

BOARD OF GOVERNORS
RESOURCES COMMITTEE

Minutes of the meeting held on 16 October 2017

Present

Graeme Collinge	Independent member	Committee Chair
Lesley Munro	Clerk to the Board	
Martin Ainscough	Independent member	
John Cater	Vice-Chancellor	
Clive Edwards	Independent member	Chair of the Board
Tony Rankin	Independent member	

Officers in attendance

Carl Gibson	Director of Finance
Denise Hill	Deputy Director of Human Resources
Steve Igoe	Deputy Vice-Chancellor
David Oldham	Director of Capital Projects
Phil Waring	Director, Todd and Ledson (Construction Consultants)

Observers

George Talbot	Staff representative (Academic Board nominee)
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Apologies

Julian Bucknall	Independent member
Rob Green	Independent member (sabbatical)
Denise Walker	Independent member

RE.17.001 Declarations of Interest

There were no Declarations of Interest.

RE.17.002 Chair's Announcements

It was noted that Richard Benjamin had resigned as an Independent member of the Board as he was no longer able to meet the evening commitments though he would be maintaining his links with the University.

RE.17.003 Chair's Action

There was no Chair's Action to report.

RE.17.004 Minutes of the previous meeting

Received: Document RE/001/17

It was noted that minute RE.16.059 concerning the Library tender should more accurately record that whilst four tenders had been anticipated, two had withdrawn prior to the deadline. Subject to this amendment, the minutes of the meeting held on 19 June 2017 were agreed and signed by the Chair as a correct record.

RE.17.005 Action Log

Received: Document RE/002/17

The Action Log for the year was received noting most items as complete or in progress. The Deputy Vice-Chancellor indicated that he would check whether UCU approval of the Trades Union Recognition Agreement had been received. He also confirmed that the request for graphical illustrations tracking cash balance movements alongside the start and end dates of specific planned investments would be included in future Treasury Management reports.

Action: Deputy Vice-Chancellor

RE.17.006 Matters Arising

01. Late mid-year reforecast (RE.16.053)

The Chair highlighted the reduction in the projected surplus of £21.345 million identified in the reforecast and the figure of £20.254 million reported in the final accounts. It was reported that this was largely due to a late accrual of £1.44 million to NCTL in

relation to the restitution of funds following a review of historic learner records. The Director of Finance indicated that whilst the late mid-year reforecast was a good indicator of the end of year position, there was still potential for considerable movement within the accounts which could affect the final position. Setting aside the late accrual, the projected surplus figure demonstrated a high level of accuracy.

SECTION A ITEMS

RE.17.007 Committee Effectiveness Evaluation

Received: Document RE/003/17

The Clerk introduced this item which brought together information on the operation of the committee over the previous year. She particularly highlighted the need to understand potential equality, diversity and ethical issues within the work of the committee as they applied to areas such as investment policy and building development. A review of business conducted confirmed that this had been in line with the committee's Terms of Reference and there were no proposals for further changes.

With respect to the responsibilities of the committee, some concerns were expressed that the standard three meetings per year did not allow for detailed consideration of areas such as human resources given the volume of other business conducted. It was noted however that additional, issue-driven meetings could be called where necessary to free up agendas and that the recent emphasis on capital projects was likely to reduce as the current stage of the estates strategy neared completion. University officers indicated they were happy to answer queries on any item in advance of formal meetings if this would be helpful in enhancing committee efficiency.

Concluding discussion, **it was agreed that Nominations Committee should keep the current committee model under review.**

Action: Clerk

RE.17.008 Treasury Management Update

Received: Document RE/004/17

The Director of Finance introduced the report noting current cash balances at £47.7 million with £16 million held on one year fixes and the balance predominantly held in a Barclays sweep account for which rates had reduced to 0.1% with effect from September 2017. In discussion, it was noted that the fluctuations in cash balances caused by the SLC payment profile made it difficult to identify better investment opportunities and that the University did not employ investment specialists within the finance team. It was suggested however that firms such as Close Brothers might offer a better return on money placed on a monthly basis. **It was further agreed that the University might reconsider the maximum holdings with individual institutions which was currently set at £8 million** to allow for more flexibility in this respect.

Action: Director of Finance

Reporting a net cash position of £14.9 million which represented the best ever liquidity position for the University, it was noted that long term loan liabilities continued to reduce with this being paid off at a fixed rate of £2 million per year. In response to a member's question it was reported that the interest rate on loans was favourable to the University and the arrangement would be maintained despite pressure from Barclays to buy out the debt.

The Treasury Management Update was received.

SECTION B ITEMS

RE.17.009 HR Annual Report and Highlights including the Equal Pay Report

*Received: Document RE/005/17
(Discussion taken earlier in the agenda)*

The Deputy Director of Human Resources presented the report drawing attention to the role of the service in supporting managers in delivering the change agenda occasioned by government policy, sector competition and increasing student expectations. She also highlighted the work on staff development, mental health and diversity which had been promoted over the year. Key data included the increase in the

staffing establishment whilst future priorities emphasised the roll out of further E-HR modules to better support the recruitment and retention of excellent staff. In terms of the annual Equal Pay Audit, no issues had been identified.

It was noted that the service had been recognised for its work receiving a Highly Commended award in the Times Higher Education Leadership and Management Awards (THELMAs) for University Workplace of the Year and the Chartered Institute of Personnel Management (CIPM) HR Excellence award for Health and Wellbeing provision 2017.

In response to members' questions, the following points were noted:

- Information on staff numbers varied quite significantly across different reports depending on the categories of staff included and there was a lack of clarity in this regard;
- The increase in establishment staff represented necessary investment to support growth in student numbers in some areas and the requirement to service additional buildings added to the estate. It was noted that this growth was likely to have peaked and was mitigated to some extent by the disestablishment of a number of posts in areas of decline which would show in future reports;
- In terms of the mix of staff, the University was in the minority of institutions (one third) that employed a higher proportion of academic to administrative staff;
- Turnover figures were better than the sector average although it was noted that this was a matter of balance given that very low turnover rates could negatively impact the necessary refreshment of the workforce;
- A review of the appraisal system was being undertaken with wide consultation across the University. It was noted that, whilst appraisal was confidential, information from the process was collated by HR to inform the staff development programme;
- Salary figures within the Equal Pay Audit relating to age were somewhat skewed given the large number of Facilities Management staff at the upper age levels;

- A major priority for the next year would be implementing the outcomes from the Academic Career Development Group which sought to appropriately recognise and reward staff contributions across teaching, research and enterprise within the current Higher Education Role Analysis (HERA) principles which encompassed all staff.

Concluding discussion, **it was agreed** that it would be helpful if future reports could provide **a more detailed and benchmarked analysis of the various aspects of HR performance such as appraisal participation and sickness absence.**

Action: Director of Human Resources

The HR Annual Report was received.

RE.17.010 2017 Financial Statements

Received: Document RE/006/17

The Deputy Vice-Chancellor introduced the statements highlighting a surplus for the year of £20.254 million. It was noted that this would have surpassed the previous year's figure but for the £1.44 million payment to NCTL in relation to a review of historic learner records. The University had recorded its highest level of cash generation at £32.794 million with increased cash balances and reduced loan liabilities. He drew attention to the VAT refund of £1.083 million attributable to under-recovered VAT relating to the Sports Development.

In discussion, it was noted that the rise in staff costs reflected increased investment in staff to support growth areas but had also been significantly affected by full year increases in on-costs, implementation of the new Apprenticeship levy and a required £1.3 million payment in relation to the Local Government Pension Scheme. Whilst the University had been successful in decreasing operating costs in areas of reduced activity such as Education, the continued flow through of increased on-costs would make future years more challenging especially in the light of the recently announced freeze on fees.

The Deputy Vice-Chancellor recorded his thanks to the Director of Finance and the finance team in bringing together the accounts in good order within a short timeframe.

In response to members' questions, the following points were noted:

- Staff turnover figures reported in the highlights section should be checked as they appeared inconsistent with the report from the HR Director and under-reported;
- The practice of compiling budgets from a zero base each year was an important factor in managing costs;
- Negotiations with Lancashire County Council were ongoing in relation to the disposal of the Woodlands site where the University held user rights in perpetuity. This was historically recognised at £1.04 million in the accounts but, at present day values could potentially be worth significantly more or less.

Concluding discussion, the 2017 Financial Statements were recommended to the Board for approval.

Action: Chair/Deputy Vice-Chancellor

RE.17.011 Auditor's Letter of Representation

Received: Document RE/007/17

The Deputy Vice-Chancellor introduced the Letter of Representation which followed a required template format. He drew attention to the final section concerning impairment provision in relation to some assets that had been written down noting that this had still to be finalised.

The Auditor's Letter of representation was received noting that detailed discussion would be undertaken at Audit Committee.

RE.17.012 Audit Highlights Memorandum and Management Letter July 2017

Received: Document RE/008/17

The Highlights Memorandum and Management Letter were received noting that detailed discussion of this item was scheduled for the next Audit Committee.

Whilst it was noted that all documentation relating to year end accounts had been produced for completeness, **it was suggested that further**

consideration should be given to the specific responsibilities of committees in compiling future agendas to achieve greater efficiency.

Action: Clerk

RE.17.013 Going Concern Statement (ASSUR)

Received: Document RE/009/17

The Deputy Vice-Chancellor introduced the statement which provided information on institutional sustainability through a series of organisational KPIs covering both financial and non-financial aspects of the business.

The committee recommended the statement to the Board for submission to HEFCE noting a continued improvement in the majority of reporting areas.

Action: Deputy Vice-Chancellor

RE.17.014 2017 Annual Accountability Return

Received: Document RE/010/17

The return was received noting that the final format of the return was still to be confirmed and that **full discussion would be undertaken at the next Board meeting.**

Action: Clerk

RE.17.015 Capital Projects Update
(Discussion taken earlier in the meeting)

Received: Document RE/011/17

The Director of Capital Projects introduced his report indicating completion of Phase 12 Residences, the Back Hostels Kitchen Conversion Works and the Sporting Edge Changing Room Conversion Works in time for the start of the new academic year. Work on the new Library and Public Realm External Works were progressing to plan.

In response to members' questions it was noted that:

- The work on the Back Hostels had been undertaken to provide self-catering facilities which were more popular with students than the catered package previously offered in this accommodation;
- Project budgets were established on the basis of a negotiated price which accommodated flexibility to incorporate changes which might occur during development hence there often congruity between the final cost and the forecast.

Commending work to date, the Capital Projects Update was received.

RE.17.016 Capital Projects: Library Tender Review
(Discussion taken earlier in the meeting)

Received: Document RE/013/17

The Director of Capital Projects introduced the report which had been produced following discussion at the last Board meeting and referral of the tender process for the new Library build to Resources Committee for more detailed consideration. He was supported by a partner from the University's appointed QS practice Todd & Ledson. Members appreciated the comprehensive account of the tender process which provided information on the scoring methodology and a clear rationale for the decision to institute a re-tender procedure to the two contractors who had made initial submissions. In particular, it was noted that the second tender was offered on a Guaranteed Maximum Price (GMP) basis and specific completion date with the majority of responsibility and liabilities for meeting these conditions moving to the contractor. Whilst both contractors represented established firms with sound practices, they had taken different approaches to the second tender with quoted prices reflecting their willingness to manage risk within their own organisations. It was noted that both tender processes were subject to strict application of the Financial Regulations to ensure fairness and were subject to audit. Following full consideration of the detail of both tenders, it was agreed that the report was satisfactory in relation to the process which had resulted in the appointment of John Turner as Principal Contractor for the build element of the project given the transfer of risk for completion against programme and GMP price had been passed to the contractor. Separate contracts had been awarded for the groundworks, steelworks and fit-out.

In ensuing discussion, the following points were noted:

- Whilst John Turner had worked successfully with the University on a number of projects, other contractors had been used for recent work on GeoSciences and Biology and the University had been particularly assiduous in using the Library build to encourage tenders from a wider range of contractors;
- The potential to offer a framework agreement and appoint a preferred contractor for a set period of time in relation to future builds was considered but it was noted that the University was nearing completion of its current building programme and, given the projection of lower student numbers in the future generating a need to protect cash balances, it was felt that such an appointment would not be appropriate at the present time;
- In terms of future financial commitments, the Vice-Chancellor confirmed that current plans included the development of the Phase 13 residences and the refurbishment of the buildings vacated as a consequence of the new Library build to provide additional teaching accommodation. Re-development of the Back Halls area remained a longer term ambition.

Concluding discussion, **it was agreed that it would be useful for the committee to take stock of outstanding works and the associated financial commitment required for completion. The Deputy Vice-Chancellor agreed to provide a copy of the updated Estates Strategy with a narrative incorporating projected costings for planned works to the next meeting of the Committee.**

Action: Deputy Vice-Chancellor

RE.17.017 Capital Projects Bid: Residential Phase 13
(Discussion taken earlier in the meeting)

Received: Document RE/012/17

The Director of Capital Projects introduced the Phase 13 Residences proposal outlining the business case for the development which was scheduled for completion by September 2018. The development was a continuation of the Phase 12 project with planning permission already in place.

Whilst acknowledging a likely fall in first year student entrants to the University, it was noted that unmet demand for on-site accommodation amongst second and third year students was strong with places in the Phase 12 development taken within hours of rooms becoming available. It was further reported that the accommodation of a wider student demographic in halls offered an opportunity to develop a broader sense of community which would make a positive contribution to the retention of continuing students. The Director of Finance confirmed that cash balances were sufficient to meet the costs of the development and that investment in hall accommodation, with the associated income stream, represented good value.

In response to a member's question, it was reported that, in the unlikely event of a fall-off in demand for on-site accommodation, this would provide an opportunity for the demolition of the Back Halls which represented the least popular type of facility having no en-suite provision.

Following consideration, **the committee agreed to recommend a £6 million budget for the construction of Phase 13 Residences to the Board for approval.**

Action: Chair/Deputy Vice-Chancellor

Given the nature of the project as a continuation of Phase 12, John Turner's appointment as Principal Contractor for the works was agreed using tendered rates for Phase 12 as the basis for the contract for Phase 13. In response to a member's question concerning the ability of John Turner to manage both the new Library Build and the Phase 13 residences development in parallel, particularly given the challenging programme for the library, it was reported that these would be drawing on distinct areas of expertise given the different stage of development of each project and were well within the firm's capacity.

RE.17.018 Investment Proposal: Wrightington, Wigan and Leigh NHS Foundation Trust

Received: Document RE/014/17

The Deputy Vice-Chancellor introduced the report which set out the basis for a proposed investment in the development of a new Education Centre at Wrightington, Wigan and Leigh NHS Trust. The financial model was similar to the recently approved investment at Alder Hey with the provision of high quality teaching and learning

facilities for the University's MCh and MMed students, opportunities for research and a guaranteed minimum number of nurse training placements in exchange for a £1 million capital investment and a £150,000 annual contribution to associated running costs. The proposal was for a minimum 25 year agreement with a break option at five year intervals and the ability to recoup any underappreciated element of the capital injection.

It was noted that a major investment partner in the new Centre was Johnson and Johnson Medical who were the main hip and knee prosthesis supplier to Wrightington Hospital which was internationally renowned in the field of joint surgery. A collaboration of this nature offered added value to the University through brand association which would be helpful in developing future medical provision as well as providing a direct benefit to existing students.

It was reported that discussions were at an early stage and that further detail would be provided as negotiations progressed.

Members were supportive of the proposal and recommended continuation of investment discussions with Wrightington, Wigan and Leigh NHS Foundation Trust to the Board.

Action: Chair/Deputy Vice-Chancellor

In response to a question from the Chair, the Deputy Vice-Chancellor confirmed that the accumulated capital costs from the various ongoing investment proposals could be accommodated within the budget.

RE.17.019 Revised Expenses Policy

Received: Document RE/015/17

The Director of Finance introduced the paper which proposed a number of changes to the current Expenses Policy to incorporate updated guidance from HMRC and a move to a more automated processing system. In particular, he highlighted the proposed increase to the mileage rate from 40p to 45p per mile and the introduction of flat fee rates for overnight and some meal allowances which would no longer require receipts. It was noted that the proposed changes had been the subject of a wide internal consultation and reflected a need to ensure staff were fairly and efficiently reimbursed for out of pocket expenses balanced against the requirement to maintain satisfactory central controls. The Director of Finance recorded his thanks to Jackie Bamber for her work in researching and compiling the documentation.

In response to a member's question it was noted that the revised system represented a mature approach to this area of expenditure demonstrating trust in staff in reducing some requirements whilst allowing for increased administrative efficiency. The use of standard class rail fare for all employees (except where first class could be secured at the same or lower price) was also noted.

Following consideration, **the Committee approved the revised Expenses Policy.**

Action: Director of Finance

In response to a query from the Vice-Chancellor, it was agreed to check whether approval via the Consultative and Negotiation Committees (CNCs) was required.

Action: Deputy Vice-Chancellor

RE.17.020 Revising the Financial Regulations

Received: Document RE/016/17

The Director of Finance reported that he was embarking on a formal review of the Financial Regulations for implementation in September 2018. Whilst incorporating necessary updates to reflect a changing regulatory environment, he indicated that a main driver for the review had been the work on fraud awareness and the need to ensure that the Regulations became a living document for staff at all levels in the organisation.

The update paper was received noting that detailed consideration and approval would be through the Audit Committee.

RE.17.021 Employment Issues

The Deputy Vice-Chancellor reported that there was one case concerning a claim for racial discrimination which could potentially go to Tribunal and would be defended by the University. Any costs would be covered by insurance.

The report on Employment Issues was received.

RE.17.022 Any Other Business

There was no other business.

SECTION C ITEMS

RE.17.023 Date and Time of next Meeting

The next meeting is scheduled for 19 February 2018.

RE.17.024 Minutes of the Teaching Staff Consultative and Negotiating Committee dated 13 June 2017

Received: Document RE/017/17

The minutes were received.

RE.17.025 Minutes of the Support Staff Consultative and Negotiation Committee dated 31 May 2017

Received: Document RE/018/17

The minutes were received.

RE.17.026 Minutes of the Health, Safety and Environment Committee dated 14 September 2017

Received: Document RE/019/17

The minutes were received.