

University Board

Extraordinary Meeting (By teleconference)

Minutes of a meeting held on 20th April 2020

Members Present

Prof Richard Conder (Chair)	Chair of the University Board
Paula Alliston	Professional & Support Staff Member
Jim Andrews	Chief Operating Officer
Ade Balogun	President, Students' Union at Bournemouth University
Nicholas Beal	Independent Board Member
Alistair Brien	Independent Board Member
Annette D'Abreo	Independent Board Member
Karima Fahmy	Independent Board Member
Lois Farquharson	Academic Staff Member
David Furniss	Independent Board Member
Karl Hoods	Independent Board Member
Stuart Jones	Independent Board Member
David Kane	Independent Board Member
Jean Lang (Deputy Chair)	Independent Board Member
Sara Luder	Independent Board Member
Prof Tim McIntyre-Bhatty	Deputy Vice-Chancellor
Tola Oloyede	Independent Board Member
Des Pullen	Independent Board Member
Prof Tim Rees	Senate Member
Prof John Vinney	Vice-Chancellor

In attendance

David Reeve (Interim Director of Finance), Geoff Rayment (Committee Clerk), Deborah Wakely (Clerk to the Board)

Apologies

John Beswick (Independent Board Member), Deborah Ward (Independent Board Member)

1. Welcome, Apologies and Declarations of Interest

19/183 Apologies were noted from Mr Beswick and Ms Ward. Prof Vinney declared one new interest as a Director of BU Innovations Ltd.

2. Vice-Chancellor's Update

19/184 The VC summarised the key highlights of his report. Senate had approved new emergency regulations for student assessment. A 'no detriment' policy had been put in place to ensure students were not adversely impacted by the Covid-19 pandemic and the arrangements would help to provide consistent decision making and equitable treatment. Students would be evaluated based on assessment completed up to the date that the emergency scenario impacted upon the university. Assessment attempted after the

defined date would only contribute to the overall level mark where this was advantageous to the student.

19/185 Accommodation charges were a key issue being raised frequently by students (discussed further under agenda item 6 below). Policy announcements and guidance from Government and OfS were changing frequently, but there were indications of emerging clarity around the Higher Education sector's eligibility for the various existing government financial support schemes. This included reference to a transformation fund to 'support universities to reshape and consolidate through federations and partnerships or mergers'.

3. Major Incident Group Update (COO)

19/186 The COO presented a report on the key activities being undertaken by the Major Incident Group (MIG). The Group had been planning for the Covid-19 response since January, with activity being escalated since March as the scale of the pandemic and the Government's response became clear. The MIG meets at least once a day and key activities have included moving to on-line teaching provision, campus closure and remote working, and responding to the impact on academic delivery and assessment.

19/187 The impact on the Bournemouth Gateway Building and knock-on effect to other estates projects was continuing to be monitored. The MIG had responded to requests for support from the NHS (e.g. use of space and assistance with their preparations for Covid-19 testing). HR Services were working to plan for staff furloughs (the Coronavirus Job Retention Scheme) and it was estimated that this might apply to up to 20% of staff, mainly lower paid. The University would pay the remaining 20% of salaries to any furloughed staff receiving the 80% support under the Government scheme. Six MIG sub-groups had been established to look at specific areas, including Admissions, Student Accommodation and plans for the eventual re-opening of the campus.

19/188 Members asked how final-year students were being assessed and the DVC explained that the 'no detriment' policy was being applied. The emergency regulations reduced the burden of providing evidence for any mitigating circumstances. Assessment was being carried out on-line and outcomes would be benchmarked to historic data for cohorts to ensure that standards were maintained and students were awarded fair results.

4. Financial Impact of COVID-19 and update on finances including updated Cash-flows and report to OfS (VC/IDoF)

19/189 The VC explained that the revised reportable events procedures from the OfS required reports to be made if triggered by short-term financial risks (specifically, if liquidity might drop below 30 days' cash reserves). BU had therefore submitted a report based on a worst case scenario and continued to talk to the OfS and provide updates.

19/190 The IDoF summarised the mitigating actions which had subsequently been taken, including negotiations with landlords to spread the cost of rent payments, deferral of PAYE payments to the end of July, and reviewing the cost base. Net savings of £[Redacted] had been identified and a task group put in place to oversee delivery of these savings. They included, for example, savings on the cost of the bus contract, attendance at conferences and staff development expenditure. Possible staff furlough savings were not yet included as it was too early to provide an accurate financial estimate. It was also anticipated that there would be some research cost savings, although these may be deferred to next year rather than avoided completely.

19/191 The IDoF was overall confident of the financial position to the end of the current financial year. The more severe financial impact risk related to 2020/21 with the likelihood of reduced student numbers and the related fall in income. Work was ongoing to set a budget for next year and subsequent years (Item 5 below). However that budget was before any contingency that needed to be applied to cover the shortfalls

in income from the Covid-19 restrictions. Modelling was being undertaken on different scenarios for recruitment shortfalls [Redacted].

19/192 Members asked if the external auditors had been consulted on the budgeting process and potential impact on the University's going concern status. The IDoF confirmed that he was speaking to the external audit lead at least monthly and the latest report to the OfS had been shared with them. Members suggested that the external auditor's views should be sought now on what assumptions they would expect to be applied and what scenarios. Two Members advised that, in other organisations, auditors had insisted that modelling include scenarios which were more pessimistic than the Executive teams had anticipated which caused significant concern. The VC explained that a 'wave' approach was being taken to the budget, with 2nd and 3rd waves of cost savings to be capable of introduction later as clarity on assumptions emerged, for example, regarding when the lockdown restrictions would be lifted and the recruitment numbers were clearer. Members agreed that they should be provided with modelling which included worst case scenarios – 5%, 30% and worse reductions in student recruitment.

Action: Provide an updated 2020/21 budget including consideration of pessimistic worst case scenarios for the July Board meeting, and seek external auditor's advice on what scenarios and assumptions they would expect to see modelled.

Action by: IDoF.

5. Approach to Budgets for 2020/21 (IDoF)

19/193 The IDoF summarised the indicative budget which had been presented previously to the Finance & Resources Committee on 3rd April. However, this had been prepared prior to the Covid-19 restrictions taking full effect and, therefore, would need to be updated and re-circulated (as per the action at 19/192 above).

6. Student Accommodation (IDoF)

19/194 The COO introduced this item by explaining that the University had a mixed portfolio of accommodation arrangements. The question of student rents during the third semester had become a national issue since the emergence of the Covid-19 pandemic and it had generated a significant amount of external pressure and media interest. The University's halls of residence remained open and although many students had returned home, approximately 700 remained in residence (c250 in list 1 accommodation). There was now no face-to-face teaching and it was not anticipated that there would be any for the remainder of the Summer term. In the rest of the sector, it was understood that approximately 60 institutions had taken a decision to waive rents for the summer term, as had 9 of the 10 institutions in the University's direct competitor set.

19/195 The IDoF explained that student accommodation comprised three types of arrangement as set out in the appendix to the paper:

- those properties that the University rents from third parties and then charges students directly for their individual accommodation (List 1),
- those where the landlord charges students directly with the University having no direct financial responsibility for (List 2),
- other private providers in the Bournemouth with whom BU has no arrangement (List 3).

19/196 [Redacted]

19/197 The following three options for the University were set out in the paper: [Redacted]

19/198 The University Executive Team (UET) recommended option (c), with a waiver of 50% of the final term rent, followed by the payment of a bursary for 50% payable in February 2021. In addition the University would aim to limit the impact as far as possible by negotiating to spread the rent payments due. In considering the recommendation the Board would need to be mindful of the expert legal advice provided (appended to the paper) regarding their responsibilities and potential liabilities as charity trustees.

19/199 The Clerk to the Board drew members' attention to sections 1.10 and 1.11 of the independent legal advice, which set out the relevant factors which the Board should take into account in reaching its decision in accordance with charity law requirements. It was noted that a breach of trustee duties which caused a subsequent loss could give rise to potential personal liability. A list of 15 relevant factors were set out in the legal report and the IDoF commented on them as set out below:

[Redacted]

19/216 Members agreed that they would need a paper setting out in greater detail the response to each of the factors raised in 2.2 of the legal advice (above) and giving further information about the financial impact of full waivers for final year students and one year postgraduate students.

Action: Provide further detailed written response to 2.2 of the legal advice to be circulated to all members out of committee with further financial details.

Action by: IDoF

19/217 In light of the need for additional information it was agreed that a further paper would be circulated as a matter of urgency with a view to taking a decision via written resolution. The Board noted that the urgency of reaching a final decision was driven by the need to provide clarity for students who would otherwise be being invoiced in early April. The Board agreed that in addition to the above, they would need to receive high level financial modelling of the 2020/21 impact of the different scenarios. These should include forecasts and worst case scenarios (including any impact of BU becoming liable for any rent of the List 2 accommodation). [Redacted] One member noted that the attractiveness of the University to future students was also a factor, particularly when considered in light of recent NSS scores. The VC agreed to address these issues in the paper to be circulated out of committee.

Action: Circulate a paper containing further financial modelling and a detailed explanation of why option (b) was not recommended together with a written resolution for urgent Board approval.

Action by: IDoF (with other UET Members).

7. Report on Financial Controls (IDoF)

19/218 Due to reasons of time this item was deferred to the 1st May Board meeting.

8. Any Other Business (Chair)

19/219 There was no other business.

9. DATE OF NEXT MEETING Friday 1 May 2020, 9.00am