

Board of Governors

DATE / TIME / VENUE	1700, Thursday 23 November 2017, Board Room, St Andrew's Court
PRESENT	Jane Hoskins (Chair) Dr Peter Bunyan Lucy Cook Jenny Crighton Bishop Christopher Foster Professor Graham Galbraith Mark Greenwood Dr Karen Heard-Lauréote Baldev Laly Kathryn Land Paul Myers Mark Readman James Thompson Professor Mike Tipton Dr Jenny Walden David Willan
IN ATTENDANCE	Professor Pal Ahluwalia, Pro Vice-Chancellor (Research & Innovation) Professor Paul Hayes, Pro Vice-Chancellor (Education & Student Experience) Bernie Topham, Chief Operating Officer Emma Woollard, Director of Finance
SECRETARIAT	Adrian Parry, Director of Corporate Governance Annette Bourke, Head of Governance Services Jemma Keys, Senior Governance Officer

Tabled papers:

- Agenda item 3, Minutes of the Previous Meeting (minute 25 refers)
- Agenda item 7.1, Financial Statements (minute 29 refers)
- Agenda item 7.1, Annual Sustainability Report (minute 29.2 refers)
- Agenda item 10, Masterplan Funding Update (minute 35.2 refers)

23 Apologies, Quoracy and Membership

- 23.1 The Chair welcomed Jenny Crighton, External Governor, to her first meeting.
- 23.2 Apologies were received from External Governors: Anne Lambert, Mark Lemon, Frances Morris-Jones, Margaret Scott and Nairn Wilson; and Pro Vice-Chancellor (Global Engagement): Chris Chang.
- 23.3 The Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

24 Conflicts of Interests

The following standing declarations of interest were noted:

- 24.1 David Willan was a Director of Portsmouth Football Club.
- 24.2 Baldev Laly's chain of pharmacies Lalys was working in a collaboration with the University's School of Pharmacy and Biomedical Sciences to provide 'Pharmacy live', a teaching facility for pharmacy students. It was also noted that he had property interests within the City.

25 Minutes

- 25.1 The Board noted that, following the circulation of the agenda papers, the minutes of the meeting held on 11 October 2017 had been updated to include the pre-prepared minute confirming the Board's decision to provide authority for amendments to the facilities letters. The pre-prepared minute had been received and approved at the meeting on 11 October 2017 and was reflected in its entirety in the updated minutes as a requirement of Barclays.
- 25.2 The updated minutes of the meeting held on 11 October 2017 were confirmed and signed as an accurate record, subject to the following amendments:
 - (i) Minute 8(iv): 'particular' would be amended to 'particularly'
 - (ii) Minute 16: 'accept' would be amended to 'accepted'.

26 Matters Actions and Matters Arising

- 26.1 Action was reported within the agenda papers on nine matters; six were for note, two were covered later in the agenda and one item would be received at a later meeting.
- 26.2 The Board noted that the Remuneration Committee processes that were agreed at the meeting on 11 October 2017 had been enacted as an interim measure. It was confirmed that further discussions on remuneration policy and process would take place once the Committee of University Chairs (CUC) had published their proposed code of practice.
- 26.3 There were no other matters arising from the minutes.

27 Chair's Business

- 27.1 The Chair attended the HEFCE Annual Meeting on Thursday 26 October 2017. Topics discussed at the meeting included Brexit, the financial health of the

Higher Education Sector, social mobility and the consultation on the Office for Students regulatory framework.

- 27.2 The Chair attended the Committee of University Chairs (CUC) Autumn Plenary 2017 on 26 and 27 October 2017. Key note speakers included Nicola Dandridge, Chief Executive of the Office for Students, who presented on the plans for the new Office for Students.
- 27.3 The Board noted that, as a member of the Special Purposes Group, the Chair had participated in decisions relating to the funding of the masterplan.
- 27.4 The Chair attended the Chancellor's Installation event on Monday 13 November 2017.

28 Nominations Committee

The Board received a report from Adrian Parry, Director of Corporate Governance, providing an update on the proposed Board appointments and Committee membership. The following points were noted in discussion:

- 28.1 The Nominations Committee had met on 13 October 2017 to interview four candidates for vacancies on the Board of Governors. Further interviews were scheduled for December 2017. Recommendations for appointment would be made on the basis of an assessment of comparative merits of all the candidates interviewed.
- 28.2 Following the interviews, the panel agreed that Claudia Iton had demonstrated the skills, knowledge and attributes to merit an immediate recommendation to the Board to appoint her as a governor with effect from 1 December 2017. The Clerk to the Board had subsequently spoken to her and she had expressed a keen interest in joining the Board.
- 28.3 Following a request at the last meeting, the Clerk had received a number of expressions of interest from governors to serve on committees. Further expressions of interest were welcomed. In particular, there was a need to secure an additional member for the Audit and Quality Committee.
- 28.4 On the recommendation of the Nominations Committee, the Board approved the following appointments:
- (i) Claudia Iton as an External Governor for the term of 1 December 2017 to 31 July 2021.
 - (ii) Claudia Iton as a member of the Human Resources Committee from 1 December 2017.

- (iii) David Willan as a member of the Finance Committee with immediate effect.
- (iv) Professor Nairn Wilson and Mark Greenwood as members of the Human Resources Committee with immediate effect.
- (v) Nairn Wilson as a member of the Student and Governor Advisory Group with immediate effect.

29 Financial Statements of the University 2016/2017

- 29.1 Mark Readman, Chair of the Finance Committee, introduced the Financial Statements of the University for 2016/2017. The following points were noted in discussion:
- 29.1.1 The Financial Statements were prepared in accordance with the Higher and Further Education Statement of Recommended Practice (SORP) and the FRS102 subset of International Financial Reporting Standards. The statements had been audited by the University's external auditors who had concluded that no audit adjustments were required.
 - 29.1.2 The statements had been discussed in detail at the Finance Committee meetings on 10 October 2017 and 14 November 2017, and at the Audit and Quality Committee meeting on 15 November 2017.
 - 29.1.3 The Board noted that income for 2016/2017 was 4% higher than in the previous year and expenditure was 7% higher.
 - 29.1.4 The University surplus of £6.8 million included £5.1 million accelerated depreciation in respect of the Langstone hall of residence. It was noted that the hall of residence would be permanently vacated at the end of May 2018.
 - 29.1.5 The Board noted that the Local Government Pension Scheme (LGPS) employer contributions had increased for 2016/2017. Employer contribution increases were expected to continue year on year until 2019.
 - 29.1.6 The Board received a tabled paper from the Director of Finance comprising of the proposed finalised wording in the statements to reflect the securing of the private placement for the estate masterplan. The finalised wording had been reviewed and agreed by the external auditors. The Board approved the finalised wording for the Financial Statements as outlined in the paper.

- 29.1.7 The Board thanked Emma Woollard, the Finance Team and all in the University who had contributed to the completion of the financial statements for their efforts and hard work.
- 29.1.8 On the recommendation of the Finance Committee, supported by the recommendation of the Audit and Quality Committee, the Board approved the Financial Review for the year ended 31 July 2017, including the Financial Statements for the year ended 31 July 2017.
- 29.2 The Board received the Annual Sustainability Report from Emma Woollard, Director of Finance. The following points were noted in discussion:
- 29.2.1 The report had been considered and recommended to the Board by the Audit and Quality Committee at its meeting on 15 November 2017.
- 29.2.2 This was the first time that the University had prepared the report for HEFCE. This report was not currently a mandatory requirement.
- 29.2.3 The report detailed the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) calculation for the financial year 2014/2015 through to 2019/2020. It was noted that a “margin for sustainability” had been calculated based on a combination of published accounts data and the HEFCE financial forecast returns. The EBITDA average for the six year period demonstrated that the University was financially sustainable.
- 29.2.4 On the recommendation of the Audit and Quality Committee, the Board approved the Annual Sustainability Report for submission to HEFCE.
- 29.3 The Board received the Letter of Representation and the Letters of Support for the University’s subsidiary companies from Adrian Parry, Director of Corporate Governance. The following key points were noted:
- 29.3.1 Approval of the Letter of Representation to the external auditors and the Letters of Support for the subsidiary companies was an annual requirement.
- 29.3.2 The wording of future correspondence of this nature should be gender neutral.
- 29.3.3 The Board approved the letter of representation from the Board to the external auditors and the letters of support for the subsidiary companies for: ASTA Technology UK Ltd (ASTA); Portsmouth Technopole Ltd (PTL); Technology Enterprises Portsmouth Ltd (TEPL); University of Portsmouth Enterprise Ltd (UPEL); University of

Portsmouth Investments Ltd (UPII); University of Portsmouth Services Ltd (UPSL).

- 29.4 The Board received the Financial Commentary on the 2016/2017 Results for HEFCE from Emma Woollard, Director of Finance and introduced by Mark Readman, Chair of the Finance Committee. The following points were noted in discussion:
- 29.4.1 The report was an element of the HEFCE suite of documents required for the Annual Accountability Return.
 - 29.4.2 The report provided information and explanations on the variances between the Financial Forecasts for 2016/2017, which were based on quarter three of the management accounts, and the financial statements.
 - 29.4.3 Following the recommendation of the Finance Committee, the Board approved the Financial Commentary on 2016/2017 Results for submission to HEFCE.

30 Annual Report of Audit And Quality Committee

Peter Bunyan, Chair of the Audit and Quality Committee, presented the Annual Report of the Audit and Quality Committee. The following points were noted in discussion:

- 30.1 The annual report, which included the internal auditor's annual report and the annual assurance return, had been considered and agreed by the Audit and Quality Committee at its meeting on 15 November 2017. The annual report covered the work of the Audit and Quality Committee for the financial year from 1 August 2016 to 31 July 2017.
- 30.2 The internal auditors' overall opinion was that, for the year 2016/2017, the University had an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness.
- 30.3 The Chair of the Audit and Quality reported that the Committee would continue to monitor the performance of the internal auditors over the course of the year.
- 30.4 The Board approved the Annual Report of the Audit and Quality Committee of the Board of Governors and the Annual Assurance Return for the financial year 2016/2017 for submission to the Chief Auditor of HEFCE, in accordance with the requirements of the HEFCE Memorandum of Assurance and Accountability.

31 Academic Quality Assurance

Paul Hayes, Pro Vice-Chancellor (Education and Student Experience) presented the Annual Quality Assurance Report. The following points were noted in discussion:

- 31.1 This was the second year that the Academic Quality Assurance Report had been produced. HEFCE required confirmation from the Board of Governors that they had received a report that gave them confidence in the continuous improvement of the student academic experience and student outcomes and the reliability of degree standards. The report provided the basis for the assurance return to HEFCE.
- 31.2 The report included an action plan which provided an update on the progress that had been made during 2016/2017. An updated action plan for 2017/2018 would be developed once the annual assurance process had been completed. The report also included an appendix which outlined the key reports received by the Board of Governors and its Committees on academic quality and standards and the quality of the student experience throughout the year.
- 31.3 There was a discussion on the number of student complaints received by the University and it was noted that, despite there being an increase in the number of formal complaints received in 2016/2017, this still represented a comparatively small number when contrasted with the student population as a whole. It was requested that a further discussion of student complaints would be welcomed at a future meeting.
- Action: Director of Corporate Governance**
- 31.4 The Board commended the Pro-Vice Chancellor (Education and Student Experience) for the level of detail provided in the report.
- 31.5 The Board noted and endorsed the Academic Quality Assurance Report.

32 Annual Efficiency Return

Bernie Topham, Chief Operating Officer, presented the report on the requirements for the Annual Efficiency Return for 2016/2017. The following points were noted in discussion:

- 32.1 This return was a new requirement for submission to HEFCE. The University was no longer required to submit a full Value for Money Annual Report to HEFCE however, HEFCE had advised that institutions should consider reporting on value for money internally.
- 32.2 It was noted that no feedback had been provided by HEFCE upon the Value for Money Annual Report submitted last year.
- 32.3 The deadline for submission of the return to HEFCE was 31 January 2018. Due to the timings of the Committee meetings, the Audit and Quality Committee agreed at its meeting on 15 November 2017 that the draft return would be circulated electronically to Committee members for comment, before its final submission to the Board of Governors on 24 January 2018.
- 32.4 The Board noted the report.

33 Prevent

Adrian Parry, Director of Corporate Governance, presented the Prevent Duty -Monitoring Report prior to submission to HEFCE. The following points were noted in discussion:

- 33.1 This was the second annual report to HEFCE on the University's delivery of the Prevent Duty. The report followed the format prescribed by HEFCE and reflected the duties placed upon the University by the Counter Terrorism and Security Act 2015.
- 33.2 The Board noted that the University had a formally constituted Safeguarding Board that ensured that the University's Prevent Duty was aligned with the University's broader responsibilities for the wellbeing of its students.
- 33.3 The University's external speaker's policy had been established in March 2016. The policy had been used to consider two external speakers during the course of the year. No restrictions had been placed upon the proposed events and there were no reported incidents arising from them.
- 33.4 It was noted that there had not been cause during the year to refer any member of staff or any student for Prevent-related activities.
- 33.5 The Board noted the importance of ensuring that a balance existed between the Prevent Duty and the University's legal duty to protect freedom of speech and academic freedom.
- 33.6 It was agreed that paragraph 37 of the monitoring report would be updated to clarify that the Safeguarding Board considered both Safeguarding cases and issues concerning the University's Prevent Duty.
- 33.7 The Board approved the annual monitoring report.

34 Modern Slavery Act 2015 – Statement

The Board received the Slavery and Human Trafficking Statement prepared by Karen Eastaff, Procurement Manager and Claire Dunning, University Solicitor, and presented by Adrian Parry, Director of Corporate Governance. The following points were noted in discussion:

- 34.1 The Modern Slavery Act 2015 required organisations with a turnover of more than £36 million to produce and publish an annual slavery and human trafficking statement. The statement should be published within six months of the financial year end.

- 34.2 The Modern Slavery Act did not mandate the format or content of the annual statement. The University was expected to demonstrate in the report a gradual improvement in its approach year-on-year.
- 34.3 It was reported that in the last twelve months, the University had gathered information about the practices of its top 25 suppliers and had drafted questionnaires to gain a more detailed insight into their supply chains and to gain assurances around their existing processes for combatting modern slavery.
- 34.4 A pre-qualification questionnaire had been drafted to ensure new supplier compliance with the Modern Slavery Act. In addition, the University was working through supplier contracts to ensure that they included appropriate clauses to combat modern slavery.
- 34.5 The Board noted the activities that had been identified for the next 12 months which included the development of an explicit Anti-Slavery and Human Trafficking Policy.
- 34.6 The Board approved the adoption of the Slavery and Human Trafficking Statement for publication on the University website.

35 Masterplan Funding Update – confidential minute

36 Vice-Chancellor's/Senior Postholders' Update

- 36.1 Student Recruitment for 2017/2018 entry:

The Board received an update from Paul Hayes, Pro-Vice Chancellor (Education and Student Experience). The following key points were noted:

- (i) The HEFCE census date for reporting on student numbers was 1 December 2017.
- (ii) The Board noted that student recruitment numbers for 2017/2018 were broadly in line with the targets set by the University.

- 36.2 International Collaboration update – **confidential minute**

37 Office for Students Consultation

Adrian Parry, Director of Corporate Governance, provided an overview of the Office for Students (OfS) current consultation on its regulatory framework for the sector. The following points were noted in discussion:

- 37.1 A detailed consultation exercise was underway for the creation of the regulatory framework for the Office for Students. The consultation exercise served three purposes which were to consult on the intended new regulatory framework; to set the context for the creation of the Office for Students and the regulatory framework; and to inform the providers of higher education of the proposed approach.
- 37.2 The consultation documentation detailed that the main focus of the Office for Students would be to ensure that the English higher education sector delivered positive outcomes for students.
- 37.3 Providers would be expected to register as an approved provider with the Office for Students in order to receive grant funding and access to the student support system. Providers must demonstrate at the time of registration that they meet and could continue to meet registration conditions.
- 37.4 The University would submit a full response to the consultation. Governors were invited to inform the Clerk of the Board (Director of Corporate Governance) if they had any points that they would like to be included in the University's response, both individually or collectively as a Board.
- 37.5 The creation of the Office for Students would encourage cultural change across the sector.
- 37.6 It was noted that the regulatory framework consultation was concerned with high-level statutory duties and that there was still some uncertainty surrounding the detailed implementation of the framework.
- 37.7 The Board noted the report.

38 Finance Committee

The Board received from Mark Readman, Chair of Committee, reports of the meetings held on 10 October 2017 and 14 November 2017. The Board accepted the work of the Committee as reported.

39 Academic Council

The Board noted that the draft minutes of the Academic Council meeting of 7 November 2017 would be circulated to governors electronically once they were available.

40 Audit and Quality Committee

The Board received and noted the report from Peter Bunyan, Chair of Committee, on the meeting held on 15 November 2017 and accepted the work of the Committee as reported.

41 Delegated Authority

The Board agreed to delegate authority to the Chair to take action before the next meeting if necessary.

42 Date of Next Meeting

The Board noted that the next meeting was at 1400, Wednesday 24 January 2018. Governors were reminded that there will be a pre-Board presentation at 1330.