

CANTERBURY CHRIST CHURCH UNIVERSITY

MINUTES OF THE MEETING OF THE GOVERNING BODY HELD AT 4.00PM ON TUESDAY 22 SEPTEMBER 2020 VIA TEAMS TELECONFERENCE

Present: Mr F Martin (Chair), Ms S Appleby [minute 17-27], Ms J Armit, Mr S Brown, Dr A Eyden [minute 17-27], Mr J Faber, Mr P Fletcher, Ms J Harding, Sir I Johnston, Ms P Jones, Ms Nolan [minute 17-25], Mr Q Roper, Revd. R Stevenson, and Professor R Thirunamachandran (Vice-Chancellor), Ms B Thomson [Minute 17-24].

In Attendance: Professor M Abdel-Maguid (Pro Vice-Chancellor (STEM))
Professor H James (Deputy Vice-Chancellor)
Mr D Leah (Director of Finance and Chief Financial Officer)
Ms A Sear (University Solicitor & Clerk to the Governing Body)
Professor M Weed (Pro Vice-Chancellor (Research and Enterprise))
Ms E Currie (Governance and Legal Services Assistant)

17. Opening Prayer

The opening prayer was delivered by Mr P Fletcher.

18. Apologies for Absence

Apologies for absence had been received from Ms N Ahmed, the Rt Revd Bishop R Hudson-Wilkin and Ms M Peachey.

19. Declarations of Interest

Ms P Jones declared an interest as treasurer of SEBDA, a charity which has a Master's programme in partnership with Oxford Brookes University (in respect of the Vice-Chancellor's meeting with the Vice-Chancellor of Oxford Brookes on 23 July).

20. Chair's Communications

The Chair said that responding to the Covid-19 pandemic had been exceptionally challenging, and he commended the volume and quality of work undertaken by the executive and staff of the University over the usually quieter summer period in order to ensure students could return to a safe campus. He recorded his formal thanks to all involved for their tremendous work.

The Chair welcomed Ms B Thomson, the new Student Governor and Students' Union President.

The Chair said that this would be the final Governing Body meeting of Mr Q Roper, who had served on the Governing Body for eight years, and made a valuable

contribution to several committees including most recently, the Audit Committee. The Chair expressed his hope that the association with the University might continue in some form in the future.

The Chair welcomed Professor M Abdel-Maguid, the new Pro Vice-Chancellor (STEM) and Dean of the Faculty of Science, Engineering and Social Sciences.

The Chair noted that the Senior Management Team (SMT)/ Governing Body Away Day had been necessarily postponed, and was expected to be rescheduled for a suitable date in 2021.

The Chair said that his own term on the Governing Body would expire in July 2021, and the Clerk to the Governing Body would provide more information on the process to nominate a successor under Agenda Item 16 (Any Other Business).

21. Minutes of the Meetings of the Governing Body held on 24 June and 30 June 2020

The minutes of the meeting of the Governing Body held on 24 June and 30 June 2020 were agreed and would be signed as a true record.

22. Matters arising not appearing elsewhere on the agenda

There were no matters arising not appearing elsewhere on the agenda.

23. Report of the Vice-Chancellor [Paper N09]

The Vice-Chancellor was invited to present his report, Paper N09, to the Governing Body. The Vice-Chancellor said that dealing with the Covid-19 pandemic had challenged the University and the SMT, and although best efforts had been made the whole sector was in uncharted territory.

Key points were:

- Student recruitment had been very strong with clearing activity ongoing until 5 October. There had been 3816 firm acceptances to full-time Undergraduate programmes, against a budget target of 3600. The Faculty 'stretched' target of 3855 was expected to be met by the end of October. Recruitment to full-time Postgraduate Research had reached 94 places, against a budget of 101, and full-time Postgraduate Taught recruitment had reached 985 against a budget target of 871.
- Registration had begun two weeks earlier than in previous years and both Faculty of Medicine, Health and Social Care and Faculty of Education students had commenced studies. Registration of other remaining Foundation and First Year students was underway. Despite some technical problems relating to use of QL and SITS, registration and reregistration of returning students was 80% complete (out of the circa 12.5k students to be registered). Remaining unregistered students would be contacted by telephone over the coming weeks. Final numbers would be available the first week of October.
- The Project 2020/21 Group chaired by the Deputy Vice-Chancellor continued to prepare a Covid-secure campus, which had been a huge logistical exercise. Plans had been created, consistent with Government guidelines, to respond to

outbreaks in halls of residence or subject bubbles. The guidance to staff remained that those staff who could complete their role from home, should continue remote working.

- Practical completion of Building 2 had taken place the week before the meeting. A tour for the Governing Body would take place at the appropriate time.
- The University had dropped 9 places from 118 to 127 in the Sunday Times Good University Guide 2021. The drop appeared to be caused by the University's below average completion rate. It was possible the completion rate statistics had been adversely affected by the technical change from terms to semesters. The Student Survey Unit would analyse the data in due course.
- The University had created two bursaries for students in partnership with the East Kent NHS Trust. The Aimee O'Rourke Bursary for a nursing student, in memory of the CCCU alumna who was one of the first healthcare professionals to die of Covid-19, and the second bursary in memory of Adekunle Enitan, another CCCU nursing alumnus who died from Covid-19. The Adekunle Enitan Bursary would be for students from BAME backgrounds.
- The Universities Superannuation Scheme (USS) trustees were attempting to tie universities more firmly into the scheme using pari passu arrangements around security. The University was considering its options. 25 members of staff were members of the USS.

A Governor asked whether the University was optimistic about Government plans to reduce some of the regulatory burden for Universities. The Vice-Chancellor said that despite some of the government narrative around universities being negative, universities' practical and positive responses to the A-level grading U-turn had helped to improve the relationship somewhat. The National Student Survey and the obligation to sign up to various charters would be reviewed and it was hoped that changes would help to minimise the regulatory burden.

In response to a question from a Governor the Vice-Chancellor confirmed that the final number of students recruited to Kent and Medway Medical School was 108, which meant 54 students were attributed to each of the two KMMS universities. For practical reasons KMMS had not been able to benefit from the lately increased allowance of 120 students.

A Governor asked about student completion rates going forward. The Vice-Chancellor said that Foundation Year completion rates were, by nature, low. Increasing take up of Foundation Years as part of the widening participation agenda had led to a higher non-completion rates. He also highlighted the technical issue of the move to semesters from terms in reporting completion. The Deputy Vice-Chancellor said she hoped to bring a report outlining targeted interventions to a meeting of the Governing Body in 2021, including a new in-house learning analytics software.

In response to a question about the potential impact of Brexit, the Vice Chancellor said that the main areas of impact would be student recruitment, and the Erasmus scheme. The Pro Vice-Chancellor (Research and Enterprise) said that the University had previously received significant income from EU research programmes, particularly in health. The University also benefited from a £6M European development fund for SMEs in the creative industries in the South East. The University continued to lobby the Government via UUK to offer alternative funding.

A Governor asked whether additional support for distance working was required by staff or students. The Vice-Chancellor confirmed that while initial support in March had focused on providing the necessary technology to enable home working, focus had now shifted to supporting health and wellbeing and responding to challenging individual circumstances.

NOTED

24. Report of the Students' Union including Presentation of SU Objectives 2020/21 and SU Budget 2020/21 [Paper N10]

The Governing Body received Paper N10, Report of the Students' Union including its objectives for 2020/21 and Budget for 2020/21.

The Student Governor presented the report and thanked the Governing Body for their warm welcome. The Student Governor said that it was particularly positive that over the past six months the University and the Students' Union had worked in strong partnership to respond to the Covid-19 pandemic. The Students' Union had been primarily focussed on representing the student voice and student concerns, such as the lack of student spaces on campus. She said that work had been undertaken to support students with problems with registrations and timetabling and it was important that the University did not underestimate the impact of these problems on the student body.

The Government announcement that indoor sport would be limited to six people would affect 25 out of 36 of the Unions' sports societies. Positively, the obligation to hold a socially distanced, and at times virtual, Freshers Week had enabled the University to implement plans for completely alcohol-free events. The Sabbatical Officers were maintaining a physical presence on campus to build community and Students' Union presence.

The results of the Student Life Pulse survey showed that satisfaction with the Students' Union had improved from 35% to 42%, and positively the Union now ranked in the top three Unions in the country for 'students feeling that they could influence decisions made by the Students' Union'. She felt that the extremely visible presence of the Union during the General Election and the response to the pandemic had fed into the positive results. National Student Survey (NSS) scores had also improved.

In response to a question from a Governor it was clarified that the Union and the University were scored independently from each other in the NSS.

NOTED

The Student Governor said that the Budget for 2020/21 showed a £33k deficit, which was, however, offset by a £33k surplus in 2019/20 and had been virtually (electronically) approved by the Finance and Resources Committee. In order to make cost savings, and manage available resources effectively, the Union would focus its efforts on its core activity: advice and representation. The Governing Body noted that the deficit budget reflected, in part, the reduction in the grant awarded by the University.

RESOLVED

That the Student Union Budget 2020/21 be approved.

25. Governing Body Terms of Reference and Work Plan 2020/21 and Terms of Reference Compliance Statement 2019/20 [Paper N11]

The Governing Body received Paper N11, Governing Body Terms of Reference and Work Plan 2020/21 and Terms of Reference Compliance Statement 2019/20.

The University Solicitor and Clerk to the Governing Body said, subject to Governing Body agreement, and in line with recommendations from KPMG, summary minutes from Audit Committee, Finance and Resources Committee and Chairs Committee would be removed from the Work Plan, and instead, chair-approved (full) minutes would be uploaded to Blackboard as soon as available.

The Terms of Reference for 2020/21 had been updated to reflect changes to the executive. The Compliance Statement for 2019/20 showed no significant gaps, with the exception of the Students' Union budget, which had been delayed due to uncertainty caused by the pandemic, but had now been approved.

A Governor asked how the Governing Body discharged its responsibility in respect of Term of Reference two "for setting a framework for the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of staff other than designated senior staff, for the guidance of the Finance and Resources Committee and/or the Vice-Chancellor as appropriate;", as this responsibility appeared to be delegated to the Remunerations Committee. The Clerk said the Remuneration Committee reported to the Governing Body and agreed to clarify the details of this following the meeting.

RESOLVED:

That the Governing Body Terms of Reference 2020/21 and the Work Plan 2020/21 be approved subject to verification by the Clerk that the Governing Body met Term of Reference 2.

[CN left the meeting]

27. Financial Forecasts, Covenant Reset and Security [Paper N13]

The Governing Body received Paper N13, Financial Forecasts, Covenant Reset and Security. The Chief Financial Officer said the paper and accompanying slides had been circulated as a late paper to ensure the Governing Body received the most up to date position of the University's negotiations with the banks. The paper followed on from the Vice-Chancellor's Governor E-Bulletin, 20 August 2020, which was attached at Appendix A.

The Chief Financial Officer said that the provisional outturn position for 19/20 before audit showed an operating deficit of £3.2m, which was a better position than the forecast £4m deficit. It was noted that this number did not include non-cash accruals and provisions as required by FRS102 which would be included in the audited financial statements.

The cost saving initiatives as agreed by the Governing Body on 24 June had been successfully embedded into the budget for 2020/21, including the temporary adjustments to employment contracts (such as the non-payment of increments and short time working) and non-staff cost savings. This demonstrated the commitment by the University to manage the financial challenges. It was understood that other HEIs had not secured such extensive measures. The Chief Financial Officer said the support of staff and cooperation of the Trade Unions during the process was greatly appreciated. It was important not to gloss over the trust that staff had put into the SMT in their support for these cost saving measures. As agreed with the unions, four review meetings would take place throughout the year to establish if any of the temporary measures could be relaxed. In any event, the Chief Financial Officer emphasised that the University would not produce a surplus while such measures remained in place.

The Chief Financial Officer reported that the banks had previously approved a waiver of the test of the Net Debt to EBITDA covenant to 30 September 2020. The banks expected the institution to provide security over some of its property assets as part of the re-negotiation of the loan agreement. The banks were in the process of appointing Savills to carry out a valuation exercise in relation to some of the University's freehold property assets. The banks had agreed to exclude all leasehold properties, the Broadstairs Campus, Hall Place, and St Gregory's Centre for Music from consideration. The University had appointed external counsel, Mills & Reeve to undertake due diligence in relation to the University's freehold properties which would then inform the future discussions regarding the suitability of those properties for providing security. The banks were expected to appoint Eversheds to act for them in this matter and a security agreement would be negotiated for Trustee approval.

Governors were reminded that charity law permits trustees to take out a mortgage or secure the repayment of a loan, where the charity's land is required as security, without authority from the Charity Commission or the Court, provided the charity follows certain procedures in compliance with the requirements set out in section 124 of the Charities Act. Trustees of the University were therefore required to obtain and consider written advice on the loan prior to approving any grant of security. The written advice was required to address the need for the trustees to consider whether the loan is necessary, the terms are reasonable and the charity has the ability to pay on the terms proposed. These steps were required to enable Governors to satisfy themselves that they are acting in the best interest of the charity and properly carrying out their duties as directors and trustees in agreeing to the grant of security and revised loan terms.

Despite the banks' waiver until 30 September, the University and the banks had since jointly agreed that the 30 September was not a feasible date given the amount of work to be undertaken, and so the University had formally requested a further extension to 19 October. It was expected that this would be agreed. The forecast scenarios would be shared with the banks on Friday 25 September. A further extension may well have to be requested if the necessary next steps, including valuation of the properties, could not be completed within the revised timeframe. Further updates would be provided to trustees and in due course a virtual meeting will be held in order for trustees to consider the proposed loan terms on a secured basis.

Several meetings between the University, its advisers KPMG, and the banks had taken place already and it was hoped that a full project plan including sharing forecasts, discussing a covenant reset and the trustees' consideration of the proposed granting of security would be finalised shortly.

A Governor asked if the University was prepared for a worst-case scenario in the event the banks refused to reset the covenants. The Vice-Chancellor said that the University had taken expert external legal and financial advice including taking soundings from an insolvency practitioner. He said it was unlikely that the banks would allow a breach of a loan covenant to occur, as this would be reputationally damaging for the banks also. He said that the University's Chancellor, the Archbishop of Canterbury, and the Office for Students had been briefed on the situation. The critical objective for the University was to achieve a 3-year reset of the covenants with sufficient headroom to navigate a second wave of Covid or similar unforeseen circumstance.

A Governor asked why there was such a varied range of financial scenarios. The Chief Financial Officer explained that in normal circumstances, with the payroll savings embedded and good student recruitment the University would have been confident in its financial position. However, various external factors remained uncertain, including Brexit, the response to the Augur Review, and a potential second wave of Covid-19. Scenarios C and D would be presented to the banks to ensure that sufficient headroom was provided in the covenant reset to navigate these uncertainties. He said that all the presented scenarios were realistic, with scenario B most likely, and scenario D a realistic worst case.

The Chief Financial Officer said that although the OfS did not expect the financial forecasts to be submitted until February 2021, the University would work to the pre-Covid schedule of approval at the November Governing Body meeting. This would ensure that OfS forecasts closely aligned with forecasts provided to the banks.

The Chief Financial Officer said that he would report the progress in the negotiations to the Governing Body in due course.

NOTED

[SA and AE left the meeting]

28. External Governance Effectiveness Review and Next Steps [Paper N14]

The Governing Body received Paper N14, External Governance Effectiveness Review and Next Steps. The University Solicitor and Clerk to the Governing Body said that the Internal Auditor's report was positive and had been received by the Audit Committee at its meeting of 15 September. The Internal Auditor's opinion was 'Significant assurance with minor improvement opportunities'. The report recommended that the University undertake a strategic review of Governor skills and experience to future proof the organisation by assuring the board members continued to have the requisite profile, refresh the Governor Appointment policy, conduct an annual review of the Chair, review the board and committees' Terms of Reference and review the Schedule of Delegation. The Clerk said that these activities

would be undertaken to meet the same deadline as the refresh of the University's Articles, approved by Governors to be completed by July 2021.

The Chair suggested that any recommendation that required consideration by the Governing Body, such as the treatment of agenda items in meetings, should be considered by the proposed Task and Finish Group. It was agreed that the Clerk would initiate and coordinate the activities of this group.

NOTED

29. Office for Students Notification of 30 July 2020 [Paper N15]

The Governing Body received Paper N15, Office for Students Notification of 30 July 2020. The University Solicitor and Clerk to the Governing Body said that the letter detailed the resumption of certain of the OfS' regulatory requirements. Some requirements remained suspended and the OfS had extended deadlines on certain requirements. The Clerk said that the reduced regulatory burden was welcome.

The Clerk highlighted two changes to the reportable events regime. The University would now be required to report to the OfS if its liquidity was forecast to fall below 30 day at any point in the next 12 months (increased from 3 months), and the University would be required to report to the OfS if it expected to breach any of its bank covenants, unless a waiver had been obtained.

NOTED

30. Calendars of Meetings 2020/21 and 2021/22 and Calendar of Visits 2020/21 [Paper N16]

The Governing Body received Paper N16, Calendars of Meetings 2020/21 (revised) and 2021/22, and Calendar of Visits 2020/21 for information. The Clerk to the Governing Body said that the schedule of visits for 2020/21 had been revised to accommodate cancellations in 2019/20. The Remuneration Committee meeting in November 2020 had been cancelled given the agreement with the unions not to undertake pay awards in 2020/21 as part of cost saving initiatives made in response to the Covid-19 pandemic. A Remuneration Committee to consider SMT performance only might take place in Spring 2021, this would be confirmed in due course.

NOTED

31. Termly Health and Safety Report [Paper N17]

The Governing Body received Paper N17, the Termly Health and Safety Report. The Vice-Chancellor reported that the Health and Safety team were exceptionally busy with work to create a Covid-secure campus and the practical completion of Building 2. This work was in addition to normal statutory requirements. The Vice-Chancellor said that certain elements of the Health and Safety 4-year plan had been difficult to progress during lockdown, due to the unavailability of external experts.

The Vice-Chancellor reported that although overall staff compliance with Health and Safety training requirements remained low, the compliance rate for new starters since January 2020 was at 93%, which demonstrated the effectiveness of the

mandatory training approach. The Governing Body requested that the University continue to push for full compliance. It was noted that there was high engagement with the Covid secure Health and Safety training required before staff returned to campus and that there was maximum compliance with this requirement which the highest priority health and safety activity at the present time.

The Chair thanked the Health and Safety team for their work on the Covid-secure campus.

32. Summary Minutes of the Meeting of the Academic Board on 22 June 2020 [Paper N18]

The Governing Body received paper N18, Summary minutes of the meeting of the Academic Board on 22 June 2020. The Vice-Chancellor said that the Academic Board was focussed on ensuring compliance with the Office for Students and the Quality Assurance Agency in respect of their blended learning offering.

33. Any other business

The Clerk to the Governing Body said that the term of the Chair of the Governing Body would expire on 31 July 2021. The Articles provided that the new Chair would be elected from members of the Governing Body excluding the Vice-Chancellor, Staff and Student Governors. The Clerk would soon contact the Governing Body to invite expressions of interest. These would be considered by the Chairs' Committee who would recommend an incoming Chair to the Governing Body in November.

30. Confidential items

The detail of the sale of the Broadstairs Campus and the negotiations with the banks would be kept confidential from the published minutes.

NOTED

The meeting closed at 5.55pm.

