

Approved Minutes

Present

Mr Alex Hawtin	Independent Governor, Chair of Committee	AH
Mr Graham Raikes, MBE	Independent Governor, Chair of the Board	GR
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Mr John Searson (Items 1 & 2)	Independent Governor, Chair of Estates Project Group	JS
Mr Will Mintram	Student Governor; President, Marjon Student Union (MSU)	WM
Prof Gary Shum	Academic Staff Governor	GS
Prof Michelle Jones	Deputy Vice-Chancellor	MJ
Mr Simon Arthurs	Chief Operating Officer & Finance Director	SA
Mrs Jessamie Thomas	Governance Officer (note taker)	JT

The meeting commenced with Reserved Business – *Please see RB minutes*

1. Welcome, Apologies & Declaration of Conflicts of Interests

- 1.1 Chair of the Committee, Alex Hawtin, welcomed colleagues to the meeting. John Searson, Chair of Estates Project Group, was welcomed to the meeting.
- 1.2 Apologies were received from Kate Doodson and Prof Patricia Hind.
- 1.3 AH invited members to provide any updates to the Register of Interests which was included in Part B. No new declarations were made.
- 1.4 AH invited governors to 'unstar' items from Part B for discussion. None were identified and they were taken as read. Contributors were thanked for their reports.

2. To Receive an Update on Capital Planning and Plymouth Studio School

- 2.1 The report was received. AH invited Chief Operating Officer & Finance Director, Simon Arthurs, to provide an overview.
- 2.2 SA noted that the report included an update, circulated to the Committee on 02.07.2022, regarding the proposed purchase of the Plymouth Studio School, a prominent building on the Plymouth Marjon campus, the freehold to which was owned by the University. This update contained a recommendation (following consideration by Governance & Nominations Committee on 01.07.2022) that F&R Committee consider approving the purchase, for onward recommendation to BoG.
- 2.3 Chair of Estates Project Group (EPG), John Searson, was invited to provide an update and confirmed EPG's endorsement of the recommendation to proceed with the purchase, noting the potential expansion of the University's teaching spaces and the opportunities to deliver training to the wider community. It was noted that BoG and its committees had discussed securing the building since 2018. F&R Committee confirmed that that it was strategically important to progress this, so as to allow the development of a number of academic initiatives, as presented in the Academic Business Case at Appendix 1.
- 2.4 Vice-Chancellor, Prof Rob Warner, explained the rationale behind seeking Board of Governors' (BoG) approval by email rather than at BoG M4 (15 July 2022); approval by this

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means was permissible according to the Articles of Association and the Committee was satisfied with the approach.

- 2.5 The Committee discussed key elements requiring scrutiny, as laid out in the report, noting in particular: DfE's required deadline (8 July 2022) for exchange of contract with 5% deposit; affordability and Barclays Bank's proposal to fund the purchase; the estimated phased income generation from the building; the schedule for BoG approval to authorise the Vice-Chancellor and Chair of BoG signing off the purchase and the loan contract with the Bank. F&R Committee **AGREED** to recommend to BoG that they approve (by 18:00 on 5 July 2022) the purchase of the Plymouth Studio School; that the 5% deposit be released to allow contracts to be exchanged; that BoG delegate to F&R Committee approval of the final loan agreement with Barclays Bank, to be signed in accordance with the University's Financial Regulations, to enable completion at a later date. All BoG members would receive an open invitation to meet with SA if they had any questions or queries.
- 2.6 SA was thanked for his report and overview.
- 2.7 An Estates Update was included in Part B. The Committee thanked Prof Michelle Jones and colleagues for the report. The notes of the Estates Project Group (EPG) M4 held on 14.06.2022 and the presentation from the New Halls Design Team, were included in Part C. *JS left the meeting.*

3. To Review the Strategic Risk Register (F&R Risks)

- 3.1 The report was received. AH invited SA to present an overview.
- 3.2 SA reminded the Committee that the financial risks within the Strategic Risk Register were regularly reported to this Committee. The full Risk Register had been considered by Audit Committee in June. SA went through points of interest and notable changes.
- 3.3 In response to a question from the Committee on support available to students experiencing financial hardship, RW confirmed that the University had a hardship fund and that financial advice was provided via Student Support. During the Covid pandemic, the government had released additional funds, which could potentially be forthcoming again; a 'Marjon Food Larder' and interview clothes rack had been set up through the Chaplaincy. SA noted that during the pandemic, the University had reappraised arrears and spread future fees, an approach which could potentially be reconsidered in future.
- 3.4 The Committee noted the ongoing threat of disruption from cyber-attack. SA appraised the Committee of measures being taken to address the threat to the IT infrastructure, including raising users' awareness and continuous testing and appraisal of the threat.
- 3.5 The Committee thanked SA for his report and was satisfied with the position.

4. To Receive the Health & Safety Annual Report

- 4.1 The report was received. AH invited SA to present an overview.
- 4.2 SA noted that the report covered the period June 2021-May 2022. He confirmed that there were no material issues to report from the Health & Safety Executive (HSE) perspective. It was noted that Health & Safety would have an increased profile due to campus developments regarding fire safety and buildings along with a number of University projects hitting HSE advance notification thresholds.

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- 4.3 The action plan, covering key developments required to improve the culture, awareness and knowledge of staff and managers, had been received by F&R Committee in April 2022. The Health & Safety Policy had been approved by BoG in March 2022.
- 4.4 The strategic focus of the Health & Safety Committee was noted.
- 4.5 It was suggested that action plan priorities should be re-assessed and presented in order of relative importance. SA would discuss this further with JC. **ACTION: SA**
- 4.6 Fire safety was discussed and it was confirmed that the new installation was due for completion by October 2022; in the meantime, the current system was compliant and operational.
- 4.7 In response to a question, SA confirmed that the Studio School's integrated cladding was acceptable from a health and safety perspective, given that the building was low height, non-residential and had good exits. It was also noted that the building was insurable, on payment of an additional premium.
- 4.8 The Committee thanked SA for his overview and wished to record their thanks to Health, Safety & Risk Compliance Manager, John Chadwick, for his report and his work in this area.
- 5. To Consider the Management Accounts**
- 5.1 The report was received. AH invited SA to present an overview.
- 5.2 SA provided further commentary on the headline figures within his report. SA explained to the Committee's satisfaction how the position was being managed. SA confirmed that the forecast was tracked and scrutinised on a monthly basis.
- 5.3 The Committee was reminded that the BoG had set an investment budget for 2021/22 to reflect the required investment in marketing, health and digitalisation.
- 5.4 The treatment of the Salix-funded Ground Source Heat Pump (GSHP) project in terms of financial accounting was discussed. The Salix grant has been successfully claimed in full. This project funding would pass through the revenue budget in the financial statements giving a paper surplus. This would be discussed further with the BoG in July and also in the autumn when the financial accounts were brought to this Committee and the BoG for scrutiny and approval.
- 5.5 The careful management of capital spend was noted, as was the forecast capital headroom.
- 5.6 The appendices contained analysis of revenue, capital, GSHP, Treasury Management, Cashflow Forecast and Risk. With regard to Treasury Management, SA updated the Committee on the transfer of the green deposit into the bank account as cover for the bank loan if needed, to facilitate the Studio School purchase.
- 5.7 SA was thanked for his report and update. The Committee was satisfied with the position.
- 6. To Consider the Draft Budget Proposals (Capital and Revenue) for 2022-23**
- 6.1 The report was received. AH invited SA to present an overview.
- 6.2 SA highlighted key areas in his report, noting challenges facing the Higher Education (HE) sector and the economy at large but also the University's opportunities to diversify income. He confirmed that the University was investing in growth, digitalisation and its campus and was constantly assessing its marketing approach and focus. The Committee noted that the budget proposals represented an investment budget for the coming year and SA explained the rationale behind investing for a further period, ahead of a return to surpluses. Savings and efficiencies would continue to be reviewed. SA provided an overview of cost

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assumptions and continued investments. The Healthcare Education five year plan was presented and discussed.

- 6.3 SA confirmed that cash continued to be carefully managed to ensure resilience. He flagged associated risks and opportunities. SA confirmed that the bank covenants had been tested successfully.
- 6.4 SA provided a revenue update, including a student recruitment update, student numbers analysis, partnerships analysis and other income.
- 6.5 SA summarised the capital programme for 2022/23, which incorporated, as well as the financial envelope, the Studio School purchase and fit-out. SA summarised the capital investment position and rationale for this.
- 6.6 It was noted that the University had submitted an OfS bid to support the health programme equipment and the cost of returning to the PAHC building. In addition, Salix grant and loan opportunities would be explored, alongside other sources of external funds.
- 6.7 The impact of the proposals was presented in the summaries, bringing the financial position together and outlining the impact on the cash and cash equivalents and balance sheet resilience. SA confirmed that budget monitoring, including cashflow and the bank covenant, was reviewed monthly and key actions would be managed and monitored closely.
- 6.8 Key risks were detailed in the paper, and highlighted by SA.
- 6.9 The Committee noted key dates with regard to the business planning process, which would result in a three year medium term set of forecasts for the period 2023/24 – 2025/26.

- **To Consider and Recommend Student Fees 2023-24**

- 6.10 SA presented the proposed Student Tuition Fees 2023/24 for the Committee's consideration and approval. The two changes were slight increases to PGCE courses for non-UK students and to full time taught Masters degree programmes for home students. It was suggested that BoG receive a standalone paper, to highlight changes compared with 2022/23. The UK government capped the annual fee that English universities were permitted to charge UK undergraduate students and this would remain frozen until 2024, which meant that maintaining strong levels of enrolment would continue to be crucial over the next three academic cycles, given that the 'tuition fee' in effect covered a wide range of costs associated with the delivery of academic courses. In real terms the fee of £9,250 was worth £6,558 (based on inflation from 2012 when fees were set at £9,000), which represented a 27% real term reduction. Therefore, the University needed to continue to improve efficiency, plan, prioritise and increase income. The Committee considered the inherent challenges of this funding position. It was content with the proposal and Student Tuition Fees for 2023/24 were **APPROVED**.

- **To Consider and Approve Marjon Student Union (MSU) Annual Financial Support**

- 6.11 RW provided background context to MSU, noting that it was an autonomous charity, yet financially and constitutionally accountable to the University. It was recognised that the University's financial contribution to MSU went far beyond the annual grant, for example office rent and services, desktops, sabbatical rent-free accommodation with Council Tax covered, insurances etc and also delivered activities which student unions would deliver

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themselves in larger universities (Sports Federation, Bar etc). SA explained that MSU had been asked to develop a three year business plan, to look at the longer-term cost horizon, as was being asked of University Budget Managers.

- 6.12 The Committee discussed with Will Mintram, MSU President, his priorities for the coming year and in particular how students and student societies would be supported. The Committee noted that a sizeable proportion of the grant was channelled to staff costs including pension costs and requested further analysis of income proposals. SA offered WM his support in preparing this.
- 6.13 The Committee noted the MSU budget position, forecast and grant request. Following careful consideration, the Committee **APPROVED** the draft MSU budget of £0.139m, which would be confirmed by BoG in November 2022. The Committee **APPROVED** a release of interim funding to cover Freshers' activities and MSU salaries. Further analysis and business planning would be required of MSU ahead of the final grant being confirmed. It was noted that any staff salary increases would be required to align with any pay award negotiated for University staff, with regard to the percentage increase and timing.
- 6.14 The Committee **APPROVED** the University's draft revenue and capital budget for 2022/23, which represented an investment budget of £1.14m, noting that the final budget would be discussed and agreed by this Committee and BoG in November 2022, once student numbers had been confirmed.
- 6.15 SA was thanked for his report and update.

Part B

The following reports were received and approved:

7. **Minutes of Previous Meeting** (7 April 2022) were received as an accurate record and **APPROVED** with no amendments.

The following were received for information with no queries:

8. **Matters Arising from Previous Meeting (7 April 2022)**
9. **Estates Update**

Part C

The following report was received for information with no queries:

Notes from Estates Project Group (EPG) M4 (14 June 2022)

- Presentation from New Halls Design Team

Notification from Office for Students of Annual Financial Return Deadlines

Register of Interests

In closing the main part of the meeting, AH thanked Will Mintram and Prof Gary Shum for their attendance and contributions.

10. **Reserved Business** – See *RB minutes*

11. **Reserved Business** – See *RB minutes*

Close

In closing the meeting, AH invited colleagues to reflect upon whether discussions impacted on the current risk register or if changes were proposed. None were highlighted.