

**Approved Minutes**

**Present**

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

**In attendance**

Miss Lauren Edwards	Student Governor, Marjon Student Union (MSU) President	LE
Prof Gary Shum	Academic Staff Governor	GS
Mr Simon Arthurs	Director of Finance & IT	SA
Mrs Jessamie Thomas	Governance Officer (note taker)	JT

**1. Welcome, Apologies & Declaration of Conflicts of Interests**

- 1.1 Deputy Committee Chair, Prof Patricia Hind, agreed to chair the meeting and welcomed colleagues.
- 1.2 Lauren Edwards was congratulated on her re-election as MSU President.
- 1.3 Apologies were received from Committee Chair, Alex Hawtin.
- 1.4 Written declarations of interest were noted in Part B. No additional declarations were made.

**2. Minutes of the Previous Meetings**

- 2.1 The minutes of the meeting held on 20 January 2021 (M3) were received and **APPROVED** as an accurate record with no amendments.
- 2.2 The minutes of the Extraordinary Meeting held on 17 March 2021 were received and **APPROVED** as an accurate record with no amendments.  
*Kate Doodson joined the meeting.*

**3. To Consider the Management Accounts**

- 3.1 The report was received. PH invited Director of Finance & IT, Simon Arthurs, to present an overview.
- 3.2 SA confirmed an improved position since being considered by Board of Governors (BoG) in March. SA highlighted work being done to achieve a break even position by year-end and confirmed there was a good level of confidence that this would be achieved.
- 3.3 RW noted areas where expenditure could be contained. Covid-spend budget was being closely monitored. RW noted a potential upward income shift in line with the Government's roadmap out of lockdown. An interim update would come in mid-May. **ACTION: SA**
- 3.4 It was expected that Salix Round 1 would be cash neutral. It was being accounted for outside of the capital monitoring due to the large-scale one-off nature of the spend and short term delivery.
- 3.5 In response to a question, SA explained that the depreciation recalculation reflected lower capital spend; last year's capital headroom had been carried forward and fewer capital assets created.
- 3.6 PH thanked SA for his overview and the Committee was satisfied with the position.

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#### **4. To Review Finance KPIs**

- 4.1 The report was received. PH invited SA to present an overview.
- 4.2 It was noted that KPIs were being embedded across the Institution through the process of business planning, focusing on compliance, output and outcomes. KPIs had been split into strategic, operational and those which sat with the budget/project managers.
- 4.3 SA confirmed that managers contractually had responsibility for devolved KPIs. Where appropriate, targets were included in job descriptions and Personal Development Reviews (PDRs).
- 4.4 SA confirmed that staff training was ongoing and would be developed going forwards. The usefulness of British Universities Finance Directors Group's (BUFDG) approach was noted and SA was commended for his advisory role in developing BUFDG materials.
- 4.5 Following discussion, the Committee confirmed the appropriacy of the KPIs, which it was felt covered a wide spectrum and provided a good foundation upon which to build. RW confirmed that SMT would review Growth Plan targets in June/July and BoG would be involved in this developing conversation at its Strategy Afternoon in July. **ACTION: RW**
- 4.6 SA was thanked for his report and work on the Finance KPIs.

#### **5. To Receive a Business Planning Update**

- 5.1 The report was received. PH invited SA to present an overview.
- 5.2 SA reminded the Committee of the approach being taken and the framework being embedded, to align and prioritise resources. The Committee endorsed the core categories, noting that thematic approaches would be flexible and reflect the strategic focus of the University. An overview of priorities would be reflected in the budget and correspond with Growth Plan discussions.
- 5.3 RW noted that in the right cycle, the internal auditors could be asked to review the process, building upon their current support in this area. SA, RW and GR would keep this under review. **ACTION: SA**
- 5.4 SA flagged that project management training for graduate interns was being developed and then would be made available for students, as part of their employability portfolio. The potential for working closely with the Business School in ways such as this was commended.
- 5.5 The Committee commended SA on the impact of his approach; SA acknowledged the work of SMT.

#### **6. To Review the University's Financing Options for New Halls of Residence**

- 6.1 The report was received. PH invited SA to present an overview.
- 6.2 SA reminded the Committee that a range of options was under review for the funding of large scale capital infrastructure projects. The report presented an interim update.
- 6.3 Representatives from Womble Bond Dickinson (WBD), the University's lawyers, joined the meeting for this item; the session was recorded so as to share with Estates Project Group (EPG).
- 6.4 Two papers from WBD had been circulated prior: Introducing Our Expertise: Services to Investment Funds; University of St Mark & St John, Student Accommodation Project. WBD summarised their expertise in funds practice, including fund structuring, working with investors and tax planning.

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- 6.5 From an initial meeting with SA, WBD had established that:
- the University wished to be responsible for the management of the relationship with the students using the new facilities
  - the University was open to different funding models and would need to understand implications in terms of timescale for delivery
  - planning for the project had not yet been obtained and would need to be factored in
  - the University was keen to use its own design team
  - a review of the outline timetable would need to be undertaken
  - the public procurement regime would apply to new facilities
- 6.6 WBD presented two main approaches: (1) the University would carry out the development, fund it via money raised and keep control; (2) a private finance-type arrangement would be set up, whereby the developer carried out the development and the University used rental income to cover the repayment of the 'mortgage'. WBD summarised implications of both regarding the University's role.
- 6.7 WBD recommended that the University seek to understand its risk-reward appetite so as to address the fundamental question around the desired level of control and risk.
- 6.8 A range of options was available with regard to funding, which WBD summarised noting the spectrum of returns depending upon objectives and parameters.
- 6.9 WBD noted that if the private sector were involved in a long term arrangement it would be important to ensure they had robustly costed life cycle replacement during the period of the lease.
- 6.10 SA noted that an 'arms length' company may be of interest, which could comprise accommodation purchased rather than constructed, eg accommodation blocks to increase student rental capacity.
- 6.11 RW highlighted Marjon's growth in student numbers and the increasing number wishing to live on or near campus, for a sense of belonging and support. Marjon was keen to be the landlord and ensure compliance with the Universities UK code, focused on student satisfaction and delivery of optimum student experience. RW noted that Marjon's ethos had been deliberately and decisively different to some other HEIs during lockdown, with a commitment to pastoral support 24/7. For those reasons it would be difficult to contemplate 'handing over' students as tenants to a third party. WBD noted that a fund structure with involvement of third parties would not, per se, prevent Marjon from running the accommodation.
- 6.12 RW noted that rental value in the south west tended to be relatively low and so a ceiling on yield would need to be factored in. SA noted that with regard to the rate charged to students, it was likely there would be a differential depending on the type of room (shared room, shared bathroom, ensuite), recognising that some students would prefer a budget option.
- 6.13 In response to a question, SA explained that funding the Village Houses had involved the setting up of a company, raising capital to build the houses, using the rent to pay forward-agreed sums to buy back the shares in the company. It had been treated as a long-term loan on the balance sheet and would end in 18 months' time. SA confirmed it had been successful, although a lack of rental income during the Covid-19 pandemic had seen the University make repayments instead of tenants.

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- 6.14 The Committee noted that discussions would need to cover the effect on the balance sheet, covenants, the need to be risk averse due to the cash position and the capacity of the team.
- 6.15 WBD were thanked for their contributions and left the meeting. SA would follow up these discussions so as to introduce some numbers into the planning. He would remind WBD to ensure that options accounted for RIBA costs appropriately. He would share details of the entity set up for Village Houses and highlight to WBD the University's commitment to Passivhaus.
- 6.16 The Committee agreed it was necessary to establish the University's appetite for risk and control and the strategic options available, in respect of the University's size and growth capacity. RW concluded that four conversations would be taken forward: WBD (May); SMT (May) around risk appetite; F&R and EPG (early June) including debt profile and affordability; BoG (July). **ACTION: RW/SA**

### 7. To Receive an Estates Update

- 7.1 PH invited RW to present an update on Salix Round 1.
- 7.2 RW confirmed that the programme was on time and on budget. It represented a significant uplift for the University in terms of decarbonisation and annual savings. SA confirmed that the final payment from Salix was anticipated.
- 7.3 It was reiterated that savings generated through decarbonisation would go towards financing capital projects.
- 7.4 RW confirmed that a bid had been submitted for Salix Round 2 funding, in order to accelerate the University's decarbonisation, for ground source heat pumps. The bid criteria required the University to fund the replacement cost of boilers, approximately £0.468m in order to bid for funds of over £3m. The Committee discussed whether they should await the outcome of the application before deciding whether to match-fund, or whether they should agree in principle now to match-fund.
- 7.5 The Committee **AGREED** in principle that if the Salix funding were received, the University would contribute, as detailed above at 7.4, the cost of replacing the boilers, approximately £0.468m.

### 8. To Review the Strategic Risk Register (F&R risks)

- 8.1 The report was received. PH invited SA to present an overview.
- 8.2 SA noted that financial risks within the Strategic Risk Register were regularly reported to this committee. The full register had been circulated, with key risks clearly defined, including updated Covid-related risks. SA flagged emerging risks and discussed with the Committee.
- 8.3 The Committee was satisfied with the position and thanked SA for his work on this.

### 9. To Consider the Effectiveness of the Committee and Review Terms of Reference

- 9.1 The report was received. PH invited Governance Officer, Jessamie Thomas, to present an overview.
- 9.2 PH suggested that GR and Chair of F&R Committee review the survey responses. **ACTION: GR/AH**
- 9.3 The Committee considered and **APPROVED** the Terms of Reference, with no amendments.
- 9.4 The Committee considered and **APPROVED** committee membership, including Chair and Deputy, with no amendments.

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In closing the main part of the meeting, PH thanked Gary Shum and Lauren Edwards for their attendance and contributions.

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

##### **Close**

In closing the meeting, PH 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:

11. Matters Arising from Previous Meetings
12. HESES Student Return 2020-21
13. TRAC return 2019-20
14. Register of Interests
15. Report on Legal Activities; Fraudulent, Whistleblowing, Health & Safety Incidents; Student Casework; Student Welfare – *See RB minutes*