

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 the Board	GR
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Miss Lauren Edwards	Student Governor, Marjon Student Union President	LE
Prof Gary Shum	Academic Staff Governor	GS
Mr Simon Arthurs	Director of Finance & IT	SA
Mr John Bailey	Director of Estates (For Item 8)	JB
Mr Stephen Plant	University Secretary & Registrar (For Item 5)	SP
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 No apologies were received; all members were in attendance.
- 1.3 Written declarations of interest were noted in Part B. No additional declarations were made.
- 1.4 AH invited governors to 'unstar' items from Part B for discussion; none were unstarred.

2. Minutes of the Previous Meetings

- 2.1 The minutes of the meeting held on 14 October 2020 (M2) were received and **APPROVED** as an accurate record with no amendments. Endorsement of the investment fund director's briefing was reiterated.
- 2.2 The minutes of the Extraordinary meeting held on 26 November 2020 were received and **APPROVED** as an accurate record with no amendments.

3. To Consider the Management Accounts

- 3.1 The report was received. AH invited Director of Finance & IT, Mr Simon Arthurs, to present an overview.
- 3.2 SA confirmed that the position was continually updated in light of Covid-19 developments. SA, with Vice-Chancellor, Prof Rob Warner, updated the Committee on various elements of scenario planning.
- 3.3 It was noted that, while the Government's release to the sector of an additional £22m hardship fund was welcome, there had been no contribution to PPE costs, loss of rental income nor to students.
- 3.4 Scenario planning around students' return to campus was discussed. Student Governor, Lauren Edwards, noted that Marjon's size and values-based approach was conducive to students feeling connected. The Committee commended the work being done by the University and Marjon Student Union (MSU) to support students, noting the challenges that students and staff were facing.
- 3.5 The Committee requested high level sensitivity analysis on income to assess how the University could mitigate against, for example, a new Covid variant. **ACTION: SA.**

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- 3.6 SA confirmed that the revenue position was on track and detailed the risks which were being managed to maintain this to address the loss of £200k of revenue due to lockdown. SA also advised that the income losses has been built in but not the options to reduce eg £80k bid for sport relief funding. This prudent approach meant reflecting the worst case scenario with further updates in the next monitoring cycle.
- 3.7 SA explained the shift to a strategic systematic review of Professional Services staff, moving away from incremental staff changes.
- 3.8 Potential digital costs in relation to a new Building Maintenance MIS and a new Finance System were discussed, plus potential Quad design and Campus Development Plan (CDP) costs. It was suggested that the capital table be split into projects within scope of the year and those that extended beyond this to provide a clear separation between the monies committed to spending this year and potential spend in future years. The Committee would consider these costs in more detail, along with governance oversight of the Salix bid. RW reminded Governors that the Management Accounting report was the annual performance of annual budgets and projects.
- 3.9 SA confirmed the importance of digital solutions for longer term capital planning. Director of Estates, John Bailey (JB), would assess funding options for the Asset Management system for lifecycle replacement within the Estates revenue budget as additional funds had already been built in for the asset survey. The digital budget would be finessed further.
- 3.10 SA noted that the Asset Management System would support the life cycle planning budget, which would inform the revenue and capital budget setting for the optimum mix within Estates.
- 3.11 Larger scale capital projects would incur professional fees and SA would discuss further with JB to assess affordability of build, feasibility of sequencing and prioritization. It was noted that The Quad had been taken out of this year's capex planning due to the reduced budget. RW had instructed SA and JB to conduct an appraisal of capital condition and replacement and to assess optimum timing of The Quad project, a relatively small project which would benefit nearly all students and which would be a different scale of funding to the West Wing or a new hall of residence.
- 3.12 The Board would be invited to consider priorities and how to manage these within the context of the budget. SA/JB would differentiate between potential funding sources. For the March Board, papers would separate out the monies committed and those that might be spent at a later date. **ACTION: JB/SA.** The Board would be assured of the continuing conversation through this Committee of the significant longer-term plans and would be given the opportunity for full participation and oversight.
- 4. To consider the Office for Students (OfS) Annual Financial Return (AFR), for recommendation to the Board**
- 4.1 The report was received. AH invited SA to present an overview of the AFR, the financial model and assumptions, which he did via a slide presentation.
- 4.2 RW provided full background as to the purpose of the AFR. He confirmed his view that the figures and narrative struck an appropriate balance between prudence and ambition at a high level and demonstrated that the University was a going concern, credible and sustainable which reinforced the robust liquidity position confirmed by OfS in 2020. It was

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noted that organisations outside the sector may look at the AFR, for example banks for covenants, external funding.

- 4.3 The Committee discussed the timeline of the AFR's route to Board consideration and approval. SA summarised the steps to be taken between this meeting and presentation of the finalised AFR, together with narrative, to the Board the following week. It was agreed that F&R Committee would review the AFR in full prior, to provide assurance to the Board that it had been fully scrutinized. Via the sign off process, OfS would receive confirmation that the Board understood and accepted the forecasts and assumptions. The Growth Plan and annual budget would continue to be discussed by the Board, being two key strategic documents.
- 4.4 SA explained in detail the income and expenditure key assumptions. In response to a question, SA confirmed that a 'Head of Commercial' role would not be contingent upon approval of The Quad.
- 4.5 The longer-term strategy and opportunities regarding potential partnerships were discussed.
- 4.6 For next year's AFR discussions, the Committee would welcome some high-level variance analysis to compare with this year's position. **ACTION:SA**
- 4.7 The Committee discussed professional fees which would be incurred through moving forward with the CDP and suggested that nominal amounts be included in the outer years with £500k included in each of the last 2 years in the AFR. **ACTION:SA**
- 4.8 In response to a question, SA noted that an institution's borrowing and investment position were reflected via the balance sheet which would be submitted within the AFR.
- 4.9 The Committee was satisfied with the position. SA would email the Committee the full AFR and updated narrative/assumptions on 26 January 2021. A virtual meeting would be called if any member had any concerns or queries or if significant variance were noted. The AFR would then be circulated to the Board for their consideration and approval ahead of the EBoG meeting of 29 January 2021. It was requested that any material changes be flagged. **ACTION:SA**

University Secretary & Registrar, Stephen Plant, joined the meeting.

5. To Receive Marjon South West Ltd Accounts

- 5.1 The report was received. AH invited SA to present an overview.
- 5.2 The Annual General Meeting of the Board of Marjon South West Limited was convened, its Directors being Prof Rob Warner, Mr Graham Raikes and Company Secretary Mr Stephen Plant.
- 5.3 The Directors considered and **APPROVED** the annual accounts, which would be filed at Companies House by 30 April 2021. **ACTION: SP**
- 5.4 The strategic future of the business would be considered in due course.

6. To Consider the Financial Strategy 2020-2025

- 6.1 The report was received. AH invited SA to present an overview.
- 6.2 It was noted that the draft Financial Strategy had been considered by this Committee at its meeting on 26 November 2020.
- 6.3 The Committee thanked SA for his work on the Strategy and made the following suggestions: have a clearer distinction between programmes and research; that there be an Executive

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Summary for the Board; that SA reference future surpluses being earmarked for investment. An updated version would be brought to the Board in March. **ACTION: SA**

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

- 7.1 The report was received. AH invited SA to present an overview.
- 7.2 SA reminded the committee 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.
- 7.3 SA flagged emerging risks and discussed with the Committee. SA noted that the Management Accounting report, item 3, included a response provided to Universities UK (UUK).
- 7.4 The Committee was satisfied with the position and thanked SA for his work on this.

Director of Estates, John Bailey, joined the meeting.

8. To Receive an Update on Estates and Campus Development Plan (CDP)

- 8.1 The report was received. AH invited JB to present an overview.
- 8.2 JB drew the Committee's attention to sections 4 and 5, timeline and CDP progress, and reminded the Committee of the two priority project proposals, West Block refurbishment and New Halls Project.
- 8.3 JB reminded the Committee that Jones Lang LaSalle had previously presented funding options to the Board. JB had been exploring further options and would report back to the Committee in due course.
- 8.4 JB went through likely costs of RIBA Stages 1 & 2 for New Halls of Residence and recommended that these stages be commenced ahead of securing funding to enhance the proposals from the point of view of potential backers. If the target opening date for New Halls was to be September 2023, this would need to be started imminently.
- 8.5 JB presented the estimated Stage 1 and Stage 2 RIBA costs for the West Block project.
- 8.6 JB indicated that a workspace pilot project may be run alongside the planned teaching space pilot, given the question around the types of workspaces that staff would want to return to.
- 8.7 RW noted that JB's paper initiated a conversation on the priority projects which had come out of the Growth Plan. RW suggested that the March BoG consider the sequencing of these two major projects. The Committee was satisfied with this approach. **ACTION:JB/SA**
- 8.8 JB was pleased to advise the Committee that £1.8m of Salix funding had been awarded, including solar photovoltaics, upgrade to Building Management System, and LED lighting, which would result in a reduction in carbon emissions of roughly 300 tonnes per year, around 17.5% of the annual carbon emissions. It would also represent significant financial savings, the estimates of which JB presented to the Committee and would be built into budget forecasts in future. The project work would need to be completed by 31.03.2021.
- 8.9 The Committee commended JB and team on securing the funding. Board oversight of this work, plus oversight of the major projects in the capital plan would be essential. It was suggested that the Board's Estates project group be reinstated, which would also include oversight of digitisation.
- 8.10 The Committee requested that SA/JB consider how to present the 'triple bottom line' i.e. not only financial benefit but also environmental and social impact; regular monitoring and reporting on this in the context of Marjon's organisational purpose would be key. **ACTION:**

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SA/JB RW noted it would also be important to incorporate these elements into future annual reports.

- 8.11 It was agreed that expressions of interest would be invited from the Board to join the Estates Group to: review options for timing and funding of a Hall of Residence; to explore potential LEP decarbonisation funding options. **ACTION: GR** This group could produce a draft report/proposal for the March Board, which would be considered prior by this Committee by email. **ACTION: JT**
- 8.12 JB was thanked for his report and update.
JB left the meeting.

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

9. **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.

Part B – for information only

The following were received for information with no queries:

10. Matters Arising from Previous Meetings
11. Register of Interests
12. Report on Legal Activities; Fraudulent, Whistleblowing, Health & Safety Incidents; Student Casework; Student Welfare – *See RB minutes*