

BOARD OF GOVERNORS
RESOURCES COMMITTEE

Minutes of the meeting held on 19 June 2017

Present

Graeme Collinge	Independent member	Committee Chair
Lesley Munro	Clerk to the Board	
Martin Ainscough	Independent member	Chair of the Board
Richard Benjamin	Independent member	
John Cater	Vice-Chancellor	
Clive Edwards	Independent member	
Rob Green	Independent member	

Officers in attendance

Steve Igoe	Deputy Vice-Chancellor
Paul Malone	Students' Union General Manager
David Oldham	Director of Capital Projects

Observers

Matthew Greenhalgh	Students' Union President
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Apologies

Carl Gibson	Director of Finance
Denise Walker	Independent member

RE.16.046 Declarations of Interest

There were no Declarations of Interest.

RE.16.047 Chair's Announcements

The Chair of the Board noted that this would be the last committee attended by the current Students' Union President. Members thanked Matthew Greenhalgh for his active contributions to meetings and wished him well for the future.

RE.16.048 Chair's Action

There was no Chair's Action to report.

RE.16.049 Minutes of the previous meeting

Received: Document RE/034/16

The Chair summarised the major decisions taken at the last meeting following which the minutes of the meeting held on 20 February 2017 were agreed and signed by the Chair as a correct record.

RE.16.050 Action Log

Received: Document RE/035/16

The Action Log was received noting all items as complete or in progress. The Clerk noted that the Board had agreed to delegate future approval of the Modern Slavery Act statement to Resources Committee.

Action: Clerk

RE.16.051 Matters Arising

01. New Library (RE.16.038)

The President of the Students' Union confirmed the Union had been involved in a positive consultation in relation to the internal design of the Library. The Deputy Vice-Chancellor reported that the Library would be offering a 24/7 service and that the three frontline Services involved were working constructively together to offer the best possible experience for students.

02. Employment Issues (RE.16.040)

The Deputy Vice-Chancellor confirmed that the pending Tribunal case reported at the previous meeting had been found in the University's favour.

03. *Chorley Woodlands (RE16.041.01)*

The Vice-Chancellor reported that negotiations were ongoing with Lancashire County Council in relation to the future of the site. Disposal or closure of the site would require appropriate compensation to the University in terms of its usage rights which had been granted in perpetuity.

04. *Alder Hey (RE16.041.02)*

The Vice-Chancellor reported that the University had submitted a draft contract for consideration by Alder Hey in relation to a potential University investment in on-site facilities.

05. *Wrightington*

The Vice-Chancellor reported that initial discussions had taken place with Wrightington Hospital in relation to possible investment in facilities within a new Research and Education Centre along similar lines to the proposed investment at Alder Hey.

In discussion, it was noted that building strong partnerships with excellent Health providers such as Wrightington and Alder Hey was important both in securing high quality nursing placements and enhancing the University's reputation by association. It was also observed that such relationships had potential for other spin-off opportunities and were fundamental to the further development of provision in health and medicine at the University.

SECTION A ITEMS

RE.16.052 Treasury Management Update

Received: Document RE/036/16

The Deputy Vice-Chancellor introduced the report noting current cash balances at £65.3 million providing good cover for the committed capital spend. In terms of investment, rates were continuing to fall and the University was now looking to extend both the length of fixed term deals and the range of counterparties in order to find better returns. In particular, the University was seeking to establish a notice account with Close Brothers for £4 million at 1.2% which required Board approval of the terms and conditions.

In considering the proposal, it was noted that the terms and conditions were standard for this type of account but the Chair asked the

University to check that clause 12 was satisfactory. **Subject to the check on clause 12 of the terms and conditions, the Committee recommended approval of the investment arrangements with Close Brothers.**

Action: Deputy Vice-Chancellor

In discussion, **it was agreed that future reports should include graphical illustrations tracking cash balance movements and noting the start and end dates of specific planned investments to demonstrate their impact on available cash balances.**

Action: Deputy Vice-Chancellor

The Treasury Management Update was received.

RE.16.053 Late mid-year reforecast (April Management Accounts)

Received: Document RE/037/16

The Deputy Vice-Chancellor introduced the accounts, drawing attention to a slight increase in the projected surplus from the early mid-year reforecast. At £21.345 million, the surplus was now £3.593 million ahead of the original budget forecast. At a more detailed level, income was up £700,000 which was largely attributable to increases in tuition fee receipts offset by reductions in receipts from residences and catering reflecting an increase in voids for the Back Halls catered package. In terms of expenditure, reductions in staff cost gap savings and costs associated with writing off the old swimming pool were mitigated by increased savings on areas such as student travel in the Faculty of Education. It was expected that the late mid-year reforecast presented a reliable projection for the final end-of-year position.

In discussion, it was noted that the Back Halls catered package was not popular with students and minor works would be undertaken to introduce self-catering facilities for the future.

The Late Mid-Year reforecast was received.

RE.16.054 Higher Education Financial Statements: Benchmarking 2015/16

Received: Document RE/038/16

The Deputy Vice-Chancellor introduced this report which was produced by KPMG based on comparator data from their extensive HE client base. He drew particular attention to the University's strong performance in relation to operating surplus and cash flow outcomes.

In discussion, it was noted that whilst the University showed as slightly below average in terms of overall staff spend, it was above average in terms of cost per employee. This reflected the University's approach, supported by the committee, in reviewing all posts as they fell vacant to maintain a lean structure, but paying well.

The committee received the HE Financial Statements Benchmarking report.

RE.16.055 Financial Health of the Higher Education Sector: 2015/16 Financial Results

Received: Document RE/039/16

The Deputy Vice-Chancellor introduced this report which was produced by HEFCE based on institutional financial results. Overall, the report indicated that the sector faced significant challenges and that the financial projections from some institutions appeared to be over-confident. He highlighted the following points:

- Increasing variation between the lowest and highest performing institutions which ranged from a 7.2% deficit to a surplus of 32.1%;
- The impact of large donations which benefited a very small number of institutions;
- The over-reliance of some universities on overseas student recruitment in an increasingly challenging environment;
- The potential for increased uncertainty and poorer results across the sector to have a negative impact on loan providers such as banks and the consequent effect on the student experience if investment opportunities were affected;

- Increased pension liabilities, especially for those institutions heavily committed to USS.

In discussion, it was noted that whilst the position for some institutions seemed particularly fragile, failure was both a political and financial issue with those institutions operating in areas of high provision, such as London, more at risk.

In terms of Edge Hill's position in the sector, the Vice-Chancellor emphasised the importance of building on the success of recent years through the further development of research activity. He noted that the University expected to make a much bigger submission in the next Research Excellence Framework with over 60% of staff entered in the return.

The report on the Financial Health of the Sector was received.

SECTION B ITEMS

RE.16.056 Edge Hill University Donations Policy

Received: Document RE/040/16

The Deputy Vice-Chancellor introduced the policy indicating that, whilst the University had never received any large donations, it was thought advisable to have a policy in place which set the ethical parameters for donations of any size. The policy made provision for any donation in excess of £50,000 to be referred to the Board for approval.

In discussion, the Vice-Chancellor confirmed that the University had found that using the Alumni database to encourage positive recommendations to others based on their experience as a student was more productive than requests for money.

Following consideration, the Committee approved the Donations Policy

Action: Deputy Vice-Chancellor

**RE.16.057 Edge Hill University and its subsidiaries: Operating Budget
2017/18**

Received: Document RE/041/16

The Deputy Vice-Chancellor introduced the budget which had been compiled from individual meetings with budget holders and he recorded his thanks to all those involved for their positive engagement with the process. It was noted that requests for additional funding were determined at an Issues meeting in the light of University priorities and the resources available.

In presenting the proposals, the Deputy Vice-Chancellor highlighted the following considerations that had been taken into account:

- Whilst the University's strong financial position provided a solid foundation for future success, the general level of perturbation in the sector remained with BREXIT, the new Higher Education and Research Bill, the transition from HEFCE to the new Office for Students and the impact of the TEF outcomes all contributing to continuing uncertainty in the marketplace;
- The commitment to maintain entry standards in the light of increased competition was expected to impact on overall student numbers. The emphasis in the Faculty of Arts and Sciences was on the enhancement of teaching, learning and research whilst there was good potential for growth in the Faculty of Health. The budget for the Faculty of Education reflected a more uncertain outlook with a need for stabilisation and rationalisation;
- In terms of overall income projections, the inflation uplift for fees would mitigate lower student numbers to some extent whilst the rise in residential fees from increased bedspaces would largely balance the loss of some project funding;
- Staff expenditure estimates were based on full establishment costs with provision for pay and pension increases. Account had also been taken of LGPS pension deficit funding, investment in academic growth areas, increased support for research, implementation of the Access Agreement and the new Apprenticeship levy. On the other side of the equation, lower staff costs in areas of reduced demand were included whilst costs for

student travel and consultancy and agency fees were also set to fall.

- Capital spending was set at £29.713 million and would cover completion of the Library and other existing projects and, although cash balances were forecast to fall, the overall cash position remained strong at £37.3 million which was comfortably above minimum thresholds.
- The projected surplus of £16.353 million had been prudently set and, whilst lower than the previous year, reflected the changing conditions outlined in the commentary.
- The sensitivity analysis provided assurance of sustainability even assuming a worst-case scenario.

In discussion, it was noted that the reduction in student number forecasts related to HEFCE recruitment and that growth was still anticipated in other areas.

In response to a member's question, it was noted that because tuition fee income was shown as a central resource, it was not possible to match income and expenditure by academic area and **it was agreed that a breakdown would be circulated to members by email to aid appreciation of the financial performance of each faculty.**

Action: Deputy Vice-Chancellor

Following consideration, **it was agreed to recommend the University Operating Budget for 2017/18 to the Board for approval.**

Action: Chair/Deputy Vice-Chancellor

RE.16.058 Financial Forecasts 2016/17 to 2019/20

Received: Document RE/042/16

The Deputy Vice-Chancellor introduced the Financial Forecasts noting that these were based on the assumption of stable student numbers against a rising cost base. Cash balances were set to increase following completion of current capital spend projects and whilst some new capital spend was anticipated, this was flexible and would be subject to Board approval.

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

- Whilst the University had invested heavily in the development of physical facilities for students, Table 1b projected a continuing rise in staff spend recognising the importance of research and high quality teaching to the student experience;
- Salary levels were relatively flexible on appointment and would vary across subject areas and in line with experience. The University was always open to the appointment of young staff just embarking on a research career. Detailed information on staff pay and age profile was available in the annual HR report which was considered at the autumn meeting of the Committee.
- It was considered prudent that student numbers projections were held stable through this period given the general uncertainty in the sector.

Concluding discussion, it was noted that, whilst the forecasts were undertaken with care, actual outcomes were likely to vary in the light of unforeseen changing circumstances.

The Financial Forecasts 2016/17 to 2019/20 were recommended to the Board for submission to HEFCE.

Action: Chair/Deputy Vice-Chancellor

RE.16.059 Capital Projects Update (*Taken at Section A, item 1*)

Received: Document RE/043/16

The Director of Capital Projects introduced his report indicating good progress on current projects.

01. Phase 12 Residences

In relation to the Phase 12 Residences, it was noted that the development had been extended to incorporate an extra 32 units which maximised the efficiencies of the design at marginal extra cost. Added costs had also been identified for abnormal work necessary to meet planning requirements and additional external works between the Phase 12 site and the Main Building. In terms

of the original budget for this project (£10 million), it was noted that the costs for external works associated with the public realm (£415,000) had been separated out for approval by the Vice-Chancellor but a further vote for £1.15 million was required to meet all additional costs. It was reported that the impact on the budgeted cash position for capital developments would be mitigated through receipt of a £1 million capital grant from HEFCE.

In discussion, it was confirmed that the project was on course for completion in August and that no further increases to the cost base were expected. It was also noted that a show flat was available for inspection.

Following consideration of the proposal, **the Committee noted receipt of the £1 million HEFCE capital grant and the new £415,000 budget for public realm works and agreed to recommend a further vote of £1.15 million for the Phase 12 Residences to the Board for approval.**

Action: Chair/DVC

It was further agreed that a tour of the development should be arranged for Board members.

Action: Clerk

02. Library

The Director of Capital Projects reported that tenders had been issued for both the Enabling and Main Contract Works. Considerable effort had been expended to generate interest in tendering for the Main Contract Works with 26 contractors initially identified for expressions of interest. Whilst a number of firms were considered too small to undertake the work, other contractors had declined to tender either because of the timescales for completion or the lower costs generated from the single stage tender process. The tender deadline was 20 June with four tenders anticipated but two had withdrawn prior to the deadline date. In response to a member's question, it was noted that tenders were considered on the basis of both cost and quality.

With respect to the Enabling Works, two tenders had been received and the contract had been awarded to Charnleys on the basis of an extremely competitive quote.

In discussion, it was noted that outline planning approval for the Library had been received and no objections had been lodged against the further information submitted under reserved matters.

In relation to the Library design, it was reported that the exterior of the building would confirm it as a statement building using Portland Stone and copper cladding. In response to a member's question, it was noted that the internal design would seek to provide flexibility to meet student needs and would also incorporate innovative features. Catering facilities would be provided. It was acknowledged that the internal design would continue to develop over the life of the building responding to changing demands.

In general discussion, it was reported that, whilst the University did not have any high rise buildings, assessments were being carried out on any buildings using cladding following the tragic events at Grenfell Tower in London.

The Capital Projects update was received.

RE.16.060 Students' Union Budget 2017/18 *(Taken at Section A, item 2)*

Received: Document RE/044/16

The President of the Students' Union introduced the budget highlighting an increase in the block grant from 0.386 % of University turnover to 0.41% which had been agreed following discussions with Directorate. The increase provided an estimated additional £34,000 in the University's contribution and was a welcome adjustment which would be used to fund frontline services. The General Manager of the Students' Union also acknowledged a number of other facilities such as the rent grant for office accommodation and cleaning and utilities services provided by the University at zero cost.

In discussion, it was noted that the block grant had not been adjusted for a number of years and the increase recognised the growth of Union activity in service areas such as the Advice Centre. The University's new contribution reflected average levels of support in the sector.

In relation to the budget, the General Manager drew attention to the attached narrative and noted the underlying assumptions in relation to the block grant, the rent grant and increases in Team Edge Hill membership cards, the NUS Affiliation fee and pension costs. He indicated that there was a strong imperative to achieve a more robust performance for commercial activities over the next year and that plans were in place to address this.

Whilst the strong cash reserves position was noted, members expressed some reservations around the deficit for 16/17 and the marginal projected surpluses identified over future years with the potential for significant error given the projected increases in both income and costs associated with the SU's commercial activities. The General Manager indicated that he was hopeful the out-turn surpluses would prove significantly more positive than the projections, and that the reserves provided a sufficient cushion to re-assess SU strategy if necessary. It was noted that the projections would be an item for discussion and final approval with the Union's Trustees and were provided to the Committee for information only. The Deputy Vice-Chancellor reported that University officer advice was available to the Union.

The Students' Union Budget 2017/18 was received.

RE.16.061 Employment Issues

The Deputy Vice-Chancellor reported that the recent Tribunal case had found in the University's favour but it had been a costly process. Notice had been received of two further cases which concerned claims of discrimination and the University was considering other routes to bring these to conclusion.

In response to a member's question, it was reported that of the six identified redundancies in the Faculty of Education, two staff would be transferring to other posts, one had indicated a desire to leave and discussions were ongoing with the three remaining individuals.

The report on Employment Issues was received.

RE.16.062 Any Other Business

There was no other business.

SECTION C ITEMS

RE.16.063 Minutes of the Teaching Staff Consultative and Negotiating Committee dated 14 April 2017

Received: Document RE/045/16

The minutes were received.

RE.16.064 Minutes of the Health, Safety and Environment Committee dated 16 May 2017

Received: Document RE/046/16

The minutes were received.

RE.16.065 Date and Time of next Meeting

The next meeting is provisionally scheduled for 16 October 2017.