

BOARD OF GOVERNORS
Finance & Resources Committee

17 October 2018 in Room 47, 10.00-

13.00

APPROVED MINUTES

Present

Mr Richard Bayly (Chair)	Independent Governor	RB
Mr Mike Baker (until item 11)	Academic Staff Governor	MB
Ms Claire Gibson	Independent Governor	CG
Prof Patricia Hind	Independent Governor	PH
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Mrs Unity Stuart	Clerk to the Board	US
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For items 5-9 only

Mr Paul Flowers	Interim Head of Finance	PF
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For item 10 only

Dr Ian Luke	Executive Dean	IL
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For items 12-13

Mrs Lucy Pengelly	Director of HR	LP
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1. Apologies & Declaration of Conflict of Interests

1.1 Apologies were received from Rhys Roberts, Student elected Governor.

2. Minutes of the previous meeting

2.1 The minutes were approved with no suggested amendments.

3. Matters Arising

3.1 The matters arising were all considered complete or on the agenda for discussion.

4. To consider the committee's effectiveness

4.1 US had circulated some discussion points in advance. These were taken point by point and comments were noted as follows;

- Papers were received in good time with late papers rare.
- Layout and content were clear and well written, templates were being used and the financial reports had improved in clarity and focus.
- Agendas were well-constructed and clearly structured, which was particularly helpful with regard to the scale of the items for discussion.
- Meetings could often over-run and it was suggested that planning for longer meetings and finishing on time would be fine, working through lunch to finish at 14.00.
- Four meetings per year was felt to be sufficient.
- New members due to join would add to the skills mix required.
- **ACTION** MB noted that the membership of the Board could be more mixed and agreed to provide some suggestions to the Governance & Nominations Committee.
- It was suggested that the Handbook outlined clearly the roles and responsibilities of governors and committees but may need some more work to reduce overlap and repetition.
- The committee noted that there remained some ambiguities with on to how the Board supported the Executive with regard to Strategic Planning.
- Clearer interrogation of the financial risks surrounding the strategy was noted as having been helpful, but more discussion was required here.
- It was felt that more time had been allocated to marketing, HR and other resources as well as finances and this had been helpful.
- The committee was a manageable size to encourage discussion with everyone contributing but its smallness reduced the range of skills and made meetings vulnerable to cancellation.

- It was suggested that committee members could contact the Chair in advance of the meeting to note which agenda items they wished to discuss more fully.
- It was noted that as a new member often it is challenging to get up to speed on the work of the committee.
- **ACTION** More work on the induction process was needed including committee specific training and introductions. It was suggested this could be an item for the strategy day regarding induction and introductions to the University and Board.

4.2 US agreed that these points would be incorporated into the Annual Effectiveness report.

5. Financial Regulations

5.1 PF joined the meeting at this point.

5.2 PF noted that the suggested amendments received from the Board meeting had been incorporated and went through the changes point by point. Two remaining recommendations relating to private car usage and overseas travel were noted as needing more work. PF indicated that changes had been made to the Regulations with regards to these two points but the processes to ensure compliance were not necessarily in place. It was therefore felt that the Regulations were sufficient but Audit committee might like to examine processes.

5.3 RB noted that a formalised approved version of the Financial Regulations was needed urgently. RW suggested that the Financial Regulations should be revised again early in the new term for committee and Board approval at the earliest opportunity by written procedure.

5.4 **ACTION** 3.6 to be amended to “The remuneration committee determines salaries in line with the agreed Senior Staff Policy”. Further changes suggested to 8.4 to be amended to “they include a policy on ethical investments which should be followed” and delete track changes on 4th line of the paragraph.

5.5 **ACTION** It was agreed that a cover note for the Regulations would be drafted from the Chair of the Board seeking approval from the Board.

6. Management Accounts (to Aug)

PF asked the committee for feedback on the layout and content of the report. It was felt that at one month in to the financial year, the paper was sufficient. However, moving forward, some more of a focus on the key issues as per the previous reports received would be helpful.

7. To review draft Statutory Accounts for recommendation to the Board

7.1 US noted the Accounts were due to be received by the Audit Committee on 2nd November for scrutiny and approval.

7.2 **ACTION** The list of governors was discussed, and it was agreed that US would amend the accounts to remove detail on the type of appointment for each governor.

7.3 **ACTION** It was suggested that reference to the Labour manifesto for fees and funding on page 7 might be amended to 'changes to the political environment'.

7.4 Some formatting errors were also noted.

8. To review Finance and Resources KPIs

8.1 It was noted that the current finance KPIs appeared relatively straightforward and it was suggested that these should be aligned to the risks. It was suggested that league table indicators related to recruitment should also be considered. RW indicated that league table performance has the potential to improve year on year up to 2022 with increased regional and national recognition.

8.2 The KPI document had been reviewed by SMT at the away day in July and continued to be revised. **ACTION** it was agreed that the KPI document will be submitted to the Board meeting in November at which point the Board would be asked to allocate KPIs to each committee for scrutiny.

8.3 The risk surrounding reliance on offsite provision had reduced but it was suggested this might also be included as a KPI. RW reported that previously offsite provision was growing but onsite provision was shrinking however now that the onsite recruitment was significantly higher, reliance on offsite provision was significantly less and therefore the risk had reduced as well.

8.4 **ACTION** RW also noted that there was a network of opportunity and risk surrounding partnership work which should also be considered.

8.5 **ACTION** the KPI surrounding the green league table was queried and it was agreed the new Estates Director would advise on this, what work would be required and whether this should be a KPI.

8.6 **ACTION** It was also noted that the green league table may not include other areas in which the University performs well, such as the green campus, nature reserve and ponds. It was suggested that an improved Estates Strategy could provide material to boost the green credentials and some more work was needed surrounding the Corporate social responsibility statement including community engagement.

8.7 **ACTION** The committee suggested that the Board might consider whether anything critical is missing from the KPIs at the Away Day meeting in November. RW noted the KPIs will continue to evolve.

8.8 RW also noted that alongside the KPIs targets for the senior team had been submitted to Remuneration committee and will be monitored.

9. Bank Covenant report

9.1 PF informed the committee that it had been agreed with Barclays that the previous covenants will not be used and noted that there was currently no concern that discussions had not progressed further at this stage. It was agreed this would continue to be monitored and reported to the committee.

9.2 **PF left the meeting at this stage.**

10.To receive and review an annual appraisal of the performance of new and old programmes and to consider programme development and performance

10.1 IL joined the meeting at this stage.

10.2 IL was asked to provide an update on the impact the programme development agenda has had financially. IL indicated that retention was as significant as recruitment on financial performance and had legacy impact. There would also be natural growth in some programmes due to the progression of cohorts.

10.3 It was noted that previously it had been difficult to rationalise programme development, but this had improved.

10.4 IL noted that an improved understanding of the student body on programmes was also valuable and could help support student support and therefore encourage retention. Improvements had also been made in 'tracking' the students attendance, engagement, retention and the success of the programme.

10.5 There had been investment in some programmes as part of a wider strategy to broaden the scope of the University and work towards an Arts Centre in the North of the City as well as supporting the current reputation for teaching and sport. Recruitment had also improved in some areas due to investments in estates and facilities for some programmes.

10.6 The cost and income for programmes was discussed. RW noted that the Annual TRAC T data provided a cost per programme. IL noted that opportunity costs also needed to be considered. A process for monitoring the income and expenditure for each programme was in place and the underlying performance of programmes would become increasingly important, particularly with the potential change in fees and funding.

10.7 RW confirmed that IL, KW and SP had developed a data driven approach to new, current

and planned programmes. **ACTION** RW agreed to provide a report on the key programmes to highlight any successes or concerns and note the data systems in use. IL also noted a shift from decision making solely based on the staff to student ratio to a more holistic approach. National trends and demand, the University's strengths and wider strategy all impacted the decision making with regards to new programmes.

10.8 IL outlined the governance in place for starting, pausing and closing programmes through UBoS, SMT, and Senate.

10.9 IL also noted some improvements with more immediate feedback from students also helping to identify areas for improvement and where programmes can be revalidated as needed.

10.10 RW also noted that as an example nationally mature students often had lower retention and as the University has a high proportion of mature students, this was an associated risk.

10.11 MB noted the approaches outlined by RW and IL had been welcomed by staff and seemed to be a more rational way to monitor their successes and areas of work.

10.12 IL noted that there was some adaptable space on campus for a variety of programmes but some programmes required more or very specific spaces. Improvements surrounding the processes for collaborative provision were also noted.

10.13 RW concluded that bookings for open days had increased by 45% in two years and this reflected the enthusiasm felt about the current programme provision.

MB left the meeting at this point.

11.To receive and review the ethical investment policy

11.1 The current policy and a cover paper with discussion points were received. It was suggested that some more work is needed surrounding a green policy on investment.

11.2 RW noted 4.3 in the policy which allowed for a minor percentage of derivatives as it was

almost impossible to avoid, and we might fall foul of our own policy if we did not retain a de minimis provision.

11.3 The committee were also keen to recognise that what was considered unethical was changeable and while clarity was needed on what we absolutely did not want to invest in this should be reviewed regularly.

11.4 It was suggested that the policy emphasised what the University did not wish to invest in rather than offering a focus on the (ethical) areas we are seeking to invest in. It was also agreed that a statement surrounding ethical investment should align with the University's values.

11.5 **ACTION** It was agreed that the Investment company would be contacted to further explain the transparency of investment to provide assurance that this is in line with our principles. The Committee confirmed that as trustees, the Board was responsible for protecting the finances and also need to be cognisant of how effective investments were.

11.6 **ACTION** It was suggested that there should be a short discussion at the March meeting of the Board surrounding the principles for ethical investment. Following this the permanent FD should renew the policy and submit the final version for approval once edits have been made.

11.7 RW provided a summary with regards to recruitment and the appointment to the Finance team and a timeline for this.

11.8 **ACTION** RB agreed to draft a brief summary of these discussions for circulation.

11.9 **ACTION** PF to confirm when the current contract with the Investment Firm was due for renewal.

11.10 RW noted that significant reserves were managed by Finns and following discussion with the external auditors, he was concerned that the University might be overexposed due to political uncertainty including Brexit. However, the investments were low risk and therefore the University remained in a low risk position and could therefore be relatively

relaxed about any exposure. One option might be for a portion of the reserve funds to be moved out of equity investment to mitigate any economic volatility.

11.11 It was noted that the scale of reserves is unusually high for the sector, so if the Board was comfortable, a proportion might be set aside for capital investment when the appropriate project comes along.

11.12 **ACTION** Upon appointment, the permanent FD should contact Bishop Fleming to confirm the difference in reserves between the University and the sector. The FD should also ascertain the normal level of prudent reserves, how much is held in gilts rather than equities, and what reserves are held in deposits.

11.13 **ACTION** The committee agreed that the risk surrounding Brexit was likely to have an impact sooner rather than later. Information surrounding Brexit should be circulated to F&R as soon as received in order to decide and act quickly but the market was likely to discount risk in advance of any action the University could take.

12.USS and TPS financial risk and implications

12.1 LP joined the meeting.

12.2 LP confirmed that an update on the Section 75 debt for USS pensions was provided to remuneration committee in September. With one remaining members of the scheme this represented a risk. Furthermore, the debt was likely to increase.

12.3 LP had investigated whether the university could leave the scheme and noted that a change in the deed of participation with USS to increase members would alleviate the risk. Two new appointments might transfer into the USS scheme.

12.4 LP noted the recent industrial action surrounding this but that this had not affected the University at this stage. It might in the future.

12.5 Proposed changes to the TPS were also noted with contribution rates increasing

significantly, representing an annual increase of £264,000 per year. LP noted this was likely to be significantly more for universities with more academic staff.

13. Staff Development Opportunities

13.1 LP indicated that work was underway with regard to staff development more generally. Performance management systems development and an online PDR system (i-review) had recently launched which fully embedded the University values in the behavioural framework. A new online learning system called iLearn had also launched and included modules on finance with certificated courses on 'finance for managers'. LP noted that although more will be needed this was a good start.

Other financial modules were also available, but someone with finance expertise would need to review these before making them available. LP noted that she would be working closely with the FD to measure the success of the training and would continue to carefully monitor this, with some feedback already noted and adjustments made.

13.2 LP also noted that a new induction process and Staff Handbook was being developed and plans for the 'Ambition 2019' conference were underway. Training sessions on recruitment, interviewing and unconscious bias were also being developed.

13.3 It was suggested that an induction for governors might also form part of the HR induction process, with tailored versions for organisational culture, values and behaviours.

13.4 It was suggested that while finance literacy was required, an improved culture of ownership of financial performance was also needed. Improvements had been identified but further leadership and management development training was needed and planned.

13.5 LP confirmed the next steps would launch a 360 degree review process, further embedding leadership behaviours.

13.6 LP also noted the continuing growth of the Balance programme for health and wellbeing, increasing training on mental health issues to support students and staff. The CMI accredited

management course and apprenticeship scheme had been launched internally and single modules including those for finance could be undertaken. LP also outlined plans surrounding reward and recognition and noted that the staff survey would launch before Christmas.

13.7 The committee noted the achievements and progress made in Human Resources and suggested LP might apply for some recognition or award within the sector.

LP left the meeting.

14.BES scheme report

14.1 RW noted that this report was provided for information to ensure the committee was made aware of the arrangements. The university is unable to leave the scheme until its completion.

15.Provisional Update on Fees

15.1 The report was received and noted and RW indicated that the University must continue to be attentive to this. **ACTION** The committee recommended this report be submitted to the full Board for information.

15.2 The changing role of the Regulator was discussed in the context of the impact on the sector of a review of fees and funding and while OfS may be comfortable with some closures and mergers they cannot allow a climate of collapse in the sector.

16.Running a tight ship: can universities plot a course through rough seas?

Guardian report.

16.1 Noted

17.VC's interim update on Estates Developments, Estates Strategy and Quad Project

17.1 RW provided an update on recent minor updates to the campus and the significant impact this has had on staff and student morale. With a small campus, any changes tend to have a bigger impact. RW noted that the Director of Estates will begin on 17th December and will take forward plans for the quad development and estates strategy for formal approval.

17.2 RW noted the window of opportunity for summer 2020 works requires Board approval in March 2019. It was suggested that an extraordinary Board meeting in January might be required to ensure progress. CG noted that the costs and procurement process needed to be received by the Board for approval in order to begin work. This should include a robust rationale for the project with the actual contract approval of costs to follow.

17.3 **ACTION** RB and CG to meet with the new Estates Director, John Bailey, and RW soon after his arrival to discuss the intentions for the strategy and to clarify requirements at this stage.

18.To receive and consider the strategy paper relating to engagement with alumni

18.1 The progress outlined within the paper was noted. It was suggested the Board should also receive an update on this and US indicated this was on the agenda.

19.To receive a report on media training for staff.

19.1 The progress outlined within the paper was
noted.

20.To review the Strategic Risk Register

20.1 The progress with refreshing the risk register was noted and US confirmed that Audit

committee would examine this in detail on 2nd November, recommending approval to the Board.

20.2 A number of risks including recruitment, retention, national and local competition, offsite provision, fee review and estates developments were noted as needed on the register, and US noted these were already included.

21.To consider the sequencing for receipt and approval of H&S reports and policy.

21.1 The report was noted.

ACTION It was suggested that the H&S committee might prepare the annual report earlier in the year for submission to the committee at the Autumn meeting and then the November Board.

22.To receive the revised H&S policy

22.1 The policy was noted and approved.

ACTION The committee queried whether for University policies the trading name Plymouth Marjon University should be used. US agreed to confirm with SP and KW the house style for this.

Action Log

Minute	Action	Owner	Deadline
4.1	<p>MB noted that the membership of the Board could be more mixed and agreed to provide some suggestions to the Governance & Nominations Committee.</p> <p>More work on the induction process was needed including committee specific training and introductions. It was suggested this could be an item for the strategy day regarding induction and introductions to the University and Board.</p>	<p>Mike Baker</p> <p>US/Board</p>	<p>Next meeting</p> <p>Next Board meeting</p>
5.4	3.6 to be amended to “The remuneration committee determines salaries in line with the agreed Senior Staff Policy”. Further changes suggested to 8.4 to be amended to “they include a policy on ethical investments which should be followed” and delete track changes on 4th line of the paragraph.	US	ASAP
5.5	It was agreed a cover note for the Regulations would be drafted from the Chair of the Board seeking approval from the Board.	EvdL	ASAP
7.2	The list of governors was discussed, and it was agreed that US would amend the accounts to remove detail on the type of appointment for each governor.	US	Before submission to Audit committee 26 October
7.3	It was suggested that reference to the Labour manifesto for fees and funding on page 7 might be amended to ‘changes to the political environment’.	US	Before submission to Audit committee 26

			October
8.2	it was agreed that the KPI document would be submitted to the Board meeting in November at which point the Board would be asked to allocate KPIs to each committee for scrutiny.	US	Nov Board
8.4	RW also noted that there was a network of opportunity and risk surrounding partnership work which should also be considered.	US	Next meeting
8.5	the KPI surrounding the green league table was queried and it was agreed the new Estates Director would advise on this, what work would be required and whether this should be a KPI.	US/DoE	Next meeting
8.6	It was also noted that the green league table may not include other areas in which the University performs	US/DoE	Next meeting

	well, such as the green campus, nature reserve and ponds. It was suggested that an improved Estates Strategy could provide material to boost the green credentials and some more work is needed surrounding the Corporate social responsibility statement including community engagement.		
8.7	The committee suggested that the Board might consider whether anything critical was missing from the KPIs at the Away Day meeting in November. RW noted the KPIs would continue to evolve.	US	Nov Board
10.7	RW agreed to provide a report on the key programmes to highlight any successes or concerns and note the data systems in use.	RW	Next meeting

11.5	It was agreed that the Investment company would be contacted to further explain the transparency of investment to provide assurance that this is in line with our principles.	DoF	Next meeting
11.6	It was suggested that there should be a short discussion at the March meeting of the Board surrounding the principles for ethical investment. Following this the permanent FD should renew the policy and submit the final version for approval once edits have been made.	US	Next Board meeting
11.8	RB agreed to draft a brief summary of discussions surrounding ethical investment for circulation.	RB	Next meeting
11.9	PF to confirm when the current contract with the Investment Firm is due for renewal.	PF	Next meeting
11.12	Upon appointment, the permanent FD to contact Bishop Fleming to confirm the difference in reserves between the University and the sector. Also to ascertain what was the normal level of prudent reserves, how much in gilts rather than equities, what reserves we had in deposits.	DoF	Next meeting
11.13	The committee agreed that the risk surrounding Brexit was likely to have an impact sooner rather than later. Information surrounding Brexit should be circulated to F&R as soon as received in order to decide and act quickly.	RW	Next meeting
15.1	The committee recommended this report on fees and funding be submitted to the full Board for information.	US	Nov Board
17.3	RB and CG to meet with the new Estates Director, John Bailey, and RW to discuss the intentions for the strategy to clarify requirements at this stage.	US	Next meeting
21.1	It was suggested that the H&S committee might prepare the annual report earlier in the year for submission to the committee at the Autumn meeting and then the November Board.	US	Next meeting
22.1	The committee queried whether for University Policies	US / SP	Next

	the trading name Plymouth Marjon University should be used. US agreed to confirm with SP and KW the house style for this.		meeting
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