

BOARD OF GOVERNORS
Finance & Resources Committee

Wednesday 20 February 2019, 10.00-13.00, Boardroom

APPROVED MINUTES

Present

Mr Richard Bayly (Chair)	Governor	RB
Ms Claire Gibson	Governor	CG
Mrs Pamela Greener	Governor	PG
Prof Patricia Hind	Governor	PH
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Mr Mike Baker	Academic Staff Governor	MB
Mr Graham Raikes	Governor, Chair of the Board	GR
Mrs Unity Stuart	Clerk to the Board	US

For items 5-8 only

Ms Suskia Collins	Head of Finance	SC
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For item 7-8

Mr Stephen Plant	Registrar	SP
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For items 12-13

Mrs Lucy Pengelly	Director of HR	LP
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For items 14-15

Mr John Bailey	Director of Estates & IT Infrastructure	JB
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1. Apologies & Conflict of Interests

- 1.1 The Chair welcomed PG and GR to their first meeting of the committee.
- 1.2 Apologies were received from Rhys Roberts, President of the Student Union and Student governor.
- 1.3 No new conflicts of interest were declared.

2. Minutes of the previous meeting

- 2.1 The minutes of the previous meeting were noted and approved.

3. Matters Arising

- 3.1 Matters Arising were discussed and considered complete. All other outstanding matters were to be discussed during the meeting.

4. Deputy Chair of the committee to be identified

- 4.1 RB confirmed this remained ongoing and would be a matter for discussion with Governance & Nominations committee.

5. Management Accounts and update on budget

- 5.1 SC, the Finance Manager, joined the meeting. She noted that the budgets were on track and work was underway to encourage buy-in from the budget holders which should deliver a moderate end of year surplus.
- 5.2 The committee discussed underspend and whether this represented a sign of good or bad budgeting. SC noted her customer service-based approach since beginning the role in November 2018 and the support being provided to teams and budget holders from the Finance team.
- 5.3 RW provided some context regarding the precarious financial position within the sector, indicating that a number of universities are projecting significant deficits and announcing redundancies. The University continued to aim for a moderate surplus in comparison.
- 5.4 Balancing a sense of ownership of budgets with clear direction from the finance team and management continued to be an issue and it was felt that this was being addressed.

- 5.5 SC provided a brief update surrounding training and support provided to staff from the Finance team and this will continue to expand following the Director of Finance appointment.
- 5.6 The graphs provided demonstrating the variance in cash flow were noted as particularly valuable.
- 5.7 GR queried the position surrounding DBS self-billing and VAT. SC noted that while they were OFS counted students, self-billing was no longer used for DbS or any other partnerships.
- 5.8 Other direct expenditure was discussed including some delays to expenditure surrounding maintenance works.
- 5.9 Income related to research was briefly queried. ACTION RW agreed to check whether there is any research income outstanding.
- 5.10 RW explained that the new DVC Professor Michelle Jones would be addressing research and research income now she is in post. RW also noted the upcoming REF submission was likely to result in some QR funding although long term QR funding was likely to diminish.
- 5.11 Where research should sit within the Board governance structures was discussed and it was noted that while the related finances are discussed within F&R wider issues surrounding research were reported directly to the Board.
- 5.12 SC provided an outline of anticipated research income and noted that a number of bids are currently in the pipeline.
- 5.13 The Committee noted that work on the 2019/ 20 budget was still in hand and it was not yet available. This would be considered at the next meeting with the new Finance Director.

6. TRAC and TRAC (T) return

- 6.1 SC explained the TRAC return and how the cost of teaching costs was measured by OfS in order benchmark with other universities.
- 6.2 RB queried whether the results of the TRAC were likely to impact on the University reputationally and whether the unit cost of delivery was an issue that needed to be addressed. SC indicated that there was nothing in the report that placed the University

in a bad light and although the limited research income was apparent, the benchmarking group also reflects this. GR and RW provided some additional context relating to the return.

6.3 The TRAC (T) report was also circulated at the meeting for discussion. RW noted that this return outlines the teaching costs per student compared with the peer group and the sector. The impact of teaching costs and cross-subsidies for research was also briefly discussed.

6.4 As part of the budgeting round the contribution model to the University has also been introduced.

6.5 The committee also noted the current uncertainty surrounding Brexit, funding and fees and discussed the desirability of different subjects and careers according to the current government.

6.6 The Committee welcomed the opportunity that the agenda had given to gain a better understanding of the TRAC and TRAC (T) returns and explore the issues more fully than was usual. They thanked the executive team for opening up this area of the university's work and exposing the issues.

7. HESES financial implications

7.1 SP joined the meeting.

7.2 SP noted the increase in student numbers in year showing a good position statistically. The anticipated growth in student numbers was also discussed and it was noted that the expectation for moderate growth in recruitment had been exceeded, alongside moderate growth in retention.

7.3 Increase in overall population was noted as newer programmes begin to have their first cohorts of years two and three, contributing to growth. RB noted that longitudinal monitoring of growth against targets over time would be valuable going forward.

7.4 SP noted the regulatory requirement to report this data but also referred to the KPI report which highlighted the wider plans and reporting on this data.

7.5 GR noted that understanding how and why recruitment figures were increasing was also valuable and SP noted the HEIDI data due to be released would show a comparison with the sector and where the University might be stand out.

7.6 The process and strategy for approving programmes was briefly discussed and the committee expressed an appetite for understanding the processes for programme

design and approval as well as the associated risks. SP briefly outlined the work of Directors of Schools in understanding the gaps in the market, anticipated interest and the quality assurance and scrutiny processes in place. RW noted the different drivers and opportunities for developing new programmes.

7.7 ACTION the committee requested a short report outlining the processes for programme design with examples of new programmes and closed programmes and including detail on rationale for these. RW agreed this might be best for submission to the Autumn meeting of the committee.

8. HESA Student Return

8.1 SP noted the key points from this report and that good degrees, NSS and retention improvements all impact on the league table positions.

8.2 Grade inflation was briefly discussed and SP noted there is a growing focus on how outcomes are measured and compared, even at module level, by the Quality Assurance Agency. The role of external examiners was also discussed.

8.3 SC provided a brief update on the financial implications of SP's report on student numbers, indicating a 12% increase in tuition fees on the previous year, a predicted 7% increase for the current year, and a forecasted 5% increase for the next year.

8.4 RW also noted the demographic upturn anticipated from 2020.

8.5 The Committee thanked SP for opening up the issues in the HESSES and HESA returns to fuller exploration than they usually received and the better understanding this gave.

8.6 SC and SP left the meeting.

9. Student Recruitment

9.1 RW presented this item in the absence of Katy Willis. RW noted that the UCAS applications data includes PGCE and school's direct applicants and reduced numbers here reflected current reluctance for young people to train as teachers.

9.2 RW noted a 3% reduction in applications compared with the previous year and a 6% reduction for competitors.

9.3 RW noted that there was likely to be an aggressive recruitment drive from within the sector and competitor group and the University was aware and prepared for this. The

Augur review of fees and funding outcomes might also result in students deferring if fees were e reduced.

RW said that in his view the Marjon personal approach to offers made to students continued to be the best approach.

9.4 The committee noted that the University was in strong position with a good senior management team in place having already moved through a period of cultural change. It was noted that sustaining the improvements already made would be key.

9.5 RW noted some budget constraints across the Board including in marketing spend to ensure financial security for the coming year. If funds could be release later in the year to enhance marketing they would be targeted on areas with the greatest prospect of impact.

10. Programme development & performance

10.1 RW introduced this as a 'holding' report indicating the early work undertaken on programme development and performance. Costing mechanisms would be refined further following the commencement of the new Finance Director. Developments would be reported to the Committee.

10.2 MB reported on progress with the BBC site and a series of publicity opportunities surrounding this including an official opening. This new development was likely to have a cumulative impact on recruitment figures to journalism.

11. Bank Covenant

11.1 This short report was received and noted and provided a record of the current position, currently 'paused' until the commencement of the new Finance Director who would take this forward.

12. A beginners Guide to Debt in HE

12.1 Received, welcomed and noted.

13. SMT Structure Diagram

13.1 RW explained that the complexity in reporting lines made diagrammatic representation difficult. Further discussions were in hand and a developed picture would be submitted to remuneration committee for further discussion. In the meantime, the Committee welcomed the diagram as providing an overview.

14. Update from HR

- 14.1 LP joined the meeting.
- 14.2 The committee welcomed her paper which outlined updates on recent HR activity. LP noted the recently announced proposed increases to LGPS contributions as well as the Teacher's pension. The USS position was also discussed with no change in the risk or liability at this stage.
- 14.3 The results of the staff survey were discussed, and the committee considered this to be an endorsement of the recent improvements. The results were considered to be very positive for both the University and compared with the sector.
- 14.4 The survey results indicated a slight increase in stress levels reported and LP noted that this would be addressed. LP noted steps will be taken to address this including suggestions for an external advisor or listening point and understanding the difference between academic staff and professional staff stresses.
- 14.5 RW noted that he had received some comments from staff indicating that although recent changes may have resulted in additional work, these changes continue to be supported. RW also indicated that the balance of workload would be reviewed following recent staffing changes and the balance of junior to senior staff might also be considered with a review of the Tribal data.
- 14.6 Some issues surrounding discrimination were also briefly discussed and would be examined and addressed with urgency. LP noted the top reason given for feeling discriminated against related to individuals' position within the organisation and this would be explored further.
- 14.7 LP also noted that more effort surrounding equality and diversity was needed and the new academic promotion process had also recently been approved and will be shortly taken forward, having incorporated the feedback received from academic staff during consultation.
- 14.8 LP noted the snapshot data provided regarding employee relations and the low level of casework the University sees. Sickness absence was also discussed, and LP explained the plans to address this, including working from home and flexibility.
- 14.9 The iReview process and 360 feedback was briefly discussed including a way to incorporate this within the software to be in place for the next PDR round.
- 14.10 ACTION RB noted the significant improvements related to HR in recent months. He suggested that it would be useful to have a review of progress and LPs

assessment of future priorities and further plans to give the Board a wider view. LP suggested this could be part of the update of the HR strategy.

14.11 LP left the meeting.

15. Estates Strategy Update

15.1 JB joined the meeting and provided a short presentation surrounding his previous HE experience and achievements, and initial observations and plans for the estates.

15.2 Health & Safety, compliance, security and space utilisation would be an initial priority for the Estates team and first impressions indicated that teaching space appears to be underused. A condition survey existed but was outdated and modernisation of the estate and IT will be a focus.

15.3 With regards to a timeline for work and a wider Estates Strategy, JB proposed that 'triggers' were built in to the growth plan, so that development could be implemented at different stages and to differing degrees depending on progress and growth.

15.4 The committee suggested that IT infrastructure, and the digital experience for students and prospective students i.e. at open days was more important than ever.

15.5 JB outlined a timeline for works beginning with the current consultation process with staff on existing facilities and IT provision and the collating of data and information to inform plans going forward. Following this, architects would be engaged and staff, students and governors would be consulted and updated throughout the process. By Summer/Autumn a robust plan and strategy for development work should be available in draft form.

15.6 JB concluded that while there is a need to pause, take a holistic view and plan for the future developments, there was significant potential and opportunity for the University.

15.7 It was agreed that the Estates task group would meet with JB as needed over the summer. F&R would next look at Estates issues when there was a draft Strategy developed.

16. To review the Strategic Risk Register (F&R risks only)

16.1 The committee welcomed receipt of the full risk register and appendices.

16.2 It was agreed that risks relating to financial performance should be reviewed in detail following the appointment of the Finance Director, including modelling scenarios.

17. Opportunity & risk surrounding partnerships

17.1 The short paper was received and noted with thanks.

18. To receive the Annual Health, Safety and Security Report

18.1 ACTION the Committee noted with thanks the refreshed report but requested some comparative data year on year.

RESERVED BUSINESS

19. Minutes of the previous RB meeting

19.1 Noted and approved.

20. Matters Arising

20.1 Noted.

21. To receive a report on Fraudulent, Whistleblowing, Health and Safety and Legal incidents

21.1 Noted with no concerns.

Action Log

Minute	Action	Owner	Deadline
5.9	RW agreed to check whether there is any research income outstanding.	RW	Next meeting
7.7	The committee requested a short report outlining the processes for programme design with examples of new programmes and closed programmes and including detail on rationale for these. RW agreed this might be best for submission to the Autumn meeting of the committee.	IL	Next meeting
14.10	RB noted the significant improvements related to HR in recent months and a review of progress and further plans would be helpful for the Board to have a wider view. LP noted this could include an update against the HR strategy.	LP	March Board
18.1	The Committee noted with thanks the refreshed H&S report but requested in future a comparison of data year on year.	TS	Next annual H&S report