

## UNIVERSITY OF EAST LONDON HIGHER EDUCATION CORPORATION

### BOARD OF GOVERNORS

#### Minutes of the Board of Governors held on Monday 24 January 2022 via Teams

**Present:** Anulika Ajufo (Chair), Amanda Broderick (Vice-Chancellor & President), Trevor Critchlow, Adam Doyle, Les Ebdon, John Garwood, Regina Everitt, Bindi Karia, Mottie Kessler, Jackie Craissati, Irfana Kottikulam-Aboobacker, Tommy MacDonnell and Janette Withey

**In attendance:** Jim Benson (University Secretary), Dean Curtis (DVC & Chief Finance Officer) and Ying Kay (Director of Finance)

**External auditors:** Adam Terry and Diccon Thornely (Grant Thornton)

**Officer:** Jane Thomas (Governance Manager)

**Apologies:** Ismail Amla and Lavanya Rajendran

#### 21/42 DECLARATIONS OF INTEREST

**42/01 NOTED:** there were no declarations of interest.

#### 21/43 FINANCIAL STATEMENTS AND AUDITED ACCOUNTS FOR 2020/21

**43/01 RECEIVED:** the draft financial statements and audited accounts for 2020/21.

**43/02 NOTED that:**

- a) Grant Thornton had sufficiently completed the audit in order to release their opinion and Audit Findings Report. It had been a difficult process which had been hindered by a number of issues. A new team of auditors had undertaken the audit and their approach had been much more thorough. Whilst this had been helpful in identifying areas for improvement, it had become evident that the resourcing of the audit had been insufficient, and Grant Thornton had struggled to keep resources focussed on the audit towards the end of the process.
- b) there were three issues which were drawn to the attention of the Board. The first was the number of points that related to the mechanics of the preparation of the accounts that Finance will need to improve on for next year. The second related to the University being a going concern. It was noted that the University had performed well, with a good cash position and was debt free, however, Grant Thornton had asked for a reverse stress test to be undertaken in order to establish the point at which the

University business model would break if there were no management interventions. This outcome of this had been provided to Grant Thornton who were still reviewing the wording of their disclosure, although it was not expected that there would be any issues raised.

- c) the third related to an issue which exposed pension schemes to potential additional payment obligations which was as a result of a legal ruling on a historic under recognition of benefits to scheme members. However, the London Government Pension Scheme advisors have stated that in their expert opinion there was no need to accrue for this potential and the majority of public sector schemes have agreed a common stance to the accounts on this basis. However, it was noted that Grant Thornton were of a different opinion and had sought additional evidence to support this position, the outcome of which was currently awaited.
- d) the final date on which the accounts could be submitted was 1 February and it was recognised that it could be a serious issue if this was not achievable due to delays with the external auditors.

**[Grant Thornton joined the meeting]**

- e) Grant Thornton provided an overview of the accounts and confirmed that they had now concluded the work in relation to going concern and they were satisfied that the University was a going concern. It was also noted that the cashflow forecasts for the subsidiary companies had been received and a letter of support had been provided from the University to the subsidiary companies and Grant Thornton agreed with the management assessment. It was noted that the other areas highlighted in red throughout the report had now been closed off and the final accounts would be adjusted to reflect this.
- f) Grant Thornton undertook to provide an updated report on 25 January 2022 for circulation. It was noted that the subsidiary companies were due to hold Board meetings on Wednesday 26 January 2022, when the accounts would be finalised and ready to sign. The documents would be made available via docusign for the signatories to provide their signatures.

**[Grant Thornton left the meeting]**

- g) The Board agreed that the Chair should be given authority to sign the annual accounts noting that there would be a slight variation to the version presented to at the meeting.
- h) a tender exercise was in process for new external auditors which were due to close in February. It was agreed that a list of firms which had shown interest would be circulated to governors for information.

**21/44 ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE TO THE BOARD AND THE VICE-CHANCELLOR & PRESIDENT**

**44/01 RECEIVED:** the annual report of the Audit and Risk Committee to the Board and the Vice-Chancellor & President.

**44/02 RECEIVED and APPROVED:** the annual report of the Audit and Risk Committee to the Board and the Vice-Chancellor & President. It was noted that Sir Les Ebdon had attending the meeting in February and this should be amended.

**21/45 UPDATE ON THE APPOINTMENT OF THE CHAIR OF THE BOARD**

**45/01 NOTED that:**

- a) as a result of the lack of inclusiveness on the original list of potential candidates, another agency had been approached who were due to shortlist candidates during week commencing 31 January 2022. A further candidate had been identified who had not come through either agency. It was anticipated that a formal application would be received from this candidate.
- b) there were four candidates for the role of Chair which were due to be interviewed on 3 February in person. Arrangements had also been put in place for the candidates to meet representatives from the Students' Union as well as the Chair of the Board and the Vice-Chancellor & President.
- c) in relation to Board members, there were three candidates who were due to be interviewed on 27 January 2022. These candidates would also meet with the Chair of the Board and the Vice-Chancellor & President. It was noted that there was an urgent need to appoint a member to the Audit and Risk Committee, as well as the Finance and Resources Committee, particularly as the Chair of that committee would be leaving the Board at the end of July 2022.

**21/46 MEDIUM TERM FINANCIAL STRATEGY**

**46/01 RECEIVED:** a report from the Deputy Vice-Chancellor and the Director of Finance on the Medium-Term Financial Strategy

**46/02 NOTED that:**

- a) the Medium Term Financial Strategy was based on a successful outcome for 2021/22 in meeting the budgeted surplus target. It was noted there had been no government policy announcements in relation to student financing, however, the regulated fees would be frozen at the current level and this had been recognised within the financial strategy.
- b) a conservative approach to the volume of students had been taken. Semester A recruitment had been lower than anticipated, however, the

intake for Semesters B and C were expected to be good and this would put the University in a strong position.

- c) it was anticipated that other income streams would return to normal from summer 2022, although it was not anticipated that this would be at the same level as pre-Covid.
- d) in relation to expenditure, the impact of inflation and pay awards had been taken into account and pay was maintained at 53% of income, regardless of the change in pay rises, pension increases and employment taxes.
- e) in relation to capital expenditure, it was noted that a number of projects had been approved, or approved in principle, and there would be a number of check points throughout the year to reflect that the decisions contained within the plan were appropriate going forward. It had been agreed at the Finance and Resources Committee to explore potential financing for the Stratford development.
- f) the medium term financial strategy had been considered by the Finance and Resources Committee who were recommending it to the Board for approval.

**46/03 AGREED:** to approve the Medium Term Financial Strategy.

**21/47 DATES OF MEETINGS**

**47/01 NOTED:** that the dates of meetings for 2021/22 were as follows:

25 March 2022

24 May 2022

7 July 2022