU is keen for the vice-Chancellor to have responsibility for all dismissals and suspensions but it would be totally impractical for him to participate in all disciplinary hearings that might end in dismissal. This matter was being considered with the help of Eversheds. Clause 24 is the position which the University is prepared to adopt because the Vice-Chancellor can consider the documentation and decide if the decision has been soundly based.

A RESOLUTION: The Clerk explained that the Articles need to be formally agreed by a special resolution of the Governing Council. This will be done by correspondence as soon as Clause 24 is resolved. It is necessary for 75% of Governing Council membership to agree for the Articles to proceed. Then Eversheds will submit the Articles to the Privy Council and the Charity Commissioners for approval. Approval may be a lengthy process.

PERFORMANCE REPORTS

Financial matters

19. Governing Council received the written financial report.

- (i) The Year to Date financial performance up to 30th April 2012 (University Group).
- (ii) The Year to Date financial performance up to 30th April 2012 (University)
- (iii) The Year to Date financial performance up to 30th April 2012 (DSRL)
- (iv) The Further Education financial performance to 30th April 2012 (FE)
- (v) The Financial Forecast 3 University Group
- (vi) The Financial Forecast 3 University

Strategic developments

20. **University of Derby Corporate.** The transitional grant of £971 k over a period of three years from HEFCE was welcomed. UDC now has over 3,000 learners registered.

21. **Derby Theatre:** governors commented on the pleasing comfort and ambience coupled with first class performances.

22. **University of Derby Online.** It was noted that learner numbers have exceeded the budget. The University of Derby Online has 1,800 registered learners. This development is coming on exceedingly well. It was noted that online materials could become an open educational resource, There is an opportunity for Derby to be a major international player in this area. Members were pleased to note that the UDol is obtaining independent measures of client satisfaction.

23. Estates update

The Deputy Chief Executive reported on the very full programme of summer developments, the largest of which is the Atrium project which will greatly improve the environment for students as they access their class rooms. The use of Lonsdale House has not been finalised yet. It will house some incubation units but it could also become the home for the Institute of Engineering. Alternatively, it could serve as an English venue for delivery to students from Montpellier Business School in France working in collaboration with the Business School. Work is continuing to find the source of the roof

leak at the Devonshire Dome but it is proving very difficult. Mr Punchihewa planned to bring Estates Strategy 3 to Council in October.

24 Council received the IT Strategy update.

Academic developments

25. Council was delighted to receive the news reports from the Schools prepared by Teresa Mellor and Russell Langley the new Head of Corporate Relations. It asked that its thanks should be conveyed to the compilers.

ACTION: It was agreed that the information should be placed on the website. .

Human resources

26. Council received the quarterly report on Human Resource matters. Council noted that nationally the Union and College Union has a *representation* which is pushing the Union hard to the left: seemingly at odds with the membership which re-elected Sally Hunt who by comparison, is less extreme. The UCU is therefore becoming increasingly confrontational. There is a lot of interest amongst universities to move towards local pay agreements which reflect local circumstances but the UCU has warned of the consequences if any university seeks to make the change. Derby would have no inclination to lead in this matter. Members observed that change might occur if a significant number of universities decided to change at the same time.

Admissions

27. Student applications for 2012/13 are improving by about 100 per month but remain low and the University will need to recruit 800 to 1,200 students in clearing. The position is also very competitive in Further Education. The University is experiencing an increased demand for its own Modular Foundation Programmes which bring in students by the non-A Level route. Central Television have enquired about coming to the University next week to report on UCAS applications.

ACTION: Council asked if the Pro Vice-Chancellor could provide an update on the progress of clearing during the process in late August/beginning of September.

Environmental responsibility

28. Council received the quarterly report on environmental responsibility including conservation of power and power generation and was delighted to note the First Class Award. Council also noted the success of the photovoltaic cells in generating energy.

Corporate Risk Register

29. Council considered the May 2012 edition of the Corporate Risk Register and felt that it was a good reflection of the situation as they understood it. They thought that some risks could now be removed: for example Derby Theatre and University of Derby Corporate.

Chairmen's reports

30. FEGC: Liz Fothergill reported that the FE Governance Committee would now be reconfigured. The Clerk was asked to write to Louise Potter and Chris Walters who would not be continuing onto the re-constituted committee to thank them for their many contributions over the years. He was also asked to write to Ken Cook to ask if he would be willing to be a member of the new Committee.

31. Audit and Risk Committee: Martin Rogers commented that Pricewaterhouse Coopers were now beginning to produce reports and the emphasis would be on value added.

32. The summary of the latest staff engagement survey, June 2012. This was welcomed and showed a positive picture. Governors were particularly pleased to see the improvement in IT Services which was clearly a reflection of the management skills of Neil Williams.

INFORMATION MATTERS: The following documents were noted

33. To **receive** the confirmed minutes of the Finance, Employment and General Purposes Committee meeting held on 15th March 2012

34. To **receive** the confirmed minutes of the Audit and Risk Committee of 5th March 2012
35. To **receive** the confirmed minutes of the Further Education and Governance Committee of 28th February 2012.

The next meeting of the Governing Council is on Friday 26th October 2012 at 12.30 pm at KR Derby.

Paul H Bridges
Clerk to the Governing Council
7th July 2012
Corrected 11th July 2012