

BOARD OF GOVERNORS
RESOURCES COMMITTEE

Minutes of the meeting held on 19 October 2015

Present

David Owen	Independent member	Committee Chair & Deputy Chair of the Board
Lesley Munro	Clerk to the Board	
Graeme Collinge	Independent member	
Rob Green	Independent member	
Bernard Laverty	Independent member	Chair of the Board
Denise Walker	Independent member	

Officers in attendance

Ann Collins	Director of Human Resources
Carl Gibson	Director of Finance
Steve Igoe	Deputy Vice-Chancellor
David Oldham	Director of Capital Projects

Observers

Evelyn Carnegie	Academic staff member	Elected
George Talbot	Academic Board Nominee	

Apologies

Martin Ainscough	Independent member
Richard Benjamin	Independent member
John Cater	Vice-Chancellor

The Chair welcomed Graeme Collinge to his first meeting of the Committee.

RE.15.001 Declarations of Interest

There were no declarations of interest specific to the meeting.

RE.15.002 Chair's Announcements

There were no announcements.

RE.15.003 Chair's Action

There was no Chair's Action to report.

RE.15.004 Minutes of the previous meeting

Received: Document RE/001/15

The minutes of the meeting held on 22 June 2015 were agreed and signed by the Chair as a correct record.

RE.15.005 Action Log

Received: Document RE/002/15

The Action Log was received noting that UCU agreement to the Trades Union Recognition Agreement remained outstanding.

RE.15.006 Matters Arising

There were no other matters arising.

SECTION A ITEMS

RE.15.007 Committee Effectiveness Evaluation

Received: Document RE/003/15

The Clerk introduced the documentation which confirmed high attendance levels and a good range of items considered over the year that were consistent with the Committee's Terms of Reference. A number of minor amendments to the Terms of Reference were proposed which took account of the responsibilities outlined in the new CUC Code of Governance and the recently approved Scheme of Delegation.

In reflecting on the Committee's operation over the year, members commented particularly on the rigorous examination given to Capital Project proposals.

Following discussion, members concluded that the Committee had operated effectively and the **changes to the Terms of Reference were approved.**

Action: Clerk

RE.15.008 Treasury Management Update

Received: Document RE/004/15

The Director of Finance introduced the report noting a further £4 million investment with Santander. It was anticipated that further investment decisions would be taken in the first quarter of 2015/16 in the light of tuition fee income and cash balances and with an eye to the diversification of funds.

The Treasury Management Update was received.

RE.15.009 Capital Projects Update

Received: Document RE/005/15

The Director of Capital Projects introduced the report which highlighted the completion of the Sports Centre development and Residential Phase 10. Work on the car park and main entrance upgrades were also noted.

With respect to the Sports Development, members considered the additional cost slippage which had required a further vote of £0.37 million approved by the Board at the September meeting. It was noted that this had been a complex project which had been impacted by the incorporation of significant changes to the design scope and agreement to enhance the quality of the building fit-out. Nevertheless, the Deputy Vice-Chancellor had instigated a review to better understand the circumstances leading to the cost slippage in order to militate against this in future developments.

The Capital Projects Update report was received.

Discussion moved directly on to the Capital bids for 2015/16. This is minuted under Section B.

SECTION B ITEMS

RE.15.010 2015 Financial Statements

Received: Document RE/006/15

The Director of Finance introduced the 2014/15 Financial Statements highlighting the surplus of £24,175 which compared to £17,899 for the previous year and was above forecast. He drew attention to the overall rise in income which was largely due to increases in full-time student recruitment driving higher tuition fee income. Expenditure had been well-managed with cost reductions in some areas such as utilities and waste management. Staff spend reflected pay and pension increases as well as selective investment but remained at less than 53% of total income which compared favourably with the sector average. The significant increases in cash generation and cash balances were also noted.

The Deputy Vice-Chancellor indicated that it was expected that the surplus, at 19.5% of income, would be the best in the sector.

In discussion, the following points were noted:

- Cash generation activities were largely related to residences and catering activity along with Faculty of Education national projects such as Every Child Counts (ECC) and Special Educational Needs Co-ordinator (SENCO) training;
- The University benefited from belonging to the North West Purchasing Consortium but with purchasing activity devolved to cost centre staff, avoiding the costs of a dedicated central team;
- Further media reports suggesting universities were 'awash with cash' were both unfortunate and misleading since this only applied to a small percentage of institutions with large endowments and did not acknowledge the re-investment of surpluses to enhance the student experience or management of the significant variations in cash flow.

Members welcomed a strong set of accounts and **recommended the 2014/15 Financial Statements for Board approval.**

Action: Chair/Deputy Vice-Chancellor

RE.15.011 Auditor's Letter of Representation

Received: Document RE/007/15

Noting no exceptional items or areas of concern, the Committee received the Auditor's Letter of Representation.

RE.15.012 KPMG External Audit Report 2014/15 and Management Letter

Received: Document RE/008/15

The Director of Finance introduced the External Auditor's report noting that this was a clean audit as evidenced by the short closedown meeting which had lasted less than an hour. He indicated that the performance improvement recommendation relating to the need to ensure purchase orders were always raised prior to purchase was being acted on.

The Deputy Vice-Chancellor recorded his thanks to all staff involved for a smooth and efficient process and this was echoed by members of the Committee.

The External Audit Report 2014/15 and Management Letter were received.

RE.15.013 Going Concern Statement (ASSUR)

Received: Document RE/009/15

The Deputy Vice-Chancellor introduced the ASSUR report noting that this was still a voluntary submission. He drew attention to the range of indicators included reflecting the breadth necessary to demonstrate sustainability. The strength of the KPIs provided a robust evidence base for the University as a going concern.

The ASSUR statement was received.

RE.15.014 2015 Annual Accountability Return

Received: Document RE/010/15

The Deputy Vice-Chancellor introduced the Annual Accountability return noting that this comprised end of year data required for HEFCE

analysis purposes. He drew attention to the impact of increased pension liabilities resulting from an actuarial review in July.

The Committee recommended the Annual Accountability Return to the Board for submission to HEFCE.

Action: Deputy Vice-Chancellor

RE.15.015 HR Annual Report

Received: Document RE/011/15

The Director of Human Resources introduced the Annual Report which had been produced in a new, high-level format. In relation to Key Performance Indicators, she drew attention to the increase in better qualified staff and the proportion on permanent contracts which was above the average for the sector. Absence rates had improved whilst the proportion of staff from minority groups had also risen. Statistics demonstrated a significant increase in the number of staff engaging in professional development events.

In discussion, it was noted that the emphasis of new recruitment had been in relation to academic appointments and attention was drawn to the growth of the Professoriate in particular. It was also noted that staff turnover remained at a relatively low level which had benefits and disadvantages but served to emphasise the importance of engagement with professional development.

The Annual Report from Human Resources was received.

RE.15.016 2015 Staff Survey Summary Report

Received: Document RE/014/15

The Director of Human Resources introduced the report which provided high-level information on the very positive outcomes of the 2015 Staff Survey. It was noted that more detailed departmental data was provided to managers so that any anomalies could be investigated and consideration given to tailored training where appropriate.

Members received the Staff Survey report and congratulated the University on the excellent results and the favourable comparisons with other institutions.

RE.15.017 HR Highlights Paper

Received: Document RE/013/15

The Director of Human Resources introduced the paper which highlighted some of the work of the department over the year. She drew particular attention to a number of projects which were geared to employing technology to provide a more effective service, and the continued focus on the promotion of health and well-being.

The HR highlights paper was received.

RE.15.018 Capital Projects Bid

Received: Document RE/014/15

The Deputy Vice-Chancellor introduced the bid documentation which outlined two proposals for development in 2015/16.

.01 Residential Phase 11

The £9.2 million proposal for Phase 11 was for a 168 bed development on the site of the Hawthornes and Slack House cottages purchased by the University in the previous year. It was reported that there was still significant unmet demand for student residences and that student preference for on-site accommodation remained high. In terms of longer term viability, the proposal was not dependent on loans, 2015 recruitment to the University had been strong and the additional units provided a further income generating opportunity. In the event that demand lessened in future years, the University would be able to consider demolition of the old Back Halls site providing opportunities for new teaching and learning development.

It was noted that costs for residential builds were well understood and account had been taken of the abnormal costs associated with the site for the proposed development.

In discussion, the following points were noted:

- Given the change in University funding to the SLC, the University considered OJEU procurement regulations no longer applied. Industry standard guidelines for tendering had been

adopted with John Turner Construction Group providing the most competitive, compliant bid for the main contract works;

- Whilst there had been some interest in building accommodation from private providers, and there were some small private developments in the local vicinity, large projects in residential areas were unlikely to be granted planning approval. Planning approval for an on-site proposal from the University was not expected to be problematic;
- The major challenge in optimising rental income lay in maximising occupation rates and the University had a strong track record in relation to this.

Following discussion, **the Committee agreed to recommend an overall envelope of £9.2 million for the construction of Phase 11 student accommodation to the Board with John Turner as the main contractor.**

Action: Chair/Deputy Vice-Chancellor

.02 Technology Hub

The £9.9 million proposal for the Technology Hub reflected the increased demand from applicants for Computing and other science-based subjects. Based on an extension to the current Levens (MATEC) building and sitting alongside Bio- and Geo-sciences, the project would bring together a science corridor that would be an important statement for the University. The plan would allow for additional biotech labs and support the development of new provision in areas such as Genetics, Food Technology and Mathematics. Importantly, the proposal would support the employability agenda and could house a hatchery/incubator facility for business start-up.

In addition to the core proposal, it was noted that a £3 million bid for Lancashire LEP funding was in progress which, if successful, could significantly enhance the technical specification for the building with CAVE (Computer augmented virtual environment) facilities incorporated.

It was noted that costs for the core project would be met from cash balances and was not dependent on LEP funding but that

the LEP bid would require the use of OJEU procurement processes.

In discussion, members welcomed the proposal which, whilst more speculative, offered significant benefits for institutional reputation whilst improving the student experience and protecting market share of applications. The bid to the Lancashire LEP was important in establishing the University's place at the table and it was suggested that other approaches to business could also be made.

Following discussion, **the Committee agreed to recommend an overall envelope of £9.9 million for the construction of the Technology Hub to the Board.**

Action: Chair/Deputy Vice-Chancellor

RE.15.019 Employment Issues

There were no employment issues to report.

RE.15.020 Any Other Business

.01 Presentation of Management Accounts

The Director of Finance circulated documentation (copy held in the Minute book) explaining the new style Management Accounts that were regularly received at the Committee. It was noted that the report was now largely automated and allowed for a more detailed level of analysis than had been previously possible. He asked members to contact him directly if there were any comments or queries.

Action: All

SECTION C ITEMS

RE.15.021 Minutes of the Teaching Staff Consultative and Negotiating Committee dated 23 June 2015

Received: Document RE/015/15

The minutes were received.

RE.15.022 Minutes of the Support Staff Consultative and Negotiation Committee dated 26 June 2015

Received: Document RE/016/15

The minutes were received.

RE.15.023 Minutes of the Staff Partnership Group dated 30 September 2015

Received: Document RE/017/15

The minutes were received.

RE.15.024 Date and Time of next Meeting

The next meeting is scheduled for 22 February 2016.