



## BOARD OF GOVERNORS

2019/20

Finance & Resources

Committee M3 24 April 2020,

10.00, Microsoft Teams

### Approved Minutes

#### Present

Alex Hawtin (Chair)	Independent Governor	AH
Mrs Kate Doodson	Independent Governor	KD
Ms Claire Gibson	Independent Governor	CG
Prof Patricia Hind	Independent Governor	PH
Mr Graham Raikes MBE	Independent Governor, Chair of the Board	GR
Prof Rob Warner	Vice-Chancellor	RW

#### In attendance

Mr Simon Arthurs	Director of Finance	SA
Mr Geoffery Gulzar	Student Governor	GG
Mr Stephen Plant	University Secretary & Registrar	SP
Prof Gary Shum	Academic Staff Governor	GS
Mrs Jessamie Thomas	Governance Officer (note taker)	JT

### 1. Apologies & Declaration of Conflicts of Interests

- 1.1 The Chair, Alex Hawtin, welcomed colleagues. All members were in attendance.
- 1.2 No conflicts of interest were declared.

### 2. Minutes of the previous meeting (24 January 2020)

- 2.1 The minutes were received as an accurate record and approved with no amendments.

### 3. Matters Arising

3.1 The report was received. All matters arising were considered complete.

#### **4. To consider the Management Accounts**

4.1 The report was received. Simon Arthurs, Director of Finance, highlighted the reporting format, aimed particularly at giving a clear understanding of the current/future cash position.

4.2 SA in table 2.1 presented a revised forecast, reflecting the impact of COVID-19: a potential year-end deficit of £649,000. SA confirmed that discussions were ongoing with SMT to address and reduce this, to identify savings yet not lose capacity for future growth.

4.3 Not included in these figures: estimated furlough income (currently running at £50,000 for March/April, to be confirmed by HMRC); NHS income for use of accommodation; voluntary release/redundancy (use of the budget and/or savings of staff costs).

4.4 SA explained, at 3.2, that while no change was proposed to the capital programme budget, an increase in headroom/contingency from £188,000 up to a maximum of £577,000 would be generated by cancelling or deferring some projects, as shown in table 3.3. The committee discussed the rationale for these in detail, and was in agreement with these proposals.

4.5 SA guided members through the scenarios of high level cashflow, at table 2.6.

4.6 SA confirmed that investments generated a small amount of interest; most of the fund was aimed at capital growth, with dividends reinvested in further purchase of stocks/shares.

4.7 The committee sought reassurance that any risk which might arise from collaborative provision partners struggling operationally at this time was being carefully managed. SA confirmed that student numbers/costs were reconciled monthly prior to making partnership payments to ensure Marjon has financial resilience. **ACTION: SA** to check that Academic Schools are ensuring the partners have robust BCP plans in place.

- 4.8 SA confirmed he was in close contact with the Chartwells Manager. The rationale for the Chartwells deficit was noted. SA considered Chartwells' operational resilience to be strengthened through being part of the Compass Group, but he would look at the whole position further and update the committee. **ACTION: SA.**
- 4.9 RW emphasised SMT's commitment to supporting digital transformation, and noted the importance of focusing on staff-facing solutions as well as student-facing. The committee was appraised of the IT provision for September 2020. SA assured the committee that the IT suite/kit was being reviewed to ensure it was fit for purpose in relation to Windows 10 resilience. Systems, apps and e-Learning solutions were being developed. It was highlighted that more USB charging points on campus would be beneficial. The committee reiterated the importance of being sure that, should there be a repeat of these COVID-19 restrictions, staff could continue to deliver the best quality teaching/service to students.
- 4.10 The committee noted the examples, at 3.4, of digital transformation projects, to which SA added timetabling. The committee gave its firm backing to SMT's position of prioritising digital transformation, and **AGREED** that the increased headroom be spent on this, subject to business cases and cashflow being available. This may result in moving budget from Capital to Revenue as some potential IT project spend cannot be capitalised. To be reported back in the June F&R meeting. **ACTION: SA**
- 4.11 The committee requested a costed report as soon as possible, on digital transformation priorities and speed of implementation, mindful of the importance of swift action, especially upgrading to Windows 10, to build out the new infrastructure and reinforce cyber security. **ACTION: SA**
- 4.12 SA confirmed that internal approval/procurement processes would need to be adhered to.
- 4.13 SA confirmed that laptops would be capable of functions according to users' needs, such as, where appropriate, digital signatures, touch screen, drawing on screen.
- 4.14 SA confirmed that spend was benchmarked against Cathedral Group institutions and that all efforts were being made to future-proof potential cost increases as the University grows by exploring Digital/IT arrangements and solutions, seeking automation where appropriate to control costs in the future.

## **5. To consider the Marjon South West Ltd (dormant) accounts**

- 5.1 The report was received. The annual general meeting of the board of Marjon South West Limited was convened, its Directors being Rob Warner, Graham Raikes and Stephen Plant. The Directors approved the annual accounts, which SP would file by 30 April 2020.
- 5.2 The committee noted SA's intention to consider whether the company should be wound up or would constitute an appropriate vehicle for future Marjon activity, for example commercialisation of more of the estate, which its articles would allow.

## **6. Consider and recommend fees**

- 6.1 The committee noted that consideration and recommendation of fees was a standing item. SP reminded the committee that undergraduate fees for domestic students had been set at the capped limit of £9,250; fees for other students had been reviewed at the same time. Fees for 2020-21 had been published for almost a year in line with the application cycle.
- 6.2 There was no intention to change fees; if there were any change it would most likely be instigated by the government. RW confirmed that some requests from students for a reduction in fees had been received, however the Universities Minister had made a public statement to all students that if they were still being taught/assessed and would complete their year then there was no reason to reduce fees; Universities UK had issued a similar statement. The committee discussed the situation further, and noted that Marjon had been quick to release students from the liability to pay rent in the summer term, which had been well received. The committee **AGREED** to recommend to the Board that the fee position be maintained. **Action: SP.**

## **7. To consider the effect of COVID-19**

- 7.1 The report was received. RW highlighted the national landscape and noted that greater acknowledgement was coming from government of Higher Education institutions' contribution to the economy and society, and the role they play should there be a recession.
- 7.2 RW highlighted the projected loss to Marjon due to COVID-19 closures for the summer term of approximately £1m, and to the sector of approximately £790m. He noted anxiety in the sector around how to maintain research activity given fewer international students studying here. Marjon has very few international students and less debt than some other institutions.
- 7.3 RW noted that most of the proposals (not yet agreed by government) to support the sector would favour Russell Group research-intensive universities and those with a large number of international students. Relevant to Marjon was an initiative to avoid excessive turbulence in student recruitment, which RW welcomed.
- 7.4 It was noted that the Cathedrals Group was discussing how best to lobby for the protection of small, church-founded institutions.
- 7.5 The Office for Students (OfS) would produce a consultative document in early May, aimed at securing stabilization for the home recruitment market for 2020-21. In the meantime, there was a freeze on amending offers, apart from mature students with qualifications in place. A level results day will be in August as usual, despite there being no exams this Spring/Summer, which RW felt could create a sense of limbo for those students.
- 7.6 RW updated the committee on current levels of recruitment, and explained that he was reviewing WonkHe advisory group analysis and others. In terms of demographics, 2020 is the lowest point for 18 year olds' recruitment which augurs well going forwards. Home undergraduate recruitment went up in 2018 and 2019. Currently, applications were 3% up on the previous year, and the situation was being monitored extremely carefully. The appeal of Marjon's track record for genuine care and support was noted. Increasing numbers of third year students and recent alumni appeared to

be considering postgraduate study.

- 7.7 RW explained that the SMT was working on proposals to maximise student jobs on campus to address the likely shortfall of part time work in the city this coming academic year.
- 7.8 The committee acknowledged the ethical balance to be struck between promoting student recruitment yet not being perceived as capitalizing on the COVID-19 situation. RW noted the great work that had gone into ‘virtual’ applicant days, earlier this week, to convey Marjon’s richness of opportunity. Two written questions were raised on Teams, with this response now provided by RW to complete the minutes: *is the marketing effort being focussed on local students; are we monitoring the ongoing commitment to come in September from those who have accepted? There is an immense marketing effort ongoing, with particular focus on local students. There is continuous engagement and monitoring of applicants. The efforts and initiatives are very considerable indeed, as in these circumstances they need to be. A summary of current activity will be circulated to the full Board.*
- 7.9 The committee commended and expressed support for the work being done to adapt to these demanding times.

## **8. University investments**

- 8.1 SA provided a verbal update to the committee. Prior to the COVID-19 outbreak, liquidizing an element of the £3.9m fund, to preserve capital value, had been under consideration. The subsequent turbulence of the markets had accelerated this, and following consultation with some committee members, all but £0.5m had been taken out of the fund. Circa £1m remained in the Investment Fund with approximately £2m in a cash account. This would need to be transferred back to the Marjon bank accounts and moved into a Green Deposit account once it was set up. AH commended SA on the alacrity of action taken.

- 8.2 AH requested a report on how the fund would have performed if no action had been taken, so as to demonstrate the good governance which he felt had underpinned this strategy. **ACTION SA.**
- 8.3 GR endorsed the actions which had been taken and noted that the Investment Strategy would be presented to the Board of Governors. **ACTION SA.**

## **9. Review Risk Register (F&R Items )**

- 9.1 SA reminded the committee that the financial risks within the Strategic Risk Register were regularly reported to this committee. The full register had been circulated, and 'Student Population and Recruitment' and 'Financial Sustainability' remained key risks. SA confirmed that discussions around risk were firmly embedded in SMT agendas.
- 9.2 The COVID-19 Risk Register had been drawn up, indicating inevitable loss of income due to the suspension of activities on campus for the summer term.
- 9.3 The marketing strategy was focusing on student recruitment, for example showcasing the way Marjon was developing e-Learning and embracing digital transformation.
- 9.4 SA confirmed that while the impact of these risks was unlikely to change, the likelihood of them occurring could change hence they are monitored regularly. RW hoped that the aforementioned OfS report on recruitment would provide some protection and stability for students, staff and the economy going forwards.

### **Close**

AH thanked members and attendees for their contributions. The newly appointed Governance Officer, Jessamie Thomas, was thanked by SA for her support. The next meeting of the committee would be Wednesday, 10 June 2020 at 10.00, Microsoft Teams.

## **Part B – for information only**

### **10. HESES January 2020 submission**

This report was received for information with no queries.

### **11. Report on current IT and library provision re COVID-19**

This report was received for information with no queries