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Wednesday 5 June 2019, 10.00-13.00, Boardroom

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### APPROVED MINUTES

#### Present

Mr Richard Bayly (Chair)	Governor	RB
Ms Claire Gibson	Governor	CG
Prof Patricia Hind	Governor	PH
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

#### For item 13

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

- 1.1 RB welcomed members to the committee and noted that the agenda had been revised in liaison with SA, Director of Finance, and included a heavy finance focus.
- 1.2 Apologies were received from Mr Mike Baker, Academic Staff Governor and Rhys Roberts, Student Governor. Pamela Greener, governor, was also unable to attend the meeting.
- 1.3 No new conflicts of interest were declared.

#### 2. Minutes of the previous meeting

- 2.1 The minutes were approved as an accurate record.

#### 3. Matters Arising

- 3.1 Matters arising were discussed and considered complete.

#### 4. To consider and approve the committee ToR and membership

- 4.1 US noted that the ToR had been amended as part of a wider committee review with the Chair of the Board. The HR aspects had been removed and placed within the Remuneration committee which would have an additional two meetings per year to manage this additional workload. An attempt to ensure consistency across membership and quoracy had also been made.
- 4.2 RB suggested that the proposed quoracy and membership might be reviewed again to ensure optimal membership of the committee. US and GR agreed to review this as part of the wider committee restructure and amendment of ToRs.

## **5. To receive and note meeting dates for the year**

5.1 Noted and approved.

## **6. To consider the 2018/19 April (Period 9) Year-end Forecast**

6.1 SA noted that while Finance had previously reported the current monthly position they had not been forecasting the year-end position. Similarly, cash was reconciled but not forecasted for a year end position. Regular year-end forecasting would now be provided as part of a wider financial planning system.

6.2 SA noted that the mid-year review indicated a 2% surplus, the P9 results indicated slightly less, and following adjustments, the 2% target is still in reach.

6.3 Income, expenditure and capital expenditure provision were discussed as per SA's paper. SA indicated that 6% of the revenue budget can be allocated to capital expenditure as per the covenant. An update to the paper was noted; the remaining approved capital expenditure for 2018-19 is a further £1m.

6.4 The cash and investment position were briefly touched upon and the food and beverage contract was discussed. SA advised that this should in due course be revised to incentivise efficiency rather than just turnover.

6.5 The committee indicated that they were impressed with the progress made so far and the clear outline for planned improvements.

6.6 SA noted that he intended to review the Finance Regulations to ensure they were fit for purpose and following this would ensure that the processes deliver secure compliance with these regulations.

6.7 The strategic and governance position surrounding financial processes was discussed and SA noted that following the review of the Finance Regulations, the ToR and mandate of the committee might also be reviewed again.

## **7. To receive a report on the development of the draft and final budgets (capital and revenue) for 2019/20**

7.1 SA provided a presentation outlining his plans for a 'whole system rethink' to ensure financial sustainability, and considering the wider context including cash resilience, investments, debt finance, turnover and revenue.

7.2 The budget update was outlined including various scenarios dependent on student recruitment figures and considering a worst case Augar position of £7,500 fees, without top-up fees or separate WP funding. The likely impact on some other HEIs was also briefly discussed and was likely to be significantly more detrimental. Financial sustainability and resilience would continue to be fundamental both for the sector and Marjon.

7.3 Detailed draft revenue and capital budgets were presented, indicating potential variations.

7.4 In terms of the approval of capital expenditure and processes, RW confirmed that SMT currently approve all capital requests and SA explained the process for this. While a process was already in place, this had been made tighter in-year to ensure that while essential requirements are met, a wider capital plan was tightly managed.

7.5 'Other' income from short courses, CPD or different offerings to the classic UG provision was also discussed, as well as how commercial and community income can be developed.

7.6 Whether reserves could be built upon to provide resilience for future anticipated costs was discussed.

7.7 Pension liabilities in the sector were discussed further. The TPS increase is recurrent annually, and may be subject to further upward adjustment; the DfE has chosen to support schools and FE colleges with these costs, but not universities. LGPS contributions are likely to continue to increase. The USS position is unresolved, but further increases are inevitable; there is a considerable risk of further pension-related industrial action at pre-92 universities where USS is the standard academic pension scheme.

## **8. To consider the handling of the 3-year financial forecasts 2019/20 to 2021/22**

8.1 The timings for business planning and forecasts were discussed, including dates for SMT, F&R and Board sign off.

8.2 A proposed transformation programme was briefly introduced, and will include reviewing digital, resourcing and processes to ensure efficiency.

8.3 Underspend was discussed. This will be monitored and previous tendencies to underspend will be resolved through more effective forecasting and budget allocation. Marketing spend in the last quarter remains a priority to bring home on target the following September's recruitment.

## **9. To receive an update on the Financial Regulations and Financial Strategy**

9.1 SA noted some proposed changes to the Financial regulations and procedures, simplifying processes.

9.2 SA noted his plans to fully develop a values-based sustainable financial strategy linking with wider estates plans, the bank covenant and the procurement strategy.

## **10. To consider the key financial risks**

- 10.1 It was noted that there are a number of anticipated cost risks outside of the University's control but the various consequences will need to be modelled.
- 10.2 Regarding a holistic, transformational approach to the financial systems, SA noted that workforce development planning is likely to develop alongside and there may be increased costs for people development as part of this. The transformational project is likely to involve internal staff and external consultants.
- 10.3 Further engagement with the SU was also highlighted as an opportunity.
- 10.4 Governance was discussed briefly to ensure that the Board are kept abreast of transformational change.
- 10.5 The financial risks detailed in the strategic risk register were briefly discussed and SA noted that following further SMT discussion, an update would be circulated to the committee.
- 10.6 Some operational risks and opportunities were noted including staffing, controls, good leadership, compliance and data quality.
- 10.7 Regards the audit provision it was noted that the committee would be willing to further support the auditors and Audit Committee as needed.
- 10.8 The committee thanked SA for the updates and noted that communicating these messages to the wider Board will be important.

#### **11. To receive and approve the H&S policy as required for recommendation to the Board**

- 11.1 JB joined the meeting and noted that the health and Safety policy and systems have been updated recently, with a Health and Safety officer in post for the past 9 months. During this time, some improvements have already been introduced and more are planned.
- 11.2 A procurement process has been undertaken to refresh the Fire safety equipment contract.
- 11.3 The policy itself had been reduced from over 50 to 35 pages and this is now more user-friendly.
- 11.4 The 'Statement of Intent' was highlighted as the key page, with the rest of the policy providing the detail.
- 11.5 JB noted that some additional work surrounding student and staff wellbeing and how this fits with health, safety and security was required.
- 11.6 The governance position surrounding regular reports on H&S was queried as well as the Board approval of the policy. US confirmed that the regular reports are

submitted to F&R, Audit, the Board and the policy is ultimately reviewed and approved annually by the Board. It was suggested the committee ToR should be reviewed with this in mind as well.

11.7 ACTION It was therefore suggested that the Statement of intent is the critical component for annual Board approval. The rest of the policy would then be reviewed annually by a sub-committee and how the policy applies to each type of contractor would be reviewed by SMT. How the auditors might also support this was discussed.

11.8 ACTION Some minor changes were proposed including explicit reference to the Estates Director in the policy. Additional detail concerning how the policy applies to different types of contractors and visitors on campus should also be added.

**12. To receive a report on Fraudulent, Whistleblowing, Health and Safety Incidents and Legal Activities**

12.1 The report was noted for information. US highlighted the cycle of approval and review as outlined in this regular report, submitted at each Board committee meeting.

**Action Log**

<b>Minute</b>	<b>Action</b>	<b>Owner</b>	<b>Deadline</b>
11.7	The H&S Statement of intent should be approved by the Board annually. The rest of the policy should be reviewed in detail by a sub-committee annually. How the policy applies to each type of contractor would be reviewed by SMT. US to adjust all cycles of business to reflect this process of approval.	US/JB	For next review
11.8	Some minor changes to the H&S policy were proposed including explicit reference to the Estates Director in the policy. Additional detail surrounding the types of contractors on campus should also be added.	JB	For July Board approval (2 <sup>nd</sup> July deadline)