

**BOARD OF GOVERNORS**  
**RESOURCES COMMITTEE**

Edge Hill  
University

Minutes of the meeting held on 11 February 2019

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**Present**

Graeme Collinge	Independent member	Committee Chair
Lesley Munro		Clerk to the Board
Julian Bucknall	Independent member	
John Cater	Ex-officio	Vice-Chancellor
Clive Edwards	Independent member	Chair of the Board

**Officers in attendance**

Carl Gibson	Director of Finance
Steve Igoe	Deputy Vice-Chancellor
Paul Malone	Students' Union General Manager
Adrian McGillian	Director of Facilities Management
David Oldham	Director of Capital Projects

**Observers**

Joe Bradford	Student governor	Students' Union President
George Talbot	Staff governor	Academic Board nominee

**Apologies**

Fin McNicol	Independent member	
Tony Rankin	Independent member	(agreed leave of absence)
Margaret Williams	Independent member	

The Chair welcomed Adrian McGillian, the new Director of Facilities Management, to his first meeting.

**RE.18.025 Declarations of Interest**

There were no Declarations of Interest.

**RE.18.026 Chair's Announcements**

There were no announcements.

**RE.18.027 Chair's Action**

There was no Chair's Action to report.

**RE.18.028 Minutes of the previous meeting**

*Received: Document RE/017/18*

The Chair reminded members of the key points from the last meeting which were relevant to the consideration of papers for this meeting highlighting in particular:

*.01 Students' Union Budget (RE. 18.007)*

Discussion at the last meeting had focused on the deficit position reported, but not adequately explained, in the Students' Union Financial Statements for 2017/18. A revised budget addressing this issue was scheduled for consideration later in the meeting;

*.02 Treasury Management (RE. 18.009)*

The structural reform at Barclays bank was noted for discussion later in the meeting.

*.03 HR Annual Report (RE. 18.011)*

It was noted that an update report on voluntary turnover rates had been circulated with documentation for this meeting as a paper for information.

Noting these areas of discussion, the minutes of the meeting held on 15 October 2018 were agreed and signed by the Chair as a correct record.

**RE.18.029 Action Log**

*Received: Document RE/018/18*

The Action Log was received noting all items as complete or in progress. The Director of Finance confirmed that Treasury Management reports now included the cash position for 3 quarters.

**RE.18.030 Matters Arising**

There were no matters arising that were not included elsewhere on the agenda.

<b>SECTION A ITEMS</b>
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**RE.18.031 Facilities Management Annual Report**

*Received: Document RE/019/18*

The Director of Facilities Management introduced the report which provided a summary of the impact of the various areas of responsibility covered by the service (viewed as a collective) on the student and staff journey. Responding to previous comments from the committee, he highlighted the inclusion of extensive external benchmarking information and drew attention to the following points:

*.01 Space Management Statistics*

Information was drawn from sector data collected and published by the Association of University Directors of Estates (AUDE) providing key metrics on Efficiency, Quality, Value and Sustainability. Whilst the University's overall performance on these measures was very good, it was noted that more investment would be needed in long-term maintenance in the future as new buildings aged.

In response to members' questions, it was noted that:

- The impact of the high rate of space efficiency on the student experience had been a significant driver in the provision of new buildings over the last ten years ensuring a cohesive approach to student learning with teaching facilities available within departments. It was further noted that provision for the

majority of teaching staff was provided through shared office space.

- The reduction in the total income per square metre reflected both the increase in the number of buildings within the estate and a slight fall in overall in student numbers. Alternative means of raising the income potential through activities such as conferences were being explored but this was a highly competitive area and likely to be challenging given the University's geographic location.
- The increase in the total property cost per square metre reflected the increased requirement for refurbishment works but was still well below sector norms.

It was suggested that **future reports** would benefit from a more nuanced statistical analysis **incorporating benchmark group details** as well as sector data.

#### **To note: Director of Facilities Management**

##### *.02 Service Size and Scope*

The size and range of services covered by Facilities Management was acknowledged with Site Services (Cleaning/Housekeeping) representing the largest staff resource followed by Catering and Events. The scale of works completed through the Property Management team was impressive.

Responding to a member's question as to the level of outsourcing, it was noted that this was used for some specialist services but provision was otherwise in-house. Whilst in-house provision attracted higher associated staff costs, this was offset by the positive contribution made by front-line staff to the student experience. The Vice-Chancellor reported that a number of institutions were moving back to in-house provision following a poor experience with outsourced services.

##### *.03 Impact/Making a Difference*

The Director of Facilities Management highlighted the opportunities provided for student employment in the Service as well as the Active Wellbeing pilot programme which supported student mental health and wellbeing. The Service also promoted

positive local community involvement through the use of the University's sports facilities.

Value for Money was a key driver for the Service with significant savings achieved on goods and services through the procurement process. Maintaining a safe campus also featured strongly in Service responsibilities, especially following the Grenfell Tower incident.

In terms of recognition, the Service had received the Green Flag award for the 7<sup>th</sup> year in a row and had won the 2018 National Student Housing Survey award for Best University Halls and Best Value for Money.

*.04 2018/19*

The Director of Facilities Management indicated that the launch of the new Computer Aided Facilities Management (CAFM) system was a high priority for 2018/19 providing more data to inform future strategy. In response to a member's question about any major concerns for the Service, it was noted that long term maintenance and compliance were the most significant issues but that the new CAFM system would enable proactive management of both these areas.

Members welcomed and received the comprehensive report from the Director of Facilities Management.

**RE.18.032 Annual Health and Safety Report**

*Received: Document RE/020/18*

The Director of Facilities Management introduced the 2017/18 report which provided an overview of progress against the University's Safety Management Strategy. He highlighted the following areas:

*.01 Accidents and Near Misses*

Whilst the number of reported accidents and near misses had risen slightly from the previous year, this was largely due to higher levels of awareness of the need to report and to increased access to sporting facilities. The majority of cases related to campus visitors involving slips and trips associated with sporting activities.

All cases were investigated to prevent reoccurrence but none had presented as significant risks.

*.02 Compliance testing*

Compliance testing was carried out regularly against regulated areas which included asbestos management, gas safety, legionella, fire risk assessment and electrical testing. No issues had been identified from the inspections.

*.03 Fire Safety*

The number of failed fire evacuation tests had risen following a decision to block off the primary exit route as part of the testing procedure. This had provided a useful learning point in ensuring better awareness of all exit routes.

In response to a member's question, it was confirmed that night time tests were part of the regular schedule.

*.04 Health and Safety Auditing*

The University had adopted a risk-based approach to auditing with self-audits applied to low-risk areas and independent third party audits for high risk areas such as Biology.

*.05 Business Continuity*

It was noted that the University had employed the services of Ashton Resilience to review the arrangements for emergency planning and business continuity and a Work Plan was being developed from the report.

The 2017/18 Health and Safety Report was received.

**RE.18.033 December Management Accounts including early mid-year forecast**

*Received: Document RE/021/18*

The Director of Finance introduced the report which showed income running ahead of budget. In terms of expenditure, whilst there was a significant underspend on staffing (£1.049 million – largely gap savings), this was offset by a substantial (£843k) approved overspend

on the repairs and maintenance budget. Expenditure also included payment of the backdated pay award. A number of other variances noted in the report were profile related and would resolve over the year. The high level of debtor payments outstanding was matched by staged in year payments due from the SLC. The cash flow position was strong.

In discussion of the management of costs, the following points were noted:

- Staff costs were being closely monitored with individual vacancies approved by the Vice-Chancellor;
- Consideration was being given to staffing structures to see whether efficiencies could be made without detriment to service. In this regard it was noted that the Faculty of Education was still generating the same level of surplus despite reductions in staff and activity levels;
- Whilst tuition fee income was running ahead of budget, retention rates were being closely monitored as this could affect SLC payments over the year;
- The decision to overspend on repairs and maintenance had been taken once there was sufficient confidence in the overall financial position.

In response to a member's question, it was noted that redundancy had been used in a small number of cases where staff reductions were necessary and all other options had been explored. In such cases, the University paid statutory rates.

In relation to the detailed tables showing **operating expenditure**, it was noted that the associated analysis was highlighted in the narrative. **It was suggested that the tables could be enhanced by adding projected expenditure.**

**For consideration: Director of Finance**

Concluding discussion, the Chair indicated that this was a tight budget and he emphasised the importance of controlling any overspends.

The committee received the December Management Accounts.

**RE.18.034 Capital Projects**

*Received: Document RE/022/18*

The Director of Capital Projects introduced the report which focused on three areas:

***.01 Projects Update***

Successful completion of the Catalyst Building and Phase 13 Residences was reported with both projects completing on time and within budget. The flagship Catalyst building had been officially opened by HRH the Princess Anne in January.

Work on the Old Library refurbishment had been subject to some delay and overspend (previously reported) but was now complete with costs within the overall approved projects' budget for the year. With some remaining internal décor planned, the transformation of this building into a high quality teaching and learning facility was acknowledged.

In other work, it was reported that Phase 1 of the refurbishment projects for the SIC and PSS buildings had been completed. Costs for further work in these areas were within VC/DVC approval limits.

Refurbishment of the Old Pool Hall had been concluded with the swimming pool converted into a dance studio for Performing Arts.

***.02 Capital Bid for Medical School***

This proposal was for an allocation of £7.6 million to refurbish and equip the LINC building to provide the necessary facilities for the Medical School (facilities would also be available for existing Faculty of Health provision). It was noted that a GMC inspection of facilities was anticipated in summer 2019 as Stage 5 of the approval process to permit the enrolment of students. The bid would be funded from cash.

The Chair indicated that, whilst the importance of proper provision for the Medical School was acknowledged and would need to be met, the bid appeared to be in excess of initial projections and marked a move away from the more cautious approach outlined in



the Estates Strategy. In discussion, the Chair and members raised the following issues:

*.01 Increased costs and return rate:* It was reported that initial indicative costings had risen following adjustment for actual quotes and noting that VAT was only partially recoverable. The Chair highlighted that longer term financial viability appeared to rely on sustaining projected fifth/sixth year surpluses and that the business case should strongly reflect that the investment was being made for strategic reasons for the future of the University.

Whilst acknowledging this, the Vice-Chancellor indicated that, income from the Medical School was likely to exceed initial projections. It was noted that the associated financial analysis needed to be updated to reflect these changes and provide a more realistic timescale for cost recovery;

*.02 Room for growth:* Whilst initial numbers were small, members were concerned that there should be sufficient space for future growth in provision, especially if facilities were to be shared across the Faculty. The Deputy Vice-Chancellor indicated that the provision of integrated facilities for the Faculty of Health was important for ongoing work with partners such as Wrightington and he reported that there was sufficient capacity within the existing space to accommodate the necessary requirements including laboratories. The Vice-Chancellor also pointed to the potential to extend the LINC building in the future;

*.03 Ormskirk Hospital:* A member queried whether the potential for locating facilities at, and in partnership with, Ormskirk Hospital would offer a further option for consideration. It was noted however that the nature and location of local NHS provision was currently under discussion and, in any event, there was insufficient time for the necessary negotiations that would be required. On-site provision was also preferred in order to promote strong linkages with a range of NHS providers;

*.04 Consultation:* A member queried the nature and composition of the user group for consultation and it was noted that this was widely drawn from the Faculty and that visits had been made to other facilities for comparative purposes.

**.03 Reconfiguration of Halls in the Main Building**

This proposal was for an allocation of £2.5 million excluding VAT in order to convert the existing residence rooms on the eastern wing of the top floor of the main building to en-suite accommodation. This would run alongside a lifecycle maintenance programme (c £1.4 million) which was necessitated by the age of the building. It was noted the current accommodation was dated and lacked kitchen facilities, requiring students to take a catered package. Coupled with shared bathroom and toilet facilities, this was not a popular option for students. Upgrading and maintenance would both address student demand and extend the life of the building. The Deputy Vice-Chancellor reported that expenditure was indicative with the project currently out to design competition to firm up costs. The bid would be funded from cash.

The Chair and members raised the following issues:

- .01. *VAT*: The paper was unclear whether VAT costs were recoverable on this project. Whilst the Deputy Vice-Chancellor indicated that he did not believe they were, he agreed to look further into the matter;
- .02. *Estates Strategy*: It was noted that this project was not identified or costed within the Estates Strategy and that earlier discussions had suggested the rooms might be converted for administration accommodation. It was reported however that the constraints of the building did not lend itself easily to such other uses. The Chair emphasised the importance of ensuring long-term sustainable active use for this residential part of the University's main building given its iconic importance within the estate as the 'face of the University'. Upgrading the accommodation would allow for the rooms to be more competitively priced and provide for cost recovery, albeit over an extended timescale, and investment should therefore include consideration on strategic grounds;
- .03. *Scope*: The Chair noted that whilst this project was for the east wing of the main building, it carried the implication of a future, similar bid to upgrade the west wing;

- .04 *Cost Recovery:* The Chair queried whether the projected occupancy rate (95%) or sensitivity test (92.5%) used to support the business case was realistic;
- .05 *Necessity:* A member queried whether the project was necessary at all, especially given private residential development in Ormskirk. It was noted however that on-site accommodation was preferred by students, was competitively priced and offered good value for money in comparison to off-site alternatives. It was further noted that long term maintenance work on the building was required in any event which provided an opportunity to bring the rooms to the same standard as other residential accommodation.
- .06 *Pricing:* Whilst supporting the proposal for refurbishment, the President of the Students' Union highlighted the need to maintain lower cost residential options for students and it was noted that the location of these rooms would be taken into account in setting charges.

Concluding discussion on both projects, the Chair reported that he had been in communication with the Deputy Vice-Chancellor prior to the meeting to discuss a number of these issues and he was satisfied that there was a strong case for strategic investment in both instances although neither were likely to generate strong financial returns. He emphasised the importance of reaching a clear understanding of the basis for any decisions that were taken, including the level of risk, and that this should be recognised within the business cases presented to the Board.

On the basis of discussion, **the Committee RESOLVED to make an in principle recommendation to the Board for the approval of the bids to refurbish the LINC building (£7.6 million) and the east wing of the top floor of the main building (£3 million [including VAT]) alongside remedial maintenance works, subject to the provision of revised documentation for the Board to incorporate:**

- **Appropriate updating of the spend analysis in the Estates Strategy;**
- **Clarification of VAT costs;**
- **Development of the strategic case for the projects and a review of the associated financial analysis to provide an up-to-date and realistic picture in relation to payback periods;**

- Confirmation of user group engagement;
- Removal of extraneous material.

**Action: Deputy Vice-Chancellor**

**RE.18.035 Revised Students' Union Budget 2018/19**

*Received: Document RE/023/18*

The General Manager of the Students' Union introduced the revised budget which had been requested by the committee following the concerns highlighted at the last meeting in relation to the deficit reported over the last two years. He drew attention to the revisions made to the Union's organisational structure with the removal of two senior management roles and the discontinuation of Bar Food which had been running at a loss. He noted that the revised budget had been approved at the last meeting of the Union's Trustees and was currently on track to deliver an end of year surplus.

In discussion, it was noted that, whilst the initial set-up costs for the Subway facility had been high, profits were now increasing with depreciation. A member suggested that there were opportunities to offer more variety, such as street food, through 'pop-up' facilities and the General Manager reported that the Union was actively looking at similar 'no risk' options.

The Chair commended the use of the cover sheet to the document which was informative and an exemplar for others to follow.

The committee welcomed and received the Students' Union revised budget for 2018/19.

**RE.18.036 Employment Issues**

The Deputy Vice-Chancellor indicated there were no issues of concern to report. He noted that staff were balloting on the pay award offer but that the University had already made payment with Christmas salaries. Any differential with the finally agreed position would be backdated.

It was further noted that the University was currently advertising for the following posts:

Pro Vice-Chancellor/Dean of the Faculty of Education;  
Associate Dean of the Faculty of Health;

Leadership of the Medical School.

The verbal report on employment issues was received.

**SECTION B ITEMS**

**RE.18.037 Treasury Management Update**

*Received: Document RE/024/18*

The Director of Finance introduced the report noting a rise in the weighted average return from 0.69% to 0.84% driven largely by an increase in the sweep account resulting from the increase to the Bank of England base rate. He also highlighted the varying pattern of average return rates over the year reflecting the amount held in cash balances which fluctuated in line with the receipt of SLC payments. It was further reported that the one year £16 million investment at Santander would be re-invested at a better rate on closure.

It was noted that Barclays had now implemented structural reform and ringfenced retail banking services as required by Government. It was noted that the committee had previously discussed the detail of the arrangements.

The Treasury Management Update report was received.

**RE.18.038 Any Other Business**

There was no other business.

**SECTION C ITEMS**

**RE.18.039 Date and Time of next Meeting**

The next meeting is scheduled for 17 June 2019.

**RE.18.040 HR Policies: Timetable for Review**

*Received: Document RE/025/18*

The review schedule was noted with a number of policies expected for approval at the June meeting.

**RE.18.041 Revised staff voluntary turnover rates**

*Received: Document RE/026/18*

This paper provided new figures on voluntary turnover rates which had been revised following discussion at the last meeting where it was identified that the figures in the HR Annual Report did not provide a like for like comparison with the sector. Whilst the revised figures were still ahead of the sector, the differential was no longer significant.

The paper on revised voluntary turnover rates was received.

**RE.18.042 Academic Progression Policy**

*Received: Document RE/027/18*

The Academic Progression Policy was received noting it was currently out for consultation and would be presented for approval at the June meeting.

**RE.18.043 Minutes of the Teaching Staff Consultative and Negotiating Committee dated 23 October 2018**

*Received: Document RE/028/18*

The minutes were received.

**RE.18.044 Minutes of the Health, Safety and Environment Committee dated 17 January 2019**

*Received: Document RE/029/18*

The minutes were received.