

Approved Minutes

Present

Alex Hawtin	Independent Governor, Chair of Committee	AH
Prof Patricia Hind	Independent Governor, Deputy Chair of Committee	PH
Graham Raikes, MBE	Independent Governor, Chair of the Board	GR
Prof Rob Warner	Vice-Chancellor	RW
Kate Doodson	Independent Governor	KD
Katherine George	Co-opted Member of Board and F&R Committee	KG

In attendance

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

1. Welcome, Apologies & Declaration of Conflicts of Interests

- 1.1 Chair of the Committee, Alex Hawtin, welcomed colleagues. John Searson, Chair of Estates Project Group, was also welcomed to the meeting.
- 1.2 No apologies were received; all members were in attendance.
- 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 Estates

- 2.1 AH invited Deputy Vice-Chancellor, Prof Michelle Jones, to provide an update.
- 2.2 The Committee noted that Estates Project Group (EPG) had met in October and the notes of the meeting were included in Part C.
- 2.3 MJ confirmed current areas of focus with regard to safety and compliance. MJ provided an update on risks which had been identified and how these were being addressed. An update on the Estates staffing position was noted, including the appointment of John Chadwick to Head of Estates.
- 2.4 The presence of reinforced autoclaved aerated concrete (RAAC) on campus was discussed and MJ updated the Committee on the approach being taken to identify and assess this.
- 2.5 With regard to a capital bid, MJ confirmed that design work had been progressing and the University's procurement policy had been shared with the funder and was being followed.
- 2.6 It was noted that the completion of the purchase of the Plymouth Studio School, due by the end of the year, may necessitate the use of the Green Deposit funds. These would then be reimbursed once the bank loan was confirmed. The Committee agreed this was prudent and **APPROVED** this approach.
- 2.7 SA provided an update on the final lease documentation which was being prepared with regard to the Peninsula Allied Health Centre (PAHC) building.

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- 2.8 MJ confirmed that the new halls feasibility assessment was complete and work was being done to identify appropriate funding mechanisms. Vice-Chancellor Prof Rob Warner suggested a target date of March 2023 for the Board of Governors (BoG) to resolve the best available funding mechanism for a new hall of residence, to be open in Sept 2026 or 2027. While there may be more than one option to explore, full BoG approval would be required to take this forward. RW suggested that by March 2023, EPG and F&R should have established the optimum way forward, so as to make a recommendation to the BoG.

ACTION: MJ/SA

- 2.9 MJ was thanked for the Estates Update.
JS left the meeting.

3. To Receive the Draft Audited Financial Statements (Statutory Accounts) 2021-22

- 3.1 The report was received. AH invited Chief Operating Officer & Finance Director, Simon Arthurs, to provide an overview, which SA presented via a slide presentation.
- 3.2 SA reminded the Committee that a deficit 'investment budget' had been set, to enable up front spend particularly on healthcare education, marketing and digital.
- 3.3 SA summarised income and expenditure analysis headlines and went on to answer questions. An operating deficit of £1.246m (versus the budget of -£1.176m) had been generated and following discussion the Committee was satisfied with the position.
- 3.4 SA noted the significantly higher pension position, compared with the previous year. SA reminded the Committee that this was a notional figure, linked to the financial markets and revalued at year-end along with the Pension Service Cost.
- 3.5 SA confirmed that Earnings Before Tax, Interest and Finance Costs, Depreciation and Amortisation (EBITDA), an operational KPI, was £1.786m, compared to £3.404m the previous year.
- 3.6 SA presented analysis on the transition from the Management Accounts deficit of £1.246m to financial accounting surplus of £17.799m and how the technical FRS102 Adjustments impacted on the final position. The Committee commended SA on the clarity of the presentation of this information, which would serve to support BoG's understanding of the position.
- 3.7 The Committee discussed in detail the Draft Financial Statements, External Audit Report and Letter of Representation. SA confirmed that the Audit Committee would receive this information at its meeting on 16 November 2022 M1 and, would have the opportunity to discuss this with Internal and External Auditors, for approval and onward recommendation to BoG.
- 3.8 The Draft Audited Financial Statements (Statutory Accounts) 2021-22 were **APPROVED**. The Committee thanked SA for his report.

4. To Receive the Draft Final Budgets (Capital and Revenue) and Draft Final MSU Budget for 2022-23

- 4.1 The report was received. AH invited SA to present an overview.
- 4.2 SA summarised the proposed budgets (Capital and Revenue). SA described the budget position heading into 2022/23 as representing a new post-Covid challenge of competition for students, an opportunity to recover and diversify income, alongside costs rising due to

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inflation reaching new highs. Budget savings would be required and had been built into the projections.

- 4.3 SA provided a revenue analysis update, including student numbers and fees. Cost assumptions were scrutinised. With regard to potential growth in student numbers, strong levels of attendance at the upcoming Open Day were anticipated. The Committee went on to discuss the possibility of strike action on that day. It was noted that the ballot was national rather than local. The Committee was aware that in real terms the tuition fee value was steadily being eroding and this presented financial difficulties to universities.
- 4.4 The Capital Programme for 2022/23 represented a combination of the annual financial envelope plus projects in flight brought, including the Plymouth Studio School (purchase price and fees).
- 4.5 SA noted the need to maintain the underlying business as usual capital investment to support students and to begin to shift to proactive estate management
- 4.6 SA confirmed that the University had submitted an OfS Capital Bid to support the development of healthcare education programmes. In addition, SA would explore Salix grants and loans alongside other sources of external funds. SA confirmed that he would share the conditions of spend of any significant capital grants awarded. **ACTION: SA**
- 4.7 SA explained in detail the rationale behind the investment (deficit) budget. SA was confident that the position was prudent, achievable and confirmed this would be carefully managed. The proposal was scrutinised by the Committee and SA responded to questions, to the Committee's satisfaction.
- 4.8 RW noted areas where investment ahead of any return would be required, for example, healthcare education and the return to Marjon's use of the PAHC building.
- 4.9 SA discussed with the Committee cash, risk and budget control. SA confirmed that impact on cash was discussed regularly by Senior Management Team (SMT) with regard to action plans and risk management. SA confirmed the monitoring which would take place and the reporting to the Committee and BoG which would be provided at regular intervals, for transparency and assurance.
- 4.10 The Committee suggested that the development of a 'Return on Investment Plan' would aid analysis. **ACTION: SA**
- 4.11 Energy costs, Salix grant funding and the University's carbon neutral pledge (2030) were discussed.
- 4.12 Following careful consideration of affordability, including the impact on reserves, it was **AGREED** that a deficit revenue budget of £1.114m should be recommended to the Board for approval. The Capital Programme for 2022/23 represented a combination of the annual financial envelope of £2m plus the projects in flight brought forward from 2021/22 of approximately £2.931m. The Committee **AGREED** that this should be recommended to the BoG for approval

Draft Final MSU Budget for 2022-23

- 4.13 The report was received. SA summarised the position and the discussions which had underpinned the proposed budget.
- 4.14 Following discussion the Draft Final MSU Budget for 2022-23 of £135,261 was **APPROVED**.
- 4.15 SA was thanked for his report.

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5. To Confirm the Approach to Office for Students (OfS) Returns

- 5.1 The report was received. AH invited SA to present an overview.
- 5.2 SA reminded the Committee of the purpose of the Annual Financial Return (AFR). Key assumptions were discussed. The workings and narrative would be shared with the BoG ahead of the BoG meeting later in the month. The BoG would be required to confirm the approach and assumptions prior to submission and would also consider the approach to the approval of the Transparent Approach to Costing (TRAC) return.
- 5.3 The Committee discussed the planning around diversification of programmes, the increase in income, the reinvestment of surplus into the estate.
- 5.4 It was suggested that an indication in the analysis of the point at which the financial position including the reserves position would see an upturn would be helpful **ACTION:SA**.
- 5.5 The approach to the preparation and submission of the OfS Returns was **APPROVED**. SA was thanked for his work on this.

6. To Receive the Financial Strategy

- 6.1 The report was received. AH invited SA to present an overview.
- 6.2 SA summarised changes and salient points, noting that there were no material changes to the approach. The Committee was content and commended AH on the dynamic nature of the Strategy.
- 6.3 The Financial Strategy was **APPROVED**. The Committee thanked SA for his report.

7. To Receive the Treasury Management Strategy

- 7.1 The report was received. AH invited SA to present an overview.
- 7.2 SA noted the purpose of the Strategy and how it consolidated existing approaches. It was suggested that the inclusion of comparative data, where appropriate, may be helpful for context. **ACTION: SA**.
- 7.3 It was suggested that discussions around the leadership team's appetite for risk and that of governors would be helpful, so that when KPIs were overlaid, levels of risk were understood.
- 7.4 SA was thanked for his report.

8. To Receive the Digital Strategy and Digital Progress Update

- 8.1 The report was received.
- 8.2 It was noted that the two key strands of this work were around digital pedagogy and the digitalisation of Professional Services. The Committee requested that further refinement of the Strategy be undertaken; Kate Doodson offered to support with this. **ACTION: SA/IL**

Part B

The following reports were received and approved:

- 9. **Minutes of Previous Meeting** (4 July 2022) were received as an accurate record and **APPROVED** with no amendments.
The following were received for information with no queries:
- 10. **Matters Arising from Previous Meeting (4 July 2022)**
- 11. **Ethical Investment Strategy (review)**
- 12. **Strategic Risk Register (Finance Risks)**

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Part C

The following reports were received for information with no queries:

- C2 Notes from Estates Project Group (EPG) M1 (5 October 2022)**
- C- Register of Interests**

In closing the main part of the meeting, AH thanked attendees for their attendance and contributions.

- 13. Reserved Business – See RB minutes**
- 14. 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.