

Approved Minutes

Present

Graham Raikes MBE (Chair)	Independent Governor	GR
Prof Patricia Hind (Joint Deputy Chair)	Independent Governor	PH
Emma van der Lugt (Joint Deputy Chair)	Independent Governor	EvdL
Prof Claire Taylor	Vice-Chancellor	CT
Sarah Boyd	Student Governor, President Marjon Student Union (MSU)	SB
Kate Doodson	Independent Governor	KD
Matt Evans	Independent Governor	ME
Alex Hawtin	Independent Governor	AH
Fiona Nicholls	Academic Staff Governor (Senate)	FN
Duncan Swift	Independent Governor	DS
Esther Tonna-Morgan	Professional Services Staff Governor	ETM
Dr Laura Wallis	Academic Staff Governor (Senate)	LW
Jackie Westerman	Independent Governor	JW
Rev'd Tatty Wilson	Independent Governor	TW

In attendance

Reena Bajaj	Co-opted Board Member	RB
James Beckly	Co-opted Board Member	JB
Guy Bolt	Co-opted Board Member	GB
Rt Rev'd Dr Tim Dakin	Co-opted Board Member	TD
Prof John Scott CBE	Co-opted Board Member	JS
Simon Arthurs	Chief Operating Officer and Finance Director	SA
Prof Michelle Jones	Deputy Vice-Chancellor & Provost	MJ
Lucy Pengelly	Executive Director, People & Culture	LP
Stephen Plant	University Secretary & Registrar	SP
Katy Willis	Pro Vice-Chancellor (Student Success)	KW
Rev'd Michelle Parkman	University Chaplain	MP
Kevin Dixon	Interim Assistant Finance Director	KDi
Liam Williams	Deputy President, MSU	LWi
Jessamie Thomas	Governance Officer (note taker)	JT

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1. Welcome, Apologies & Declarations of Conflicts of Interests

- 1.1 The Chair, Graham Raikes MBE, welcomed colleagues.
- 1.2 At GR's invitation, University Chaplain, Rev'd Michelle Parkman, opened the meeting with a prayer
- 1.3 A particular welcome was extended to Governor Rev'd Tatiana Wilson, who was invited to summarise her background and experience, and Interim Assistant Finance Director, Kevin Dixon, both of whom were both attending their first Marjon Board of Governors (BoG) meeting.
- 1.4 Apologies were received from Governors: Louise Bridgett, Vicky Hatton, Rt Rev'd James Grier and from Co-opted Board Members: Katherine George, Prof Mark Llewellyn and Jennie Walker.
- 1.5 GR invited members to provide any updates to the Register of Interests, included with the papers; none were identified.

2. To Receive an Update from Vice-Chancellor and Chief Operating Officer & Finance Director

- 2.1 The report was received. GR invited the Vice-Chancellor, Prof Claire Taylor, to provide an update.
- 2.2 CT apologised for the late circulation of papers. CT explained the work which had been undertaken and also which was still in train so as to finalise the financial statements. The report shared with the Board of Governors (BoG) detailed context, actions taken, assuring financial sustainability going forwards, growth forecasts, strategic review, digital transformation, information and data, finance service, governance and risk management.
- 2.3 CT explained in detail the reason behind the delay in filing the annual accounts and the transparent and prompt reporting of this which had taken place, to BoG and the regulator, the Office for Students (OfS). CT reminded BoG that the trigger for this had been a breach of bank covenant. The breach had subsequently been waived, but in the interim, the regulator's filing deadline had not been met, therefore extensions had been sought and granted.
- 2.4 CT confirmed that the bank was aware that this Extraordinary Board Meeting had been convened to approve the financial statements in line with OfS revised timelines. CT explained the steps which had been taken to ensure the OfS had been kept fully informed, confirming that an extension to the filing dates of both the Annual Financial Return (AFR) and the Transparent Approach to Costing (TRAC) return had been secured. CT noted that the OfS had been supportive and helpful; they had appreciated the University's candid and transparent communications and had accepted the proposed approach to submitting the required documentation. In terms of the wider context, CT drew BoG's attention to the fact that compliance with OfS filing requirements around annual accounts and AFR had been a significant sector-wide issue this year.
- 2.5 CT confirmed the scrutiny which had been applied since the last BoG meeting to a review of cashflow. CT confirmed that Green Deposits had been cashed in ahead of the receipt of fee income, due in February. CT confirmed the careful monitoring which was taking place to ensure that regulatory conditions around levels of liquidity would not be breached and that funds were held in readily accessible accounts.
- 2.6 CT agreed that robust and strident measures would be needed to address the issues, as laid out in the report in Reserved Business which the internal auditors had been instructed to prepare. The University would need to be clear around student number growth. CT noted that the University

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was engaging with a strategic review, developing a new strategy, investing in digital transformation. There would be a review of governance and risk. CT summarised that the team was addressing the issues identified and fully focused on assuring financial sustainability going forwards.

- 2.7 There being no further questions, the Chair thanked CT and SA for the report and update. BoG members commended the Executive Leadership Team (ELT) on their work.

3. To Receive the Audited Financial Statements (Statutory Accounts) 2022-23

- 3.1 The report was received, comprising cover report, the audited financial statements, a management letter from the external auditors, Bishop Fleming, and the letter of representation. GR invited Chief Operating Officer & Finance Director, Simon Arthurs, to provide an overview.
- 3.2 BoG was reminded that the external auditors' 'Key Issues for Discussion Document' had been received and discussed in November 2023. BoG had been made aware of areas where the University needed to draw final conclusions and some areas where final audit work was ongoing. At that time, BoG, had approved the draft audited financial statements (statutory accounts) 2022-23, in so far as they were a true and fair record. The management accounting position showed an operating deficit of £2.457m (compared with the deficit budget of £1.114m) at the financial year-end.
- 3.3 SA confirmed the updates to the financial statements which had been made: figures had not changed but some notes had been updated and the Chair's and Vice-Chancellor's narratives inserted. There was reference to the waiver of the breach of covenant, which had been included for transparency and also confirmation that this had been waived by the bank. These finalised audited financial statements had been scrutinised and discussed by Audit Committee and Finance & Resources (F&R) Committee at extraordinary meetings the previous week. The external auditors' management letter, which documented the final outcomes and conclusions from their work, had also been discussed by both committees. Chair of Audit Committee informed BoG that that the external audit partner, Nathan Coughlin, had attended the Audit Committee meeting to discuss his report. The Committee was satisfied that the auditors had taken a prudent approach and had added a further layer of caution to forecasts, which the Committee felt was appropriate. Both committees had conditionally approved the financial statements, pending receipt of the letter of representation. This letter had now been received and was included with the papers; the external auditors had issued an unqualified audit report on the University with no modifications to their conclusions on going concern. SA confirmed that the draft letter of waiver had been issued, which the external auditors were content with; this was being finalised by the bank's lawyers.
- 3.4 SA informed BoG that the new covenant would have cash limits, against which the University would be required to report and reporting cycles with which to adhere. There would be 90 days from the point of issue of the waiver letter to reach security of debt cover on the asset base. A revaluation of the campus was taking place, taking into account its condition, noting that the Sports Centre Loan stood at approximately £7m.
- 3.5 GR thanked SA for the briefing and invited questions. It was noted that, given that the bank covenant waiver had not yet formally completed, BoG could only give conditional approval,

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subject to that being completed. SA agreed and confirmed that until that letter was signed, the accounts could not be filed with Companies House.

- 3.6 In response to a question around capital grants SA explained the considerable funding which had been secured in recent years for decarbonisation projects and for the Peninsula Allied Health Centre (PAHC) building. This funding had been secured via bids; there was no automatic capital funding. Due to the University's accounting policy, these were presented in the income and expenditure accounts; it was classed as income even though the expenditure came off work in progress on the balance sheet for construction of assets. It was also included in bank covenant calculations.
- 3.7 In response to a question, SA confirmed how the costs had been presented and how assumptions had been determined with regard to the restructuring process and also the level of contingency budget carried forward each year.
- 3.8 In response to a question with regard to investments, in the context of managing cashflow, SA confirmed the value of investments that had been cashed in and moved to a more readily accessible account, noting that there were pinchpoints in cashflow ahead of the three grant payments being received from the Student Loan Company. The external auditor had highlighted that the coming year would continue to be challenging with regard to cashflow. SA summarised the strategic approach being taken to address this, cutting, pausing or phasing spend, to retain solvency and also get better information to inform the coming cycle. SA noted that funding for teaching and apprenticeships, where there were expectations of growth, was received monthly from the government.
- 3.9 GR invited Chair of F&R Committee, Prof Patricia Hind, to summarise the work of that committee in scrutinising these reports ahead of the BoG. PH noted that discussions had focused on external auditors' management letter, the bank's waiver, the closer monitoring which the bank would require. PH confirmed that the BoG leadership would be working closely with the University's leadership to monitor what was being done differently and to hear about new processes and policies that would lead to greater resilience. PH noted that the ELT had been clear and forthcoming so as to keep the Committee informed and updated.
- 3.10 GR invited colleagues to consider whether the adjustments that the external auditors indicated in their external auditors' report could be considered immaterial. BoG **AGREED**. GR invited colleagues to consider whether they were satisfied with the external auditors' report and management responses. BoG **AGREED**.
- 3.11 GR invited colleagues to consider whether they approved the financial statements for submission to Companies House by University Secretary, Stephen Plant, to be signed by CT and GR. BoG **AGREED** to give conditional approval, subject to receipt of the hard copy of the bank covenant paperwork, the draft of which had been received.
- 3.12 GR invited colleagues to consider whether they agreed that he should sign the letter of representation, which GR guided the BoG through, on their behalf. BoG **AGREED**.
- 3.13 SA was thanked for his report.

4. Marjon 2030 Strategy Update

- 4.1 The report was received. GR invited CT and MJ to provide an update.

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- 4.2 CT summarised the work taking place and progress being made. CT reminded BoG that the strategy development work was designed around two phases, the discovery phase and then the solution phase, with the aim of bringing a fully formed strategy for sign-off at the July BoG meeting. She recapped the information shared at the November BoG meeting, around Marjon's position in the sector in terms of size and shape, market share of subject disciplines, looking at employment needs and skills gaps, regional qualification needs. CT was confident there would be a need for higher level qualifications across the UK, with particular needs across the South West. CT noted that triangulation work had taken place, regarding regional skills, employment and qualification levels, and then focusing on the rationale for growth. CT highlighted the moral imperative in terms of supporting regional higher education participation.
- 4.3 CT flagged the regulatory burden which was felt more acutely by smaller providers, signalling that Marjon would need to be smart in terms of growth and sustainability.
- 4.4 CT summarised the range of activities which had been arranged to generate as much discussion and engagement as possible with internal and external stakeholders.
- 4.5 CT invited MJ to provide an update on three areas of core business (linked to the University's mission, vision and purpose) and the four cross-cutting themes that were being worked up into more detail and how they would be taken forward. The first area was student success, the second was knowledge creation, the third was about place and social purpose. The four cross-cutting themes suggested there would be a matrix-style set of strategies, so that each area of core business would have objectives linked to four themes: putting people first; embracing digital, data and technology; maximising purposeful partnership; operating sustainably and ethically.
- 4.6 CT noted that the challenge would be to translate this into a strategic framework, with the appropriate supporting strategies. The next few months would focus on engagement and co-creation. CT invited BoG to attend a monthly drop in coffee and conversation session with the VC and staff. A broader event for external stakeholders would be scheduled for the end of March to focus on place and social purpose.
- 4.7 CT would chair an online discussion event related to Marjon's Anglican Faith Foundation, to explore alignment with the foundational element of the University. CT noted plans around student engagement, together with the MSU. In addition to an update at the March BoG meeting, there would be a further online briefing session for the BoG during May. CT noted that resource plans would be shared with F&R Committee. GR thanked CT and MJ for the update and fully encouraged fellow BoG members to sign up for some of these either in person or online. GR invited questions from BoG members.
- 4.8 A question was asked around how successfully ELT was balancing short term pressures with longer term strategic work and ambitions. In response, CT noted that current challenges would help to clarify future priorities. The Marjon team was ambitious and would challenge itself to maximise the impact that the University could and should have, noting that there was a significant opportunity to do things slightly different as a University. CT acknowledged that ELT would need to be pragmatic around prioritising. BoG commended the work being done, noting that it was really positive and encouraging to see place and social purpose reflected so strongly.
- 4.9 It was suggested that the wording around the values 'not changing' could be reworded to indicate that they were 'enduring'. **ACTION: CT**

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- 4.10 In response to a question as to whether there had been a test run on any programmes, CT noted that the matrix had come out of the value propositions but not yet drilled down specifically to programme level; the curriculum review and principles aligned to this would be fully considered.
- 4.11 The consensus was that the development of the strategy was progressing well. BoG endorsed the work done to date and would receive updates at the next BoG meeting.
- 4.12 GR thanked CT and MJ for the report and update.

5. Briefing on Organisational Change

- 5.1 The cover paper was received. GR invited CT and Executive Director of People and Culture, Lucy Pengelly, to provide an interim update, noting that the process was still in train.
- 5.2 CT reminded BoG that in November they had been made aware that a programme of organisational change was being investigated. CT wished to put on record the professionalism which staff across the University had demonstrated, noting that all parts of the University had been affected either directly or indirectly. CT praised the quality of engagement from colleagues during a difficult and challenging period. Upon completion of the process, an update would feed through the BoG's committee structure to the BoG.
- 5.3 LP gave a high level overview, noting that the consultation process had begun at the end of November 2023 and had been due to conclude on 31 January 2024. LP gave an indication of the numbers of staff whose employment had terminated, those who continued to be at risk of redundancy, the ongoing consultation process, positive engagement with the unions and potential redeployment of some staff members. LP noted that while conversations were often challenging, the University was genuinely intent on responding to feedback and making alterations throughout the consultation process, as appropriate.
- 5.4 From a financial perspective, some significant savings had been made and there was ongoing work to identify non-staff savings and also ways in which to utilise more flexible elements of the workforce. A question was asked, relating to potential pay bill savings, what the short term cost would be, in terms of redundancy and severance payments. SA noted highlighted that there was a restructuring budget and summarised how assumptions had been reached. SA confirmed that the savings had been netted off, so as to be cautious and realistic.
- 5.5 GR thanked CT and LP for the update.

6. Reserved Business – See RB minutes.

Close

GR invited colleagues to consider whether any of the meeting's discussions impacted on the current Risk Register; none were identified.

In closing the meeting, GR thanked BoG for their support and challenge.