

Approved Minutes

Present

Mr Alex Hawtin	Independent Governor, Chair of Committee	AH
Prof Patricia Hind	Independent Governor, Deputy Chair of Committee	PH
Mrs Kate Doodson	Independent Governor	KD
Mr Graham Raikes, MBE	Independent Governor, Chair of Board	GR
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Miss Lauren Edwards	Student Governor, Marjon Student Union President	LE
Mr John Searson	Independent Governor, Chair of Estates Project Group, Deputy Chair of Board	JS
Mr Simon Arthurs	Director of Finance & IT	SA
Mr John Bailey	Director of Estates	JB
Mrs Jessamie Thomas	Governance Officer (note taker)	JT

1. Welcome, Apologies & Declaration of Conflicts of Interests

- 1.1 Committee Chair, Alex Hawtin, welcomed colleagues to the meeting.
- 1.2 All members were in attendance. Chair of Estates Project Group (EPG), John Searson, was also in attendance. EPG reports to F&R Committee; JS would provide an update from two recent meetings.
- 1.3 Written declarations of interest were included in Part B. AH provided an update to the register, not of material relevance to this meeting but the Governance Officer would update the register.
- 1.4 AH invited governors to 'unstar' items from Part B for discussion; none were unstarred.

2. Capital Programme Affordability

- 2.1 The report was received. AH invited Director of Finance & IT, Simon Arthurs, to present an overview.
- 2.2 SA updated the committee on affordability, with reference to the position as stated in the Annual Financial Return (AFR) submitted in January 2021.
- 2.3 SA provided an update on lifecycle replacement planning. The maintainable assets survey was due to be completed by the end of May 2021. The Committee requested sight of findings once completed. **ACTION: SA/JB**
- 2.4 It was noted that some routine and reactive maintenance expenditure will always be allocated to the revenue budget. Eg , PAT testing, boiler repairs and servicing, lift maintenance etc.
- 2.5 In response to a question, SA confirmed that revenue budget was being factored in proportionately to the corresponding increases in capital spend as the income in the revenue budget grew.
- 2.6 The Committee sought assurance that costs were being split across multiple years, to allow, for example, for projects that were important for student growth but not affordable in-year or may take longer to deliver. A pipeline of potential projects to support how such decisions were made and prioritisation criteria was requested. **ACTION: SA/JB**

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- 2.7 Vice-Chancellor, Prof Rob Warner, stated his confidence that this interim report demonstrated important progress in moving forward with future planning.
- 2.8 In response to a question as to whether the University was cognisant of risks inherent when deciding *not* to proceed with expenditure, SA confirmed it was not untypical to have backlog maintenance at the outset, which would reduce once the lifecycle planning gap narrowed and this would take time, reflecting the long-term nature of capital planning.
- 2.9 In terms of facilities management and maintenance, Director of Estates, John Bailey, noted that striving for greater energy efficiency and sustainability was always a key priority as this lowered revenue costs. SA reiterated a whole lifecycle cost approach was being implemented.
- 2.10 **Passivhaus – Costs and Benefits.** The report was received. RW had requested that this report be brought to EPG and F&R Committee, to ensure that members were fully sighted of upfront costs as well as longer term benefit. AH invited JB to summarise.
- 2.11 It was noted that the Passivhaus approach aligned with the Campus Development Plan's (CDP's) environmental objectives and corporate responsibility and also provided cost benefit over time. Carbon reduction targets in the CDP were based on the premise of adopting the Passivhaus approach.
- 2.12 Passivhaus represented longer term sustainability and 'future proofing' with regard to building controls and regulatory requirements.
- 2.13 JB provided information about Passivhaus buildings nationally and across the sector. It was noted that this was an increasingly popular and natural partner for HEIs, given the payback potential as owner/operator and the nature of its repetitive modular construction.
- 2.14 While there were higher up-front costs, these would be recouped via savings as demonstrated in financial payback analysis. The Passivhaus Trust analysis indicates approximately 4% capital cost uplift. For the purposes of CDP, it was felt more appropriate to maintain a conservative 10% uplift.
- 2.15 Student Governor, Lauren Edwards, affirmed the critical importance to Marjon students of addressing the climate emergency and it was noted that EPG wholeheartedly endorsed Passivhaus' role in the essential journey to net zero carbon.
- 2.16 EPG's recommendation, that Passivhaus be adopted as a design principle and the default position in the University's building construction from the outset, in line with its institutional responsibility, was **AGREED**.

3. Summary from EPG

- 3.1 AH invited JS to present an overview of EPG's recommendations in relation to Salix grant funding, New Halls of Residence proposals and North Quad Terrace proposals .
- 3.2 The notes of EPG M1 were included in Part B. JS summarised discussions of EPG M2, held the previous day.
- Salix:**
- 3.3 The Salix Interim Update briefing note was received. JS presented assurances and recommendations from EPG regarding oversight of the £1.8m Salix (public sector decarbonisation funding) grant:
- EPG had been assured, via analysis and discussion, that implementation of projects funded by Salix was on time, on budget and compliant with funding criteria. F&R

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Committee noted the analysis and **AGREED** with their assessment, commending JB and team for the rapid implementation.

- EPG recommended that capital savings arising from Salix grant-funded projects should be hypothecated so as to support a carbon neutral agenda. F&R Committee **AGREED** with the recommendation.
- EPG recommended that the switch-over to the new projects should be celebrated widely and the landmark moment should be student-focused. F&R Committee **AGREED** with the recommendation.

- 3.4 JB updated the Committee on a potential funding opportunity following an announcement by the government and Salix on public sector decarbonisation and laid out his proposed course of action in order to bid for funding. F&R Committee endorsed his approach.

RIBA Stages 1 & 2 for New Halls Project:

- 3.5 JB reminded the Committee that the New Halls Project was a priority of the approved CDP. The Committee was invited to consider now taking the project to RIBA Stages 1&2 with a view thereafter to taking it through the following two stages and on to planning permission.
- 3.6 RIBA Stages 1&2 costs had been refined at £312k and were presented to the Committee for review. It was noted that a notional procurement budget had been set at £30k, which may be required, depending upon the procurement route which was decided upon. JB provided background to this.
- 3.7 RW provided a student recruitment update. This would also be presented to BoG 25 March 2021. JB reminded the Committee of the increasing student demand for on-site accommodation. JB flagged interim student accommodation possibilities that were being explored to meet this.
- 3.8 JB noted that a Planning Performance Agreement (PPA) – a project management tool - was being set up with Plymouth City Council. RW reminded the Committee of potential constraints with regard to the adjacent airport site.
- 3.9 JB noted that while previously the intention had been to demolish three of the oldest halls, an alternative under consideration was to maintain and sweat them at an acceptable ongoing operational level.
- 3.10 The affordability of moving to RIBA Stages 1&2 was discussed, based on cashflow forecasts contained in the AFR assumptions previously discussed with F&R and BoG. SA reminded the Committee that commencement of RIBA Stages 1&2 would require an increase to the capital budget for this financial year. F&R Committee agreed that RIBA Stages 1&2 of the New Halls Project commence and be funded by an increase to the capital budget of £312k.
- 3.11 JB shared two Gantt charts detailing timelines for both Sept 2023 and Sept 2024 opening. JS confirmed EPG's recommendation that Sept 2023 be ruled out as it would be too ambitious in the current context. F&R Committee agreed with EPG recommendation that the optimum opening date for the completed New Halls would be September 2024. It was noted that it was time-critical to commence RIBA Stages 1&2 as soon as possible, in order to adhere to the timeline for completion by September 2024.
- 3.12 A range of potential funding options was presented for the build phase of the project. These were discussed at summary level. A joint workshop would be held between EPG and F&R Committee to analyse optimum funding routes in more detail.

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- 3.13 In summary, F&R Committee **AGREED** to recommend to the Board that RIBA Stages 1 &2 of the New Halls of Residence Project should commence as soon as possible, funded by an increase to the capital budget of £312k, with a view to completion by September 2024.

North Quad Project:

- 3.14 The report was received. AH invited JB to summarise.
- 3.15 JB reminded the Committee that the North Quad project had been approved in principle by BoG but not yet commenced as it was contingent upon funding.
- 3.16 JB reiterated the numerous benefits of the project, noting in particular the less tangible benefits – a space which enhanced wellbeing and engagement. These were in addition to enhancements in a number of areas, including social, aesthetic and environmental. The aim was that the project would give immediate benefits to the students, have a big visual impact and bring significant potential community and commercial rewards.
- 3.17 JB noted that the deadline for commencement, with regard to planning permission, was 25 November 2022. It would be important to identify the optimum start date so as to have the minimal impact on students given that a certain amount of disruption would be inevitable. While in some respects the current period would present a good opportunity, this needed to be balanced by careful management of finances during the ongoing uncertainty due to Covid-19.
- 3.18 In response to question, JB confirmed that the project had been fully costed. The procurement package had been prepared. Estimated build time was six months. Costs were reflective of the design. In response to a request from EPG, JB confirmed that if extra pathways were incorporated into the build, costs would increase slightly.
- 3.19 F&R Committee **AGREED** to recommend to BoG approval of progressing to the build stage of the North Quad project as soon as the finances were available.

4. Nuffield Land Offer

- 4.1 The report was received. AH invited JB to present an overview.
- 4.2 JB provided background to the opportunity to negotiate a sale of the freehold of a site adjacent to the Marjon campus. Details about the site, duration of unexpired lease and rationale for selling the freehold were presented.
- 4.3 F&R Committee confirmed the principle of ‘capital to capital’, ie the committee **AGREED** that proceeds from the sale of the freehold should be ringfenced for capital expenditure.
- 4.4 With regard to likely timescales, SA had shown this potential income in the following financial year and had applied sensitivity to the proposed level of income for prudence.
- 4.5 F&R Committee **AGREED** to recommend to BoG that approval be given to proceed with negotiations regarding the sale of the Nuffield site freehold.
- 4.6 At the earliest opportunity following confirmation of the sale, F&R Committee would discuss commencement of the North Quad Terrace and bring its recommendation to the Board. It was noted that providing a threshold figure to BoG 25 March 2021, so as to expedite approval of the sale of the freehold, would be helpful. **ACTION: SA**

5. Investment Update

- 5.1 The report was received. AH invited SA to present an overview.

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- 5.2 SA reminded the Committee of the decision, approved by BoG in 2020, to move over half of the investment fund to a Green Deposit account, in order to temporarily restructure investments to protect capital value at a time of volatility in the financial markets, due to Covid-19.
- 5.3 SA reminded the Committee that Marjon's investment fund was managed by JM Finn Ltd. SA held meetings each semester with the fund manager. This Committee had a presentation from, and held a discussion with, the fund manager in October 2020. SA provided a further update on the performance of the medium risk portfolio. The risk versus reward aspect of placing funds in the Green Deposit account or in the investment fund was discussed.
- 5.4 The Committee confirmed that the approach to the management of Marjon's investments was appropriate: careful, agile, responding to current conditions. It was noted that movement of funds at this period of time was effectively a continuation of the temporary decision to move funds based on the changing environment cause by the pandemic.
- 5.5 In response to a question regarding at what point the situation would revert to the previous approach (as guided by the Investment Strategy), SA confirmed that once surpluses were sufficient this would be reviewed.
- 5.6 SA confirmed that cashflow considerations were carefully monitored.
- 5.7 F&R Committee confirmed that, given the earlier decision to defer commencement of the North Quad Terrace project until the sale of the Nuffield Site freehold was confirmed, it would be appropriate to switch funds from the Green Deposit to the investment fund, to secure capital growth in the interim.
- 5.8 The recommendation that £700k of Green Deposit funds be moved into the investment fund was **AGREED**.
- 5.9 The Committee requested that an Investment Update be a standing item on the F&R Committee until further notice. **ACTION: JT**
- 5.10 An investment update was requested, alongside funding routes for the CDP, for the joint workshop being held for EPG and F&R Committee in June 2021. **ACTION: SA**

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.

Part B – for information only

The following were received for information with no queries:

6. Notes from Estates Project Group M1 03.03.2021
7. Register of Interests