BOARD OF GOVERNORS

FINANCE COMMITTEE

1000, Tuesday 10 October 2017, Room 4.18, St Andrew’s Court

MINUTES

Present:    Mark Readman, Chair of Finance Committee
            Jenny Crighton, External Governor
            Anne Lambert, External Governor
            Professor Graham Galbraith, Vice-Chancellor (Minute 26 onwards)
            Baldev Laly, External Governor
            Jane Hoskins, External Governor
            Professor Nairn Wilson, External Governor

Clerks:     Adrian Parry, Director of Corporate Governance
            Helen Malbon, Senior Governance Officer

In attendance:    Dr Liz Bartle, Deputy Director of Finance
                           Vicky Bruce, Financial Controller, (Minute 26 only)
                           Sarah Seed, Partner, Mills and Reeve (Minute 29 only)
                           James Thompson, President UPSU
                           Bernie Topham, Chief Operating Officer (Minute 29 only)
                           Stephen Valvona, Director, Lloyds Commercial Banking (Minute 29 only by
                           conference call)
                           Dr Jenny Walden, Staff Governor (Minute 29.3 onwards)
                           Emma Woollard, Director of Finance

Tabled paper:

Agenda item 8, Annex E, Securing finance for the masterplan.

Contextual information, circulated electronically only:

Agenda item 8, Notes Purchase Agreement
Agenda item 10, subsidiary companies annual reports and financial statements

22   WELCOME, APOLOGIES, DECLARATION OF INTERESTS AND QUORACY

   i)    Committee received and noted apologies for absence from Bishop Christopher
         Foster, External Governor and Dr Mohamed Hassan, Staff Representative;
   ii)   Baldev Laly had previously recorded that he was involved in a property
         development business in Portsmouth;
   iii)  The Director of Corporate Governance confirmed that the Committee was
         quorate and could proceed to business.
23 MINUTES

The minutes of the meeting held on 12 September 2017 were confirmed as a correct record.

24 MATTERS ACTIONED SINCE THE LAST MEETING OR UNDER CONTINUING CONSIDERATION

Three items were noted and five would appear as an agenda item at this or a future meeting.

25 MATTERS ARISING

There were no matters arising.

26 ANNUAL INVESTMENT PERFORMANCE 2016/2017

Vicky Bruce, Financial Controller, introduced a report on the annual investment performance and cash balances over the 2016/2017 year. Key points noted in discussion were:

i) The University invested its cash balances in accordance with the Treasury Management Policy (TMP). The aim of the current TMP was to protect capital and availability of funds, ahead of return. The University adopted a risk-based approach to the treasury management function, focusing on the identification, monitoring and control of risks to ensure the cash balances of the University are protected;

ii) The TMP was undergoing a comprehensive review and consideration would be given to how to manage the likely increased cash balances that would be held as a result of the estates masterplan financing. The revised version would be presented to Finance Committee before the end of 2017. Governors agreed that a slightly more ambitious approach to income generation should be developed to ensure the best stewardship of University resources;

iii) The average cash balances held by the University increased by £16.9m during 2016/17 compared to an increase of £21.5m during 2015/16. In 2016/17 cash balances varied between £103.8m in September 2016 (£89.5m in September 2015) to £170.2m in May 2017. The timing of payments from the Student Loan company was the key driver in this variation;

iv) The Endowment Fund invested by CCLA Investment Management Ltd (CCLA) exceeded the desired outcome to generate £60,000 income during 2016/2017. For the first time in many years, it had performed less well compared to both the FT All Share index and the FTSE 100 Share index. Governors asked that in future they receive a graph of the previous five years plotting the CCLA fund against the FT All Share index and the FTSE 100 Share index.

Action: Financial Controller

v) Finance Committee noted the report.
27 DEPUTY CHAIR APPOINTMENT

i) Adrian Parry, Director of Corporate Governance, provided an update following the agreement at the last meeting of Finance Committee that there may be circumstances when it would be useful to have a formally nominated Deputy Chair. The Director of Corporate Governance had contacted eligible candidates to seek a volunteer for the role of Deputy Chair and Professor Nairn Wilson had indicated that he would be willing to take on this role. Committee agreed to formally appoint Nairn to this role for the 2017/2018 year, subject to Board approval. The Board of Governors would be invited to approve appropriately amended terms of reference at its meeting on 11 October 2017 so that this role was given formal recognition;

   **Action: Director of Corporate Governance**

ii) It was noted that it might beneficial for other Committees to formally designate a Deputy Chair.

28 APPOINTMENT OF PLACEMENT BANK – confidential item

29 SECURING FINANCE FOR THE MASTERPLAN – confidential item

30 BARCLAYS LOAN: AMENDMENTS TO FACILITIES LETTERS – confidential item

31 PROVISIONAL UNIVERSITY FINANCIAL STATEMENTS 2016/2017

Liz Bartle, Deputy Director of Finance, introduced the draft consolidated Financial Statements for 2016/2017. Committee agreed to send any comments to the Deputy Director of Finance. The next meeting of Finance Committee on 14 November 2017 would focus on the statements once the external audit was complete.

32 NEXT MEETING

The next meeting of Finance Committee would take place on Tuesday 14 November 2017, 1030 to 1230. A joint meeting with Estate and IT Committee would take place on Wednesday 13 December 2017, 1400 to 1600 to consider proposals relating to the new Student Records system.

33 DELEGATION OF AUTHORITY TO CHAIR

Committee agreed to give the Chair delegated authority to take Chair’s action over the summer to approve any necessary items.