

Finance & Resources Committee

Special Meeting

Friday 6 September 2019, 13.00-14.30 Boardroom

APPROVED MINUTES

Present

Mr Alex Hawtin (Chair)	Governor	AH
Ms Claire Gibson	Governor	CG
Mr Graham Raikes MBE	Governor, Chair of the Board	GR
Prof Rob Warner	Vice-Chancellor	RW

In attendance

Mr Simon Arthurs	Finance Director	SA
Mrs Unity Stuart	Clerk to the Board	US

1. Apologies & declaration of interests

- 1.1 The committee convened for a special meeting of the committee to consider specifically the budget for onward recommendation to the Board.
- 1.2 Patricia Hind had given her apologies.
- 1.3 No conflicts of interest were declared.

2. 2019/20 Revenue Budget and Capital Approach

- 2.1 The committee were reminded that the Board would need to approve the

budget for 2019/20, the capital planning allocation, and the SU grant allocation.

2.2 SA provided an update on the pension and assets position and the potential impact. A revaluation of land and buildings may also have an impact.

2.3 OfS requirements were also noted for upcoming data and finance returns.

2.4 Some changes to the bank covenant and rules surrounding credit were also noted.

2.5 SA proposed an alternative high-level financial model to ensure future sustainability with a gradual transition and ensure financial resilience long term. This would be the long-term ambition and would need to take transition over a couple of years.

2.6 SA noted a number of capital commitments, a re-prioritization and an improved process for approval of capital investments.

2.7 SA outlined the presentation he planned to deliver to the Board in September, following the presentation of the interim budget in July. Income had been revisited and costs reviewed on a line by line basis.

2.8 SA outlined some positive financial aspects in the medium term. Continued growth, dependent on student recruitment and increased cohorts going forward into their second and third years alone represent a 1million increase. Further growth in specific areas were also noted including an increased PG cohort, a greater share of income from partnerships, income from TEF/HEBCI/KEF and loans ending in 2021, all representing growth opportunities.

2.9 Pensions and pay awards however will also continue to grow.

2.10 SA outlined in the detail the various costs and income streams to outline how the budget position had been reached.

- 2.11 It was agreed the percentages of the budget should be outlined for each key efficiency target. Some of the efficiency targets were discussed as representing a challenge.
- 2.12 SA noted plans for the 2019/20 transitional year including investing in new staff, creating a new people strategy and digital strategy with cost efficiencies inbuilt, a review of business planning resources and prioritization and creation of some new controls.
- 2.13 AH noted that if at mid-year, the financial position looked different, then how costs were then managed, and income was allocated would need to be reviewed again at that point. Where this would be approved would need consideration – i.e. at SMT, F&R or Board level. It was suggested that F&R would be best placed to discuss the detail.
- 2.14 CG noted some caution regarding adjusting the position away from the agreed budget. It was agreed that at the mid-year review point, this would be considered, but the agreed budget position should be fixed to support a financial resilient culture.
- 2.15 SA also noted some e-learning materials to support financial and budget management delivered through the BUFDG subscription. This would further support a strong budgetary culture.
- 2.16 RW noted the need to hold an F&R meeting in January in future to ensure committee approval of the TRAC data prior to submission to the OfS. Therefore, the January meeting might also be a good point to consider the mid-year review.
- 2.17 AH also noted the importance of ensuring there are additional contingencies for cost savings in order to achieve the budget position.
- 2.18 The SU Grant allocation was briefly noted, following recommendation

from the internal auditors that this formally approved at the Board, as a separate time within the budget. It was agreed this wouldn't be considered in detail until the July meeting, but the grant allocation would be considered. CG noted that comparisons with the SU allocation year on year would be helpful for context. It was agreed the Board would be asked to approve the inflationary increase and this would be minuted.

- 2.19 SA outlined the process for capital planning, approval and reporting. The capital planning allocation of £1.9m was recommended to the committee. The detailed capital prioritization would be considered at Executive level and a Capital Project group will be formed to manage this. The committee agreed that F&R would review and recommend the envelope.
- 2.20 SA provided a brief update on the financial outturn for the year end 2018/19. This would be reported to the board as the end of year position and annual financial statements.