

Title:	Board of Directors
Date:	12 September 2023
Time:	15.00 to 17.50 Ordinary Board Meeting, 17.50 to 18.00 Reserved Board Meeting 18.15 to 18.30 Annual General Meeting (AGM)
Place:	Room 1.01

Present:	Prof Joanna Price Mike Balcombe Dr Jo-Anne Carlyle Chris Costigan Charles Hindson David Leppard Jayne Morley Jeremy Olsen Martin Pendry Sharon Potter Jackie Westaway	Chair of the Board Board Student Member – electronic Board Member – electronic Board Member Board Member Board Member Board Member – electronic Board Member Board Staff Member Acting Vice-Chancellor, Board Member Vice-Chair of the Board
In Attendance:	Allan Scott Sean Bonnington Dr David Langley Joanna Smith Steve Vogel	Clerk to the Board & Company Secretary (Secretary) Special Advisor – electronic Chief Operating Officer – electronic Finance Director Deputy Vice-Chancellor (Research)

1. INTRODUCTION

a) Welcome

- 1.1 Noted: That Dr David Langley was welcomed to his first Board meeting. There were apologies received from Richard Eastmond, Board Member, Dr Monika Nangia, Board Member and Evita Stucky, Board Student Union President Member.
- 1.2 Noted: That further to the entries in the Register of Interests and Loyalties, there were no declarations of interest specifically referencing anything within the agenda of this meeting.
- 1.3 Noted: That, subject to a couple of amendments, the minutes from the 13th July 2023 were taken as an accurate reflection of the meeting and the redaction suggestions were approved.
- 1.4 Noted: That items on the Actions Register were discussed and all confirmed as complete or on agenda other than with the following caveats:
- Prevent Link (30.11.2023, 3.21) will be sent to Board members after the meeting with deadline set for before Board October 2023.
 - Student Protection Plan (SPP – 13.03.2023, 5.11) – Office for Students (OfS) have confirmed that the current plan can remain in place. **[REDACTED]**.
- 1.5 Noted: That no Chair's Actions were presented at this meeting.

2. STRATEGIC ITEMS

Progress report on merger with AECC – where we are with the merger

2.1 Noted: That the following was noted:

1. Several introductory meetings have taken place in August and early September between UCO and AECC Board members and Executive staff, including visits to UCO premises. AECC attended a recent staff and student briefing at UCO, led by the Chair and the Acting VC at which the Chair and the VC of AECC spoke and answered questions. Senior staff at AECC continue to be positive, respectful and constructive about the mutual benefits to each organisation of the proposed merger.
2. The Chair of AECC and the Chair of UCO meet weekly.
3. An exclusivity agreement has been signed between the two organisations for a 6-month period.
4. A Programme Board has been established to manage the merger process on behalf of each organisation with delegation from each governing body. This will meet formally once the first phase (called Phase 1) of due diligence by AECC is complete. Phase 1 was requested by AECC to identify any potential showstoppers that could impede or terminate merger discussions and has largely focused on financial and estates matters.
5. The Phase 1 meeting took place between AECC and UCO (30th August 2023). Both organisations are keen to progress to Phase 2 and formal due diligence as soon as possible and early indications are that Phase 1 is likely to be approved by AECC Board by the end of September. UCO will undertake a due diligence process of AECC as part of merger process.
6. Phase 2 will involve more detailed due diligence as well as UCO's due diligence on AECC. Shakespeare Martineau (SM) have provided an 11-question document while still describing it as "light-touch", it is likely to be revised.
7. Draft Heads of Terms have been developed by lawyers for AECC and UCO, and Programme Board members (plus the Chair and Charles Hindson) have provided feedback. It is hoped agreement between AECC and UCO can be achieved to enable each Board approve the document by mid-October at the latest.
8. There have been extensive discussions with SM regarding the appropriate legal model for transfer. **[REDACTED]**
9. A meeting with Barclays Bank on 24th August 2023 was extremely positive and the bank are supportive of the merger with AECC, offering future advice and flexibility as required. **[REDACTED]**
10. Each Board of Directors will be asked to: 1) approve the Terms of Reference of the Programme Board, 2) approve Heads of Terms agreement between UCO and AECC, and 3) agree to the final transfer agreement of UCO to the Health Sciences University.

2.2 Noted: That on behalf of the Board the Vice-Chair thanked everyone for having worked so hard on the budget and merger-related issues over the summer, often through weekends and holidays. The substantial contribution of Board members was also recognised.

2.3 Noted: Several meetings have taken place with UCO shareholders ahead of the AGM. **[REDACTED]**

As well as individual meetings between shareholders and members of the executive, a Question-and-Answer session had taken place on-line. The negative reaction is likely to reflect many intersecting issues; e.g. the shock of the news (because previous annual financial statements had reported a surplus), but also the conflation of the future of the institution and profession. In addition to the AGM a future event is likely to be set up to allow the AECC Chair and Vice-Chancellor to meet UCO shareholders. A shareholder/stakeholder workstream will be one of the Programme Board advisory workstreams.

[REDACTED]

Programme Board Term of Reference

2.4 Noted: That Terms of Reference for the merger Programme Board are included for approval (subject to a minor query which sits with AECC). These have been shared and provisionally agreed with AECC, subject to approval by each Board.

The Programme Board will consist of two members of each governing body (Chris Costigan and Richard Eastmond for UCO) and two members of each executive team (Sharon Potter and David Langley). Richard has significant expertise in project management, change management and human resources. Chris is a qualified lawyer, and has expertise in HE Policy, governance and change management.

The Terms of Reference request that a Deputy should be identified and it is proposed that Charles Hindson is appointed as Deputy Independent Board member. Charles has been closely involved with ongoing discussions and provides financial expertise and has been involved in discussions with the bank and the OfS.

The Programme Board is charged with overseeing and managing all aspects of the merger including developing and monitoring operational workstreams, agreeing the timetable, and oversight of risks.

2.5 Noted: The Board approved the Terms of Reference and the UCO members of the Programme Board.

Draft Head of Terms

2.6 Noted: As noted above under 2.1, the expectation is that Heads of Terms with AECC will be signed by their Board on 2nd October 2023 and by the UCO at the Board meeting on 17th October. Following that event, workstreams will be set up and Board members and Executive will be invited to take part. Completion aim is July 2024.

2.7 Noted: It was highlighted that Barclays Bank would need at least two months warning with regards to financial transactions such as transferring loans to a new entity, meaning that the Board would have to be mindful of this to ensure no delays in the final part of the merger process.

2.8 Noted: That ensuring getting communications with staff, students and patients right would be of the utmost importance.

2.9 Noted: That the Chair of the Board is in discussions with the Advance HE consultant to scope out possible scenarios for the Board to consider in the event that Heads of Terms are not signed or merger talks cease.

Report for Stakeholders

2.10 Noted: That the Report for Stakeholders was attached for information, but has been previously circulated to Board Members for comment. The Finance Director will check student numbers contained within the report.

As well as internal communications, there will be joint communications within both institutions led by the Programme Board.

3. DECISION ITEMS

Budget 2023-2024

3.1 Noted: That considering current significant financial challenges facing UCO, the executive has undertaken a rigorous comprehensive review of the budget to ensure it is affordable, meets agreed variations in loan covenants, retains essential business-as-usual operations, and eliminates potentially superfluous costs. The budget has been prepared to align with UCO strategic priorities, which include:

- Enhancing current course provision to increase competitiveness and improve the student experience.
- Increasing student applications to attract a diverse range of students.
- Executing the clinic business plan to boost clinical revenue and diversify clinical provision.
- Advancing our work on the AECC partnership.

The executive will focus efforts on increasing income across all areas, where feasible. The primary focus lies in growing student numbers and clinical income, while progressing toward the merger to ensure UCO's continued success and sustainability.

[REDACTED]

Merger costs are to be kept separate to allow for a true "business as usual picture"
[REDACTED]

3.2 Noted: [REDACTED]

Staff Pay Award. That the executive had advised FEC that awarding staff salary pay rises this year introduced significant affordability challenges. [REDACTED]

[REDACTED]

In recognition of the need to consider potential future fiscal scenarios should the merger with AECC University College not progress, the executive are preparing a proposal for the October Board. [REDACTED]

3.3 Noted: That the executive were thanked for their hard work on this budget paper and the Board informed that approval would be needed at this meeting. This document will be shared with OfS, Barclays Bank and AECC following approval.

3.4 Approved: The Board approved the budget and authorised it to be shared with OfS, Barclays Bank and AECC.

Senior Pay Policy

3.5 Approved: It was previously agreed at Remuneration Committee (RemCo) that UCO should have a Senior Pay Policy in line with Committee for University Chairs (CUC) Guidance and practice across the Higher Education sector. It has been approved by UCO's HR consultancy firm, Peninsula, and sent to the UCO Executive for consultation. At this meeting, it was given final approval by the Board.

[REDACTED]

4. INFORMATION ITEMS

Acting Vice-Chancellor's Report

- **Student Number Report**

4.1 Noted: That the low student intake for 2022-23 was noted and the it was highlighted how low recruitment years filter into the subsequent years in terms of lower student income.

Office for Students (OfS) Report

- **SPARG minutes 21 August 2023**
- **OfS History of Reportable Event submissions**
 - 19 July 2023 – Accountable Officer Change from Charles Hunt to Sharon Potter.
 - 19 June 2023 – Beginning of merger discussions between AECC & UCO.
 - 06 April 2023 – Material Change to Financial Forecast: Updated Budget Scenarios mitigated and unmitigated OfS.

4.2 Noted: That the meeting between OfS, UCO Executive and Charles Hindson took place on September 11th and it had been constructive. [REDACTED] They have requested an update after 2 October 2023 regarding the signing of Heads of Terms and have confirmed that will then re-assess the risk. [REDACTED] They have requested an email containing the revised budget, but not a formal re-submission.

Finance

- **Financial Summary 2022-July 2023**
- **External Audit Progress**

4.3 Noted: That the report included Management Accounts for 12 months ended 31 July 2023 and will be shared with AECC after Board for approval.

[REDACTED]

4.4 Noted: That the Board thanked the Finance Director and noted that the external audit begins on Monday 18 September 2023. The Acting ARC Chair informed the Board that he had received a phone call from external auditors, Buzzacott, who gave an initial indication that they would consider UCO a going concern for the next 12-month period.

The Chair noted that clarity around who was managing the elements of the report that are not financial would be helpful as the narrative is going to need to be carefully managed and consistent throughout the document.

Action: Clerk to the Board and Chief Operating Officer

Governance Effectiveness Action Plan

4.5 Noted: That this was discussed by Board Nominations Committee (BNC) on 5 September 2023. Because of the merger some aspects of the plan have been put on hold but work around setting up the People & Culture Committee (PCC) is ongoing.

5. STARRED ITEMS

Board Rolling Agenda 2023-24

5.1 Noted: That this was noted without additional comment.

Any Other Business

5.2 Action: That a joint away day between the AECC and UCO boards is to be set up for around end October, early November 2023. COO & Clerk to arrange.

Action: Chief Operating Officer; Clerk to the Board

5.3 Noted: [REDACTED]

5.4 Action: [REDACTED]

Dates of Future Meetings

5.1 Noted: That the meeting ended at 17.28.

5.2 Noted: The date of the next meeting is the 17th October 2023.