

Approved Minutes

Present

Alex Hawtin	Independent Governor, Deputy 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 Michelle Jones	Vice-Chancellor (Interim)	MJ
Kate Doodson	Independent Governor	KD

In attendance

Will Mintram	Student Governor; President, Marjon Student Union (MSU)	WM
Simon Arthurs	Chief Operating Officer & Finance Director	SA
Stephen Plant (Item 4)	University Secretary & Registrar	SP
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 to the meeting.
- 1.2 Apologies were received from Katherine George, Co-optee.
- 1.3 AH invited members to provide any updates to the Register of Interests, included in Part C. 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.

2. To Receive an Update on Estates

- 2.1 AH invited Vice-Chancellor (Interim), Prof Michelle Jones, to provide an update.
- 2.2 An Estates Update, together with notes of Estates Project Group (EPG) M2 had been received at the previous Finance & Resources (F&R) Committee meeting, in February. MJ confirmed that discussions were progressing with regard to student residential accommodation options; there would be a workshop on 21 April 2023 to discuss further with Estates Project Group (EPG).
- 2.3 MJ confirmed that the Campus Development Plan was referenced and was a valuable resource.
- 2.4 It was confirmed that estates-related documentation (for example title deeds, leases) would be stored securely by the University's solicitors, with back-up copies created.
- 2.5 MJ provided an update on the condition of Hudson Hall, noting the remedial work which would be undertaken to allow it be brought back into use.
- 2.6 The Committee thanked MJ for the update.

3. To Receive an Update on the 'FocusNow' Project Plan

- 3.1 AH invited Vice-Chancellor (Interim), Prof Michelle Jones, to provide an update.
- 3.2 MJ reminded the Committee that this project was the mechanism through which the University was planning the delivery of three year business plans and budgets. MJ reported strong levels of engagement, collaboration and useful insights. The Committee asked about the feasibility of cost-cutting measures being implemented in this financial year and MJ confirmed that to an extent this would be possible. MJ would bring a further update to the

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Committee in June regarding a cost savings and income generation template. Chief Operating Officer and Finance Director, Simon Arthurs, noted that his triangulation process would commence shortly; this analysis would underpin the financial reporting which would come to the June F&R Committee meeting and July Board of Governors' (BoG) meeting.

- 3.3 'Touchpoints', ie opportunities for updates at appropriate intervals, either via Teams or by email, ahead of the next F&R meeting would be set up. **ACTION: MJ/SA**
- 3.4 The Committee thanked MJ for the update.

4. To Receive Marjon (South West) Ltd Accounts

University Secretary & Registrar, Stephen Plant, joined the meeting for this item.

- 4.1 The report was received. AH invited SA to present an overview.
- 4.2 The Annual General Meeting of the Board of Marjon (South West) Limited was convened, its Directors being Prof Michelle Jones and Graham Raikes. Company Secretary was Stephen Plant.
- 4.3 The company was currently not active. Its strategic future would be considered in due course.
- 4.4 The Directors considered and **APPROVED** the annual accounts, which would be filed at Companies House by 30 April 2023. **ACTION: SA/SP**
- 4.5 SA was thanked for the report. MJ and SP were thanked for their contributions. The AGM was closed.
SP left the meeting.

5. To Consider the Management Accounts

- 5.1 The report was received. AH invited SA to present an overview.
- 5.2 SA invited the Committee to consider the report, which presented the mid-year position regarding financial resilience, sustainability and outcomes for 2023/24. The Committee discussed this, in the context of the potential impact of the 'FocusNow' project (as set out by MJ earlier) on delivering balanced budgets for three years from 2023/24.
- 5.3 SA provided information on student fee income levels, student continuation and other Schools' and University income. The Committee discussed reasons for non-continuation of students; Marjon Student Union President, Will Mintram, shared insights around the challenges faced, including cost of living and the legacy of the Covid years. MJ confirmed that steps would be taken to help identify causes of non-continuation and develop processes to address these, and to also accurately record these. The Committee suggested that a continued investment in developing students' study skills, mindful of the challenges faced by students during Covid-impacted school years, would be important.
- 5.4 SA provided a revenue update, including student numbers and fees. The combined net budget was presented and SA addressed queries to the Committee's satisfaction.
- 5.5 Partnership income was monitored separately and SA shared analysis and commentary.
- 5.6 Analysis of 'other income' was shared and discussed.
- 5.7 As discussed as part of the 'FocusNow' update, action plans and cost control were being set up and monitored so as to remain within budget and start to address pressures for 2023/24 and beyond. Sustained reductions would likely include staff cost and non-staff costs; SA provided analysis of non-staff expenditure.

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- 5.8 Energy costs continued to be above budget. Work was underway to optimise the solar array. In response to a question, SA confirmed that the Ground Source Heat Pumps did not ease the energy bill but were key to the decarbonisation targets of the University.
- 5.9 The national pay award had not yet been finalised. The latest press release (02.03.2023) indicated that ACAS-facilitated talks between Universities and Colleges Employers Association (UCEA) and the Higher Education (HE) trade unions were continuing.
- 5.10 The cashflow position would be clarified once the impact of these costs had been established.
- 5.11 SA confirmed that the capital budget contained projects in flight; headroom for new projects had been held back to protect cashflow. The Plymouth Studio School purchase would be funded by a bank loan and the Committee accepted the rationale for the delay securing this, but reinforced the need to expedite it. SA's cashflow analysis included receipt in May, but SA anticipated April being more likely. The Committee **AGREED** that SA should proceed with any indemnification required, regarding the campus valuation, so as to expedite the loan. SA informed the Committee that he would meet with the University's solicitors next week, which would in turn influence the level of assurance which could be provided, with an update coming to BoG later in the month. SA confirmed that the Risk Register reflected this position.
- 5.12 The Committee sought assurance over the management of estates-related documentation. MJ confirmed that this, along with the secure storage of business analysis and business intelligence more broadly would be a transformation priority.
- 5.13 SA summarised the position with regard to cash, risk and budget control. SA confirmed that the bank covenant was reviewed monthly and had been tested successfully for the 2022/23 budget proposal and the mid-year review.
- 5.14 SA confirmed that his report to the BoG would include confirmation of key risks, an assessment of where savings had been made and the overall position against the budget. Cash resilience would be covered in the Risk Register
- 5.15 SA was thanked for his report and update. The Committee was satisfied with the position.
- 6. To Review the University's Borrowing Arrangements**
- 6.1 The report was received. AH invited SA to present an overview.
- 6.2 SA provided further commentary on headline figures, covering the current debt finance level, the ability to secure debt, the impact of the bank covenant and the regulatory position in relation to the Office for Students (OfS). SA responded to questions regarding how the position was being managed.
- 6.3 SA confirmed that the BoG would be updated later in the month. It was requested that elements of his update relating to estates scenario planning should come to EPG.
- 6.4 The campus valuation, which had been prepared for the bank loan, did not include Hudson Hall because at that time its condition was being assessed. The Committee requested that this be clearly recorded.
- 6.5 SA was thanked for his report and update. The Committee was satisfied with the position.
- 7. To Receive the Office for Students (OfS) Annual Returns:**
- 7.1 The report was received. AH invited SA to present an overview.

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- 7.2 SA reminded the Committee that BoG had approved the financial position for the creation of the Annual Financial Return and its submission to the OfS. SA confirmed that it had been submitted on time with very minor queries raised, which had subsequently been addressed. The AFR workbook was included in Part C.
- 7.3 BoG had confirmed it was satisfied with the approach to finalising the Transparent Approach to Costing (TRAC) 2021-22 return, which was duly signed off by the Vice-Chancellor. The Committee discussed the purpose of the return, the University's exemption from the full return due to its size, the requirement to review the cost base every few years, the importance of accurate coding, especially as the University grew. The TRAC 2021-22 workbook was included in Part C.
- 7.4 SA was thanked for the report and update. The Committee was satisfied with the position.

8. To Discuss Budgets (Revenue and Capital) and Business Planning Update

- 8.1 AH invited SA to provide a verbal update.
- 8.2 SA informed the Committee of the work being done following the mid-year review, including assessment of fee income, fee levels and School-based contribution rates. Continuation reports would be received in May, and there would be an overall rebasing of income from other sources. The position had improved slightly since the mid-year review analysis had been generated.
- 8.3 The Committee discussed cost pressures, noting the investment budget which had been set for the current year, and the savings to be made so as to set a breakeven budget going forward. Capital spend would be set in accordance with fee income levels.
- 8.3 SA was thanked for the update. The Committee was satisfied with the position.

Part B

The following reports was received and approved:

- 9. **Minutes of Previous Meeting** (10 February 2023) were received as an accurate record and **APPROVED** with no amendments.
- 10. **Committee Effectiveness** – the Committee Terms of Reference were **APPROVED**
The following reports were received for information:
- 11. **Matters Arising from Previous Meeting (14 November 2022)**
- 12. **Insurance Assurance Report**
- 13. **Strategic Risk Register (Finance Risks)**
- 14. **MSU Audited Accounts**
- 15. **Student Recruitment and Conversion Activity**
- 16. **HESES Student Return 2022-23**

Part C

The following reports were received for information:

- C7 AFR Workbook
- C7 TRAC 2021-22 Workbook
- C12 Insurance Certificates
- C Register of Interests

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

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17. **Reserved Business** – *See RB minutes*
18. **Reserved Business** – *See RB minutes*
19. **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.