

BOARD OF GOVERNORS
RESOURCES COMMITTEE

Minutes of the meeting held on 24 February 2014

Present

David Owen	Independent member	Committee Chair & Deputy Chair of the Board Clerk
Lesley Munro	PVC (University Secretary)	
Martin Ainscough	Independent member	
Richard Benjamin	Independent member	
John Cater	Vice-Chancellor	Ex-officio
Rob Green	Independent member	
Bernard Laverty	Independent member	Chair of the Board
Denise Walker	Independent member	

Officers in attendance

Mark Allinson	Director of Information Technology Services
Ann Collins	Director of Human Resources
Carl Gibson	Director of Finance
Bill Hancox	Director of Facilities Management
Bill Johnson	Deputy Director of the Centre for International Education
Steve Igoe	Deputy Vice-Chancellor (Resources)
David Oldham	Director of Capital Projects

Observers

Gareth Dowling	Students' Union President	(for item 11/RE/13B)
Paul Malone	Students' Union General Manager	(for item 11/RE/13B)

Apologies

There were no apologies

Introductions

The Chair welcomed Denise Walker to her first meeting.

RE.13.028 Declarations of Interest

There were no declarations of interest specific to the meeting.

RE.13.029 Chair's Announcements

There were no announcements.

RE.13.030 Chair's Action

There was no Chair's Action to report.

RE.13.031 Minutes of the previous meeting

Received: Document RE/021/13

The minutes of the meeting held on 28 October 2013 were agreed and signed by the Chair as a correct record.

RE.13.032 Action Log

Received: Document RE/022/13

Members received the Action Log, noting that final documentation for the UCU Trade Union agreement was still awaited.

RE.13.033 Matters Arising

There were no matters arising.

SECTION A ITEMS

RE.13.034 Students' Union Audited Accounts 2012/13

Received: Document RE/026/13

(Note: This item was taken early in order to allow Students' Union representatives to attend a later Trustees meeting).

The General Manager of the Students' Union introduced the accounts highlighting the success of investment in the Advice Centre which had provided significant support to students through the year handling over 550 cases and leveraging an additional £416,000 in additional student

funding. The most common issues presenting were around finance, academic appeals and housing. New investments for the current year would be targeted at the requirement for specific expertise and campaigns which would continue to reflect a partnership approach with the University.

In relation to student finance, it was noted that the Union was seeking debt accreditation with the potential for the operation of a Credit Union which would be the first arrangement of its kind.

It was noted that, whilst a deficit had been forecast, the staggered introduction of the Advice Service coupled with better sales had resulted in a surplus, providing a healthy position to support investment in the bar facility.

University officers expressed their particular appreciation for the work of the Advice Centre which had played a significant role in ensuring students were able to meet tuition fee payments and remain on course.

The Chair commended the progress made by the Students' Union and the financial stability indicated through the accounts.

Members received the Students' Union Audited Accounts 2012/13

RE.13.035 Treasury Management Update

Received: Document RE/023/13

The Director of Finance introduced the report highlighting the cashflow challenges caused by the payment arrangements under the new fees regime and the consequent need to hold higher levels of temporary cash balances. As anticipated the weighted average return from investments had fallen below 1% and a number of fixed term loans had been allowed to mature so that money could be placed in instant access accounts. With the next tranche of money from the SLC due, it might be possible to look at some better short term options but it was likely to be 2015 before any longer term investment could be considered. It was noted that debt restructuring could be an option if it was shown to be in the University's interest.

The Deputy Vice-Chancellor (Resources) drew attention to the impact on liquidity which would be magnified next year with all three years of SLC financing in place and he indicated that the University would remain prudent in its approach to treasury management.

The Chair commended the University's approach which provided reassurance for the Board.

The Treasury Management report was received.

RE.13.036 TRAC report 2012/13

Received: Document RE/024/13

The Deputy Vice-Chancellor (Resources) introduced the Transparent Approach to Costing (TRAC) report which was a required return to HEFCE and subject to audit. He drew attention to the tables on page 3 which confirmed that teaching activity was the driver for the University surplus whilst also underwriting research activity. This was a common pattern amongst post 92 institutions. He also highlighted the strength of the University's surplus in comparison to many in the sector.

Members received the TRAC report 2012/13

RE.13.037 Whistleblowing Policy and Procedure

Received: Document RE/025/13

The Director of Human Resources introduced the policy noting that changes to the existing policy were marginal. She indicated that, whilst the policy had never been utilised, it was an important provision. It was noted that a small further amendment would be required to incorporate research ethics in order to meet the Research Concordat.

In response to a member's question, it was noted that the policy was accessible through the intranet as well as being highlighted in the contract of employment and through staff induction.

Noting the amendment in relation to the Research Concordat, the Committee approved the Whistleblowing Policy.

Action: Director of Human Resources

RE.13.038 AUDE Estate Management Statistics 2011/12

Received: Document RE/027/13

The Director of Facilities Management introduced this sector-wide report noting that data collection had now transferred to HESA who

would be responsible for the production of future reports. Whilst this had not been without problems, it was hoped that this would provide more granular benchmarking data in the long term. He drew attention to the size of the sector's estate which was now seven times larger than the entire Tesco shopping portfolio. He also highlighted the emphasis placed on environmental sustainability and the efficiencies gained in energy consumption through carbon management plans.

The University's performance is discussed in more detail within the Facilities Management annual report which was considered later in the meeting.

Members received the AUDE Estate Management Statistics 2011/12.

SECTION B ITEMS

RE.13.039 Early mid-year reforecast (December Management Accounts)

Received: Document RE/028/13

The Director of Finance introduced this item highlighting a revised surplus forecast of £22.171 million which was £3.215 million ahead of budget. He explained that whilst fee income had been revised down to take account of possible retention and fee recovery challenges, this was a prudent step and, otherwise, the income line was stable. Expenditure on the other hand, especially in respect of tight controls on the staff budget, was favourable. He also drew attention to the recent clean internal audit of budget controls.

In discussion, the following points were noted:

- The reduction in staffing costs reflected both vacancy savings and deliberate decisions for non-replacement of posts, or replacement at lower grades, in some circumstances. The Deputy Vice-Chancellor (Resources) recognised the contribution of local managers to the savings achieved and their engagement with the budget process reflecting a strong level of trust throughout the University that resources would be provided where these were needed;
- Auto-enrolment cost assumptions had been prudently set in the budget;

- The downgrading of income assumptions from Schools Direct was based on recruitment levels being below target. The Vice-Chancellor indicated that this reflected a national position with serious challenges around the government's ambitions for this model of teacher training.

Noting the discussion, and the strong position for the University, members received the Early Mid-Year Reforecast.

RE.13.040 HEFCE Grant Letter

Received: Document RE/029/13

The Vice-Chancellor introduced the HEFCE Grant Letter from the Department for Business Innovation & Skills which set out government expectations in relation to the receipt of funding allocations for 2014/15. He highlighted the decreasing relevance of funding via this route which now lagged behind income from tuition fees, Department of Health funding, hall fees and Department for Education funding.

It was noted that the letter had been significantly delayed whilst the detail of reductions had been debated. The Russell Group had argued strongly for the protection of research and STEM funding and this was largely reflected in the final position with specific reductions to the Student Opportunity and Access to Learning (ALF) funds expected following HEFCE deliberation. Institutional Grant Letters were due to be delivered on 10 March but it was unlikely that the outcome would materially affect the University's budget assumptions.

In discussion, it was further noted that the allocation of additional student numbers for 2014 entry and the removal of the student number control (SNC) from 2015 provided an opportunity for the University to recoup any income losses but this would be dependent on maintaining a strong market presence and high levels of offer conversion.

The HEFCE Grant Letter was received.

RE.13.041 Facilities Management Annual Report

Received: Document RE/030/13

The Director of Facilities Management introduced his report emphasising the important contribution of the Service to the overall

student experience. He drew particular attention to the following points:

- The size of the estate and scale of operation which had grown significantly in recent years;
- National recognition through winning the prestigious British Institute of Facilities Management (BIFM) In-house Client Team of the Year award which had raised the profile of the Service and the University;
- Renewal of the Customer Service Excellence kitemark which represented a strong team effort and reflected a determination to improve the student experience;
- The recent assessment for Soil Association status, notoriously difficult to achieve, which had resulted in a small number of additional requirements that were being addressed;
- Partnership work with the Students' Union and continuous efforts to obtain genuine customer feedback to further improve services;
- The University's excellent track-record in health and safety matters which reflected considerable effort across the University;
- The growing estates maintenance function whilst noting that much of this was low cost because of the high quality of the estate in general;
- The transfer of estates management data collection to the Higher Education Statistics Agency (HESA) which, despite initial teething problems, was expected to improve the quality of benchmarking data in the future.

In concluding, the Director of Facilities Management recorded his thanks to all members of the team for an extremely successful year.

Members received the report with interest, recognising the importance of facilities in initial student choice as well as to the overall student experience, and congratulated the team on their excellent performance.

RE.13.042 IT Infrastructure Strategy

Received: Document RE/031/13

The Director of Information Technology Services introduced this report which set out the framework for the planned development of the underlying technical infrastructure to ensure the delivery of reliable, secure and efficient IT Services. In noting the achievement of the majority of objectives from the previous strategy, he drew particular attention to:

- Establishment of the Durning Data Centre
- The adoption of server virtualisation as the default housing environment;
- The transition from a Novell infrastructure to the Microsoft platform;
- The campus-wide deployment of Windows 7;
- The successful in-house migration of staff e-mail to the cloud;
- Continued investment in the campus wireless network with more than 5,000 devices engaging through the network on a daily basis.

The new strategy covered a 3 year period recognising the fast pace of technological development and the need for agility to meet evolving needs. New objectives centred on:

- Network Services – the delivery of accessible, high speed, available and resilient network services;
- Data Centre Services – the delivery of a highly available, reliable and resilient server and storage infrastructure;
- Desktop Services – the provision access to a range of high quality supported desktop computing resources to meet the needs of all University community users. It was noted that this incorporated replacement of the SunRay thin client platform following the acquisition of Sun by Oracle in 2010;
- Authentication and Identity Management – the provision of secure and resilient single sign-on access services;
- Email and Collaboration Services – the provision of an integrated portfolio of communication services accessible from a variety of devices and independent of location;
- Software Licensing Services – the provision of high quality software applications to support all the University's business requirements whilst ensuring compliance with licensing obligations.

In relation to these objectives, an indicative timescale and investment strategy was attached which indicated the University's commitment to the continued improvement of provision.

In discussion, the following points were noted:

- Cloud services were becoming more prevalent and were used where appropriate (eg the Virtual Learning Environment) although the University continued to host many services in-house. This could be problematic in identifying downtime to undertake maintenance;
- Wireless access was available in all buildings (400 access points) but not yet in every room;
- Maintaining bandwidth represented an ongoing challenge given constantly increasing usage levels;
- The move from regional delivery of the JANET network (NetNorthWest) to a national model was a matter of some concern with a potential weakness for resilient connectivity in rural areas. This would need to be closely monitored.

Concluding discussion, members thanked the Director of Information Technology Services for his report and commended the 2014-16 IT Infrastructure Strategy.

RE.13.043 Draft International Recruitment Strategy

Received: Document RE/032/13

The Deputy Director of the Centre for International Education introduced the draft strategy which had been widely circulated for internal discussion. The strategy was one part of the internationalisation agenda and, in particular, he highlighted the following aspects:

- The emphasis on activity which enhanced the University's brand and reputation;
- The provision of a clear and focused approach mapped to Faculty delivery capability;

- The importance of recruiting high quality students from low risk partnerships.

In discussion, the following points were noted:

- Agency agreements had recently been reviewed with an eye to standardisation and due diligence. A number had not been renewed;
- Speculative trips were being discouraged in favour of supporting existing partnerships and recruitment activity in low risk countries with a strong track record;
- Study abroad activity in areas such as the USA was being actively and successfully promoted. This did require careful management to ensure a balance of students over both semesters in order to maintain hall occupancy.

Members welcomed the draft International Strategy noting this would be further discussed at Academic Board.

RE.13.044 Capital Projects Update

Received: Document RE/033/13

The Director of Capital Projects introduced the report which identified a £480,000 surplus in relation to the projects undertaken in 2013. In relation to 2014 projects, he indicated that, following planning approval in January, it had been possible to commence work early on the new residential development. S & J Charnley had been appointed as the Enabling Works Contractor with John Turner appointed as Principal Contractor. Both contracts were let following an OJEU competitive tender process. This is an arrangement that has worked well for the University in the past.

Some planning delays were noted around the Sports Development project in connection with changes to the building specification consequent on advice from Sport England. Current budget figures for the project were in excess of approved expenditure but it was expected that these could be pulled back. Five tenders had been shortlisted for the Shell contract.

In discussion, it was reported that an issue had arisen in relation to VAT on previous residential projects which had been incorrectly applied by the contractor, John Turner, with a potential liability for the University of £230,000. It was noted that this was a complex area and that Turner's was a trusted partner who had served us well over a number of years. Negotiations were ongoing but it was likely that the University would recognise an element of this liability.

In conclusion, the positive audit for the Creative Edge development was noted.

Members received the Capital Projects Update report.

RE.13.045 Potential VAT Recovery from Sports Development

Received: Document RE/034/13

The Deputy Vice-Chancellor (Resources) introduced this item which outlined the results of an initial investigation, carried out by KPMG, into the tax implications of various trading structures for the operation of sports facilities on the University campus and the specific implications for VAT recovery on the Sports Development project. Essentially this revolved around whether the University supplies the facilities (Option 1) or whether this is provided through Enterprises as a wholly owned subsidiary as is the current position (Option 2). Whilst not without risk, using Enterprises as the supply vehicle could result in a significant VAT saving on the development of the new facility.

In discussion, it was noted that HMRC appeared comfortable with the current partial exemption status and that transfer pricing had not been previously identified as an issue.

In agreeing Option 2 as the best way forward, it was acknowledged that arrangements should be kept as simple as possible. It was noted that further advice would be taken from KPMG as necessary to secure the best arrangement.

Action: Deputy Vice-Chancellor (Resources)

RE.13.046 Capitalisation Policy

Received: Document RE/035/13

The Director of Finance introduced the policy, noting that capitalisation levels, set at £1,000, had been unchanged for ten years. In that time, the net book value of assets had risen significantly with a large number of items on the fixed assets register. Whilst representing a cautious approach, it was clear that this rate was now out of kilter with the rest of the sector. A benchmarking exercise had been undertaken from which it appeared that a level of £5,000 reflected a number of universities at the prudent end of the spectrum and it was proposed that this level should be adopted by the University.

The Committee approved a rise in the capitalisation level to £5,000 inclusive of VAT.

Action: Director of Finance

RE.13.047 Employment Issues

Received: Document RE/036/13

The Director of Human Resources updated members on the position in terms of national pay bargaining and the current UCU industrial action. Initial strike action was for two hour periods on three separate days with an additional full day strike by UCU and Unison. As anticipated, action at Edge Hill had been limited. Further action was threatened by UCU in terms of a marking boycott whilst Students' Unions were being encouraged to ask for meetings with Vice-Chancellors to seek information about the implications of the action for students.

The Vice-Chancellor explained that the position with respect to a marking boycott was clear having been previously tested through the courts and universities would be entitled to regard this as partial performance with a consequent deduction of pay for the duration of the boycott. In relation to the two hour strikes however, the position was less clear and the University had decided not to regard this as partial performance. Deductions had been made for the two hour period only. This reflected the majority view of Universities although some had taken a more aggressive stance which was yet to be tested.

It was noted that, despite union action, the 13/14 negotiations were now closed and arrangements were in hand for the 15/16 cycle of

meetings. The Vice-Chancellor was hopeful that the marking boycott would not materialise and that efforts would be put into the new round of negotiations.

Members received the report on Employment Issues noting there were no other matters to bring to the attention of the committee.

RE.13.048 Any Other Business

.01 Pensions

The Deputy Vice-Chancellor (Resources) drew attention to a recent request from Lancashire County Council seeking an additional £3 million contribution from the University to support the Local Government Pension Scheme (LGPS). This reflected the challenges being faced generally by pension schemes but the University would take professional advice before determining what action to take in relation to any specific obligations and a further update would be made at the next meeting of the committee.

Action: Deputy Vice-Chancellor (Resources)

It was noted that the Universities Superannuation Scheme (USS) was facing very challenging issues with significant increases necessary for both employers and employees which brought the sustainability of the scheme into question. This was less of a problem for the University with only a small number of staff enrolled in this scheme.

The potential for further industrial action around pensions was noted.

SECTION C ITEMS

RE.13.049 HEFCE CIF Monitoring Letter

Received Document RE/037/13

The HEFCE CIF monitoring letter was received.

RE.13.050 Minutes of the Teaching Staff Consultative and Negotiating Committee dated 27 November 2013

Received: Document RE/038/13

The minutes were received.

RE.13.051 Minutes of the Support Staff Consultative and Negotiating Committee dated 13 November 2013

Received: Document RE/039/13

The minutes were received.

RE.13.052 Minutes of the Staff Partnership Group dated 14 November 2013

Received: Document RE/040/13

The minutes were received.

RE.13.053 Minutes of the Health, Safety & Environment Committee dated 17 October 2013 and 16 January 2014

Received Document RE/041/13

The minutes were received.

RE.13.054 Date and Time of next Meeting

The next meeting is scheduled for 23 June 2014.