

Approved Minutes

Present

Mr Graham Raikes MBE (Chair)	Independent Governor	GR
Mr John Searson (Deputy Chair)	Independent Governor	JS
Mrs Emma van der Lugt (Deputy Chair)	Independent Governor	EvdL
Prof Rob Warner	Vice-Chancellor	RW
Dr Greg Borne	Academic Staff (Senate) Governor	GB
Mr Stephen Criddle OBE	Independent Governor	SC
Miss Lauren Edwards	Student Governor	LE
Mr Matt Evans	Independent Governor	ME
Mr Alex Hawtin	Independent Governor	AH
Prof Patricia Hind	Independent Governor	PH
Mrs Victoria Holbrook	Independent Governor	VH
Mrs Jacynth Ivey MBE	Independent Governor	JI
Rt Rev'd Nick McKinnel	Independent Governor	NM
Mrs Ruth Mounstephen	Independent Governor	RM
Rev'd Prof Gina Radford	Independent Governor	GiR
Prof Gary Shum	Academic Staff Governor	GS
Mrs Lynn Tamsett-White	Professional Services Staff Governor	LTW

In attendance (SMT members)

Prof Michelle Jones	Deputy Vice-Chancellor	MJ
Prof Ian Luke	Pro Vice-Chancellor (Academic)	IL
Mrs Katy Willis (Items 3-5)	Pro Vice-Chancellor (Student Success)	KW
Mr Simon Arthurs	Director of Finance & IT	SA
Mrs Lucy Pengelly (Item 5)	Director of People & Organisational Development	LP
Mr Stephen Plant	University Secretary & Registrar	SP
Mr John Bailey (Item 5)	Director of Estates	JB

In attendance

Rev'd Michelle Parkman	University Chaplain	MP
Mrs Jessamie Thomas	Governance Officer (note taker)	JT
Mrs Jackie Westerman	Co-opted Member	JW

1. Welcome, Apologies & Declaration of Conflicts of Interests

- 1.1 The Chair, Graham Raikes, welcomed colleagues, particularly Dr Greg Borne, recently elected Academic Staff (Senate) Governor, to this his first Board of Governors' meeting. At GR's invitation, University Chaplain, Rev'd Michelle Parkman, opened the meeting with a prayer.
- 1.2 Apologies were received from Kate Doodson (Independent Governor).
- 1.3 The Register of Interests had been included in Part B. Matt Evans' standing declaration was noted. GB's interests would be added: Senior Lecturer Social Science – Marjon; Proprietor –

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Sustain Surveying; Member of Royal Institution of Chartered Surveyors; Member of Institution of Environmental Sciences and GB provided an overview of his role at Marjon and his experience and background. No other declarations were made.

- 1.4 GR asked if colleagues wished to 'unstar' any items in Part B; none were identified. GR highlighted that the excel spreadsheet at item 6 contained updated financial benchmarking data.

2. Audit & Finance

2.1 Annual Report of Audit Committee

- 2.2 The report was received. GR invited the Chair of Audit Committee, Emma van der Lugt, to present the report, which was a key component of the approval of the financial statements. EvdL noted that it was based on the end of year internal and external audit reports and the work of the committee; it also comprised the Internal Audit Summary Report from Internal Auditors PricewaterhouseCoopers.

- 2.3 EvdL provided an overview of the report's purpose and committee's remit. EvdL thanked committee colleagues for their collaborative and rigorous approach and staff for their support. EvdL confirmed that all queries had been resolved or were being followed through to the committee's and auditors' satisfaction and consequently a clean opinion on the workings of the University had gone forward into the financial accounts. The Annual Report of Audit Committee was **APPROVED**.

2.4 Audited Financial Statements

- 2.5 The report was received. GR noted that the financial statements had been scrutinised by Finance & Resources Committee and also Audit Committee. GR invited Director of Finance & IT, Simon Arthurs, to provide an overview. SA explained the position via a set of slides, which also incorporated Appendix A: Transition from Management Accounts to Financial Statements, so as to clarify how a small operating deficit transformed into a far greater comprehensive deficit once other factors (particularly pension liability) had been taken into account.
- 2.6 SA recapped the information which had been presented to the Board at regular intervals; additional meetings had been scheduled in order to keep the Board informed during Covid-19. A breakeven budget had been set for 2019/20; following the onset of Covid-19 in March 2020, over £1m of revenue had been lost; through spending controls and strong financial management, the management accounting position was £0.259m at the financial year-end.
- 2.7 SA went through key changes in consolidated income/expenditure compared with the previous year, highlighting the impact of Covid-19 on Marjon's operations. Lower income reflected aspects such as the rent refund given to students, loss of sports centre income, loss of Chartwells income. Higher staff costs reflected, in particular, pension adjustments.
- 2.8 Expenditure had been contained as a mitigating factor.
- 2.9 SA reminded colleagues that a decision had been taken early on to protect the capital value of the University's investments as far as possible. Part of the investment had been cashed to limit the drop in value. The cash value had therefore risen on the Balance Sheet.
- 2.10 Loan repayments of £8m remained: the PAHC building loan would be cleared next year; in two years' time the village houses debt would be cleared; the Sports Centre loan would be paid off in 2036.

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- 2.11 The pension liability had increased substantially. SA provided an overview of this, explaining its link with the market economy and how it was a notional figure of a future value of the pension fund as at today's rate, a non-cash adjustment.
- 2.12 SA concluded with an overview of the University's operational performance, showing the impact of the FRS102 adjustments on the figures, in order to transition from the management accounting deficit of £0.259m to financial accounting deficit of £6.971m.
- 2.13 SA explained that depreciation was another non-cash item, which spread the cost of buying an asset, charging it to the operational account so it became almost like a charge for using the asset. It was deemed a non-cash item as it had already been paid for. If cash adjustments were backed out (staff leave accrual, LGPS Pension Cost and depreciation) a cash surplus of £1.8m had been generated.
- 2.14 The Board noted the introduction of a new key performance indicator (KPI) to benchmark operational performance: as well as surplus or deficit for the year, there would be EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation). The EBITDA surplus for 2019/20 was just over £1m.
- 2.15 SA noted the External Audit Opinion, as detailed at Appendix B, External Auditors' Report with Management Response, that no material errors had been identified from the audit work, therefore there was no reason to re-state or qualify the accounts.
- 2.16 SA reminded colleagues that the External Auditors had a legal responsibility in filing accounts to confirm that the University was a going concern. The test had been conducted and External Auditor Partner, Nathan Coughlin of Bishop Fleming, had informed the Audit Committee that he had found the University's approach extremely helpful and confirmed the position as a going concern.
- 2.17 SA noted an issue that Marjon's partner dBs was resolving with professional accountancy support. University Secretary and Registrar, Stephen Plant, confirmed that were there to be any risk regarding dBs' provision, students would be covered under the Student Protection Plan and Marjon would be well-placed to offer support. The Board was satisfied with this approach.
- 2.18 In terms of Sports Centre Income, SA explained that a small error had been evident in the accounts: income had been calculated through the year but not posted correctly through the suspense account.
- 2.19 SA confirmed that these External Audit findings would be posted into the Audit Log of outstanding issues (with findings from Internal Audit Reports). They would be monitored by the Audit Committee.
- 2.20 GR thanked SA for the briefing. GR invited colleagues to consider whether the adjustments that the External Auditors indicated (Appendix B) could be considered immaterial. The Board **AGREED**.
- 2.21 GR invited colleagues to consider whether they approved the Financial Statements (Appendix C) for submission to Companies House by SP, to be signed by Vice-Chancellor, Prof Rob Warner and GR. The Board **AGREED**.
- 2.22 GR invited colleagues to consider whether they agreed that GR sign the Letter of Representation (Appendix D) on their behalf. The Board **AGREED**.

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- 2.23 GR reiterated SA's point (item 2.14) that KPIs had been updated to include EBITDA. The Board **APPROVED** the KPI paper, Part B, item 6.
- 2.24 GR invited colleagues to consider whether they were satisfied with the External Auditors' report and management responses thereto. The Board **AGREED**.
- 2.25 SA thanked F&R Committee and Audit Committee for their diligence through the iterations of the accounts prior to this point of approval. SA and his team were commended for their openness and transparency on the year-end accounting.
- 2.26 2020-21 Budget (Capital and Revenue) and Medium Term Financial Planning**
- 2.27 The report was received. GR invited SA to provide an overview. SA reminded the Board that the budget would normally have been set prior to the start of the financial year, but due to Covid-19 this had been set back. An interim budget had been set in July 2020, looking at required actions to balance budgets with a four month spend control. Upon confirmation of student population data, this was refined and brought to F&R Committee and now the Board for approval.
- 2.28 SA reminded the Board that a new financial model had been introduced, to cover annual operational costs with annual income, rather than using cash reserves. This would enhance ongoing financial sustainability and resilience, an OfS Condition of Registration (Condition D).
- 2.29 SA presented a slide to summarise key changes in income, costs, assumptions and associated risk from the July 2020 interim budget to the November 2020 position.
- 2.30 SA noted positive growth in student recruitment, highlighting key data in student groupings. SA confirmed that the net off on student fees had been built into the budget.
- 2.31 SA presented a slide showing key risks, noting that notwithstanding the work of the Student Support team, the risk of student withdrawal in January would be exacerbated this year due to Covid. Any lockdown decision by the Government could affect this, as could future waves of Covid-19. If a pay award were negotiated this would increase the pay award. Further capital costs beyond the budget allocation were not anticipated but remained a risk.
- 2.32 SA summarised the break-even balanced budget, noting that a surplus of £0.580m was included so as to cover the debt finance (pay the liability on the balance sheet). SA confirmed that the delicate balancing act of communication, controlled spend and close monthly monitoring would continue.
- 2.33 SA confirmed that there was robust modelling behind the student withdrawal assumptions and the figures had been presented gross of an anticipated withdrawal rate. This would be monitored going forward by F&R Committee and if achieved would represent a positive five year trend of income.
- 2.34 There being no further questions, GR invited colleagues to approve the 2020/21 budget, (£0.580m surplus on revenue of £31.757m). This was **APPROVED**.
- 2.35 GR invited colleagues to approve the capital budget (£0.647m). While low, SA had explained the rationale for this, particularly given the legacy projects moving into this year. This was **APPROVED**.
- 2.36 It was noted that the deferred OfS deadline for submission of the Annual Financial Return (AFR) did not align with the normal cycle of Board meetings. It was proposed that F&R

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Committee scrutinise the draft AFR (20 January 2021) for Board approval (Extraordinary Board meeting 29 January 2021). The key assumptions were detailed on page 8 of the report. The approach was **APPROVED**.

- 2.37 GR concluded by commending SA and team for their outstanding work in challenging circumstances.

3. Marketing and Student Recruitment Strategy

- 3.1 The report was received. GR invited Katy Willis, Pro Vice-Chancellor (Student Success) to summarise.
- 3.2 KW thanked the Board members who had contributed to drafting the Strategy and noted the enthusiasm with which her team had embraced its development.
- 3.3 KW flagged that the Strategy focused not only on student recruitment but also on supporting current students, recognising the importance of word of mouth recommendation to enhancing reputation.
- 3.4 KW explained how the Strategy interlinked with other key Marjon plans.
- 3.5 KW highlighted key market opportunities, many of which had arisen through Covid-19.
- 3.6 The plan spanned three years, and KW highlighted advances that she anticipated would develop during this period, regarding digital development, marketing techniques and brand development. There would be a strong focus on content creation and curation.
- 3.7 KW felt confident that the Strategy represented a transformational approach which would be a springboard to deliver the growth and reputational development which the University aspired to.
- 3.8 It was suggested that the Strategy reference more explicitly the impact of Covid-19 on the working age population and how Marjon could serve that demographic. **ACTION: KW**
- 3.9 The Marketing & Student Recruitment Strategy was **APPROVED**.
- 3.10 GR thanked KW for her work on the Strategy and recommended it be considered further at the Strategy Day. **ACTION: JT**

4. Annual Report from Remuneration Committee

- 4.1 The report was received. GR invited Governance Officer, Jessamie Thomas, to summarise. JT had drafted the report of behalf of Committee Chair Prof Patricia Hind, who provided an overview.
- 4.2 PH confirmed that the report covered the 2019/20 cycle and explained that some of the cycle's business had been deferred to meetings held in the academic year 2020/21, due to Covid-19.
- 4.3 The Board was reminded that the Committee operated in line with the CUC HE Senior Remuneration Code. In lieu of minutes, an Annual Report was issued. Going forward, the Board **AGREED** that (unless there were commercial sensitivity) for the sake of transparency the report should be included in the main part of the meeting, rather than Reserved Business. **ACTION: JT**
- 4.4 JT confirmed that the Code required institutions to publish an Annual Remuneration Statement (which would be publicly available), based on the Annual Remuneration Report, ideally one and the same document. The Annual Remuneration Report 2019/20, which it

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was agreed would also form the Annual Remuneration Statement 2019/20 was **APPROVED**. The Statement would be published on the website. **ACTION: JT.** RW noted the importance of the University's practices being aligned with the Code.

- 4.5 PH noted that the sub-committee of RemCom, People & Organisational Development Sub-Committee, which she also chaired, had convened recently.

5. Update from Vice-Chancellor

- 5.1 GR invited RW to provide an oral update to the Board. RW started by recording immense thanks to the Board, staff and students at the end of an exceptional and exceptionally exhausting year.
- 5.2 RW detailed Marjon's Covid-testing arrangements which had allowed students to return home safely and which would be in operation in January for the return to campus of students and staff. Costs would be controlled as much as possible. The University had worked hard to manage expectations regarding the efficacy of lateral flow tests so as to guide student behaviours. There would be deferred start dates for face to face study for some programmes, in line with Government requirements, as detailed in the paper 'Response to Government Announcement'.
- 5.3 RW presented a staffing update. He noted the expectation that different working patterns would evolve; adjustments were being made. Integrated software efficiencies were being reviewed. PDR completions were being tracked, with improved compliance and quality being seen in those returns. A new business planning approach was being run. Research and Knowledge Exchange plans were progressing. Preparations were being made for a post-Covid launch of a civic engagement initiative as well as working towards Research Degree Awarding Powers.
- 5.4 RW updated colleagues on campus development plans, including the resolution of a boiler issue, imminent installation of Amazon lockers, planned provision of a new shop. A condition survey and a maintenance and refurbishment schedule would be presented to the Board in March, along with a major project scheduling and funding report.
- 5.5 RW noted that the University was entering into a planning partnership with Plymouth City Council.
- 5.6 RW noted that he would build on initial conversations with University Hospitals Plymouth NHS Trust.
- 5.7 RW anticipated that the Government's HE policy proposals would follow on from FE proposals which had been delayed and were now expected in January or February. HE proposals were likely to include tuition fee levels and Government priorities for the subject mix, but Government is reported still not to want to take account of regional variations in graduate salary levels. The timing and content of HE proposals are likely to align with the timing of the expected Cabinet reshuffle in 2021.
- 5.8 RW confirmed that he would continue to maintain rigorous financial controls, keenly aware of two critical uncertain factors: the continuing escalation of Covid-related costs and any unforeseen estates expenses that could not be deferred.
- 5.9 While RW did not anticipate stakeholder dinners being held before autumn 2021, as much activity as possible for students would be planned in May, which RW went on to detail,

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mindful that for many students their opportunity to build friendships had been severely constrained by Covid-19.

- 5.10 RW noted that Varsity rugby and football may be deferred to May as special celebratory events.
- 5.11 The provisional date for graduation for the Class of 2020 was April, with a possible deferral to the May-July quarter. It would be held on campus to allow the University to provide an enjoyable occasion without the need for those celebrating to disperse straight away afterwards.
- 5.12 RW concluded by noting that through these demanding times Marjon was achieving far more than dealing with Covid. RW invited fellow governors to join him in expressing thanks and appreciation to all Marjon's staff and students.
- 5.13 GR gave a rounding endorsement on behalf of the Board, noting that it had been an incredibly difficult year. He paid tribute to RW and his team for all they had achieved.
- 5.14 GR asked colleagues if there was any other business to bring to the Board's attention; none was flagged. GR confirmed that regular updates would continue to be communicated to the Board.

Close

RW and GR thanked the Board for their support and commitment and wished everyone a happy Christmas and looked forward to convening again in January. An informal, virtual meeting would follow on from this meeting.

Part B

The following reports were received for information:

- 6. Annual KPI report & spreadsheet (updated) – discussed and **APPROVED** under item 2.23.
- 7. Register of Interests