

**OPEN UNIVERSITY STUDENTS ASSOCIATION  
BOARD OF TRUSTEES (BoT)  
24 July 2020**

**MINUTES**

Minutes of the online meeting of the Board of Trustees (BoT) held on 24 July 2020 at 9am via Microsoft Teams.

**PRESENT**

Allan Blake, External Trustee and Chair  
Cath Brown, President and Deputy Chair  
Caroline Cowan, Vice President Administration  
Alison Kingan, Student Trustee  
Kirsty Lamb, Student Trustee  
Annabel Lane, External Trustee  
Cinnomen McGuigan, Student Trustee  
John Paisley, Student Trustee  
Mark Price, External Trustee  
Adelaide Ribaud, Student Trustee  
Claire Wallace, Student Trustee

**IN ATTENDANCE**

Rob Avann, Chief Executive  
Wendy Burrell, Deputy Chief Executive (Student & Staff Engagement)  
Aiden Cameron, Observer, Student Trustee Elect  
Sarah Jones, Observer, President Elect  
John James, Observer, Student Trustee Elect  
Alison Lunn, Deputy Chief Executive (Finance & Resources) and Company Secretary  
Matt Porterfield, Observer, VP Administration Elect  
Leanne Quainton, Head of Executive Support & Staff Welfare (minutes)  
Barbara Tarling, Observer, Student Trustee Elect

<p><b>SECTION A: INTRODUCTORY ITEMS</b></p>
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**A. WELCOME**

A.1 The Chair welcomed the Trustees to the final meeting of the 2018-20 term. He gave a special welcome to the incoming BoT for 2020-22 who were observing this meeting.

**B. APOLOGIES FOR ABSENCE**

B.1 Ian Cheyne, Observer, Deputy President Elect

**C. MINUTES OF PREVIOUS MEETING AND MATTERS ARISING**

- C.1 The Minutes (BoT 05/20/M) from the meeting in May 2020 were approved.
- C.2 **ACTION:** An incoming Student Trustee suggested adding an action log to the back of the set of minutes which would help the tracking of actions. The Chief Executive agreed with this suggestion and would action for the next set.

<b>SECTION B: ITEMS FOR DISCUSSION AND POSSIBLE DECISION</b>
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**1. REPORT FROM THE CHIEF EXECUTIVE/SECRETARY**

- 1.1 The Chief Executive presented his regular report, explaining to the observers that this was a standard item on the Agenda that detailed all the matters that Trustees had approved online since the last meeting, any other matters to report and updates from the Company Secretary.
- 1.2 He flagged two further staffing updates. James Phillips, Media and Projects Officer in the Digital Communications team had temporarily increased his part-time hours over the summer in order to give the team greater capacity while the Head of Digital Communications splits her time between working and taking contingency leave for caring responsibilities. Jess Smith, Head of Community who job shares with Pete Turner, took contingency leave following maternity but is now planning to return for one day a week throughout August with the hope of returning to her normal hours from September. Pete will be covering the remaining days in the meantime.
- 1.3 A question was asked around the timetable of recruitment for the restructured Volunteering and Representation team. The Chief Executive confirmed that internal recruitment is underway for the Senior Representation and Volunteering Officer position which closes on 7 August. Should it not be possible to make a suitable appointment, the role would then be advertised externally. Recruitment had opened externally for the Events and Projects Officer on 31 July, closing 12 August with interviews scheduled for 20-21 August.
- 1.4 The Chief Executive had posted details of the current USS consultation on a revised debt monitoring approach into the forum for the Trustee's comments. He will add the OU's response once received. There is a further planned consultation around the wider 2020 valuation of the scheme which will be coming to employers soon. He warned that if no agreement on the evaluation is reached, it could result in further industrial action. Trustees will be kept informed as it progresses. The Chair added that this risk of potential financial liability needs to be added to the risk register and noted in the end of year accounts. It was agreed that it would further be prudent to consider putting aside funds in the event of increased employer contributions.
- 1.5 The Chair thanked the Conference Project Manager, the staff team, the student reps and volunteers and everyone else involved in delivering a fantastic Conference.
- 1.6 The Chair congratulated the team of student reps and staff involved with the Black Lives Matter statement and follow up actions, which had all been very well handled.

- 1.7 The Chief Executive highlighted that the business case for individual representation had been submitted to the OU and posted in the BoT forum for information. A meeting is scheduled for 4 August with the OU to discuss this further and a further update will follow once the outcome is known. He explained that the recommendations from the culture review had been incorporated into the main Association strategy as the fourth programme strand, to ensure that these actions are not lost and that they are performance monitored along with the other strategy projects. This approach was agreed.

## **2. STRATEGY PERFORMANCE REPORTING PROTOTYPE / TEMPLATE**

- 2.1 The President introduced the paper that proposed a format of how the Association will report its performance against each of the strategy projects. It proposed a quarterly performance report which will go to both the CEC and BOT which will look at three areas; performance against key performance indicators (KPIs), progress on strategic projects, and progress against the team business plans. A covering paper will be published alongside the report that will narrate the updates and highlight for attention key areas in the data. The templates had gone to the CEC at their last weekend and received favourable approval.
- 2.2 Trustees liked the clear and easy to understand method of reporting. A comment was made regarding the report being quite busy although it was recognised that because statistics would only be reported four times a year, that a certain level of detail would be required and this could evolve as projects progressed.
- 2.3 A query was made around the Association Risk Register. The Chief Executive confirmed that the current register requires an update, particularly given the current circumstances. The Chair had suggested the creation of a sub-committee of the Trustees that will look specifically at finance and risk matters in the near future. This would be a matter for the Trustees to agree upon and he and the Deputy Chief Executive (Finance & Resources) will draft a proposal.
- 2.4 **ACTION:** The Chief Executive to circulate the background strategy documents from the meeting in February 2020 to the incoming BoT.

## **3. GOVERNANCE REVIEW**

- 3.1 The Deputy Chief Executive (Student & Staff Engagement) reported on the background of the culture review that was carried out in October – December 2019 with a review of the governance of the Students Association being recommended as one of five priority steps for improvement. This recommendation was supported and endorsed by the BoT and the CEC and approval was given for budget to be allocated and work to continue to recruit a service provider to carry out this review.
- 3.2 A draft invitation to tender was presented for BoT comments. The intention is to invite a number of long-listed providers of charity consultants with specialisms around governance to submit proposals. The ITT stressed the need for the provider to give clear recommendations for changes.
- 3.3 The President welcomed the review but noted a word of caution around external consultants and what outcomes would be received. She felt that recommendations should be taken as advisory for the CEC/BoT to evaluate rather than to receive a definite route map to follow.

- 3.4 The Chair felt that further detail was needed in the direction of the service requirements to ensure providers had a clear brief and understanding of what was being asked of them. The Chief Executive raised caution around defining these areas too precisely because of the advantages of an external review and external insight which was often able to cut-through accepted practice and identify areas that those internal could not always pre-empt or agree on in advance. Some of the changes that may emerge would likely be significant for the organisation and an openness to consider fully the recommendations was required from the outset. The BoT had mixed views around more detailed guidelines and not restricting them to certain areas.
- 3.5 **ACTION:** The Deputy Chief Executive (Student and Staff Engagement) and incoming President to take away concerns and to look at expanding the level of detail with the Culture Review Group before posting a revised draft for comments on the forum. Membership of this Group will also be evaluated to ensure that it contains a balance of representation
- 3.6 **ACTION:** The Deputy Chief Executive (Student and Staff Engagement) to incorporate wording changes highlighted.

#### 4. **FORECAST OUTTURN FOR 2019-20 AND FINAL DRAFT BUDGET PROPOSAL FOR 2020-21**

- 4.1 The Deputy Chief Executive (Finance & Resources) reported on the forecast outturn for 2019-20 highlighting that as at the end of June, the forecast indicated that the Association would end the year with net income in excess of £300k. Once the net debt in OSL had been accounted for, this would be reduced to circa £250k. The reserves carried forward would, therefore, be circa £990k which was £90k above the Associations target reserves according to the current reserves policy. The Chair commented that although the results were very good, the move to an online Conference in 2020 was a major contributor. There were also several financial risks/projects ahead of us including pensions, future University subvention and cessation of the exam paper subsidy and potential allocations for Strategy & Culture Review implementation.
- 4.2 The 2020-21 budget was set to achieve a surplus of £80k therefore it was proposed to designate £25k for further work arising from the culture project including the governance review, equalities, and one team projects. It was confirmed that this would not affect the £50k already allocated to discretionary projects.
- 4.3 **RESOLUTION:** Trustees approved the designation of these funds.
- 4.4 The Deputy Chief Executive (Finance & Resources) advised that the amount owed via the intercompany balance to the Association by OSL was £78k but once year-end adjustments had been made, and stock and other assets transferred, the net debt was expected to be circa £50k. She added that obsolete stock had been on last chance to buy sales but would be written off from 1 August to ensure that these product lines would not be carried over to the Association as part of the transfer. £6,000 had been reserved for this written off-stock. A Trustee recommended that the Association should undertake an aggressive write-down before the transfer and while the large reserves are in place.

- 4.5 The draft budget 2020-21 was then discussed following changes to allocations between budget codes in line with business plans and decisions about resourcing. Since then, the in-year surplus for 2019-20 had increased further and following approval for £25k to be designated to the culture project, the in-year surplus was £57k. It was not recommended to seek to reduce the surplus/reserves further due to uncertainty about the impact of Covid-19 on student numbers and potential implications for subvention funding for 2021-22. It was also noted that the categorisation in the budget had changed behind scenes and a two-part coding structure had been introduced to be able to report on activity-based expenditure and expenditure type to give more flexibility and to be able to support impact reporting more easily in the strategy.
- 4.5 There were questions from the BoT around the additional expenses occurred by CEC/BoT members whilst working from home i.e printer cartridges and stationary. The Deputy Chief Executive (Finance & Resources) advised that this had recently been identified within the Coronavirus Contingency Group and that she was embarking on a piece of work to come up with a solution for this that will be fed back to members.
- 4.6 It was confirmed that an allowance for a 1.8% national pay award had been included in the budget however the actual amount would be confirmed in August 2020. It was also confirmed that laptops had been supplied to staff members that required them and a provision had been made for docking stations.
- 4.7 The potential impact of USS was raised and the need to have it highlighted in the accounts as well as in the risk register. It was felt that in terms of financial impact, the Association should be covered by its reserves if contributions were to rise, but there is also the greater risk of the impact for the OU from industrial action and the outcome of the national valuation of the scheme, including any decisions by significant employers to withdraw from scheme membership. It was agreed to add further detail into the accounts and risk register.
- 4.8 **RESOLUTION:** Trustees approved the 2020-21 budget.
- 4.9 The reserves policy was presented showing minor changes for the previous version. A BoT observer queried whether the reserves should remain that high but other Trustees and the Chair felt that with the level of uncertainty around the subvention as well as the end of the exam paper income that we should continue to act with caution around what we keep in the reserves.
- 4.10 **ACTION:** Pension increases and prospect of industrial action and national shifts in membership and support for the scheme to be added as a risk.
- 4.11 **RESOLUTION:** With the changes incorporated, the Reserves Policy was approved.
- 4.12 The Investment policy had been reviewed and updated and this incorporated surplus funds that were deposited between an instant access deposit account and a 95-day notice deposit account with the intention to explore other options to protect the capital value of our reserves in the short term and possibly generate income over the longer term to support the Association's activities.
- 4.13 **RESOLUTION:** With some minor amendments made to wording, the Investment Policy was approved.

## **5. UPDATE ON THE FINANCIAL POSITION OF OSL AND PROCESS FOR WINDING UP**

- 5.1 Declarations of conflicts of interests were made by Cath Brown, Caroline Cowan, and Rob Avann who were all OSL Company Directors.
- 5.2 Deputy Chief Executive (Finance & Resources) updated on the financial position of the subsidiary company and the process of winding up. Trustees had considered and resolved, at their last meeting held on 22 May 2020, to accept the proposal of the Board of OUSA (Services) Ltd to wind up the trading subsidiary and transfer its net assets, after writing off the remaining intercompany debt, to the Association. Since then instruction was given to the Association's legal providers, Stone King, and Company Auditors, James Kowper Creston to start the process. A draft closure agreement was presented to Trustees for review and agreement.
- 5.3 Trustees considered OSL's forecast year end position, currently suggesting a loss of £19,000, bringing the cumulative deficit to just over £50,000. The forecast included an estimate of the professional fees to wind up the operation as well as provision for write off of stock lines identified as obsolete. Trustees further noted that the intercompany debt currently owing was £70,000 and once the 2019/20 management charge was finalised the total owing will be circa £78,000. It was accepted that OSL has no capacity to settle this. However, it was recognised that if the debt were written off, this would be mitigated by the transfer of net assets remaining in OSL. It was further noted that the level of debt was more than covered by the OU funding provided to the Association to support OSL as it adjusted operation around the loss of exam papers and that the transfer of stock would enable the Association to carry on permissible trading to raise funds to continue to support its charitable purposes.
- 5.4 RESOLUTION:** Trustees approved the write off of the inter-company debt.
- 5.5 Deputy Chief Executive (Finance & Resources) reported that the closure agreement had been prepared to maximise the assets at the point of transfer to mitigate the intercompany debt owed to the Association and to secure an orderly cessation of the trading subsidiary.
- 5.5 Mike Farwell at James Cowper Kreston had advised this process rather than an insolvency process as the cost of liquidators would be undesirable, serving only to reduce funds available to settle debts. This could lead to an increased possibility of legal action from creditors should OSL default on its debts. Tom Murdoch at Stone King had also advised that the insolvency process would be more likely to result in reputational damage for the Association.
- 5.6 **RESOLUTION:** Trustees approved the Closure Agreement (subject to any minor amendments the advisers may think appropriate); and authorised the Chair, Allan Blake and External Trustee, Mark Price to review the final version of the Deed and execute it on behalf of the Trustees of the Association in due course.
- 5.6 Student Trustee, Alison Kingan, asked about the governance and decision making of the shop once the company was under the Association and the OSL Board no longer existed. An advisory group was suggested.

- 5.7 **ACTION:** The Deputy Chief Executive to take this away to consider with the Head of Operations.

**SECTION C: ITEMS FOR INFORMATION**

**6 STAFFING REPORT**

- 6.1 This item was of a confidential nature and has therefore been reserved to the confidential section of the minutes. As the observers were incoming members of the Board of Trustees due to take office after the meeting, they were allowed to stay for this item.

**7 ANY OTHER BUSINESS**

- 7.1 The Deputy Chief Executive (Finance & Resources) reminded those outgoing Trustees who had not yet completed the Related Parties Declaration form, to do so as soon as possible as 100% compliance was our intended outcome.
- 7.2 Student Trustee, Alison Kingan raised her concern around the process of single transferable voting in the Association’s elections when it came to multiple positions i.e Trustee positions which did not allow for a ‘re-open nominations’ selection. The Chief Executive agreed and suggested that he felt and had advised the previous elections review that there should be a nominations panel in advance of Trustee elections, where applicants could be considered in advance of being put forward for election as was common in other membership charities. This was a change that deserved consideration under the forthcoming governance review and in consideration of the risk around elections. It would be fed into the forthcoming election review.
- 7.3 The Chair thanked all the outgoing BoT members for their service and their commitment to the Association over the last 2 years and wished them well for the future.

**8 DATE OF NEXT MEETING**

Thursday, 15 October 2020, 1pm – 4pm via Microsoft Teams.

Discussions will continue online in the meantime.

<b>Action Log</b>		
<b>Item in the Minutes</b>	<b>Action</b>	<b>Action holder</b>
C.2	Action Log to be added to Minutes	Leanne Quainton
2.4	Send incoming BoT background strategy documents.	Rob Avann

3.5	The Deputy Chief Executive (Student and Staff Engagement) and incoming President to look at expanding the level of detail in the tender document with the Culture Review Group and post a revised draft for comments onto the forum.	Wendy Burrell and Sarah Jones
3.6	Deputy Chief Executive (Student and Staff Engagement) to incorporate wording changes highlighted into the revised tender document.	Wendy Burrell
4.10	Reserves Policy: Pension increases to be added as a risk into the policy.	Alison Lunn
5.9	The Deputy Chief Executive (Finance and Resources) and Head of Operations to discuss governance of OSL once under the Association.	Alison Lunn and Magda Hadrys