A document was tabled to support the matter actioned regarding the UPSU surplus.

44 Welcome, Quoracy, Declaration of Interests and Apologies

(i) Apologies were received from External Governors: Bishop Christopher Foster and Jane Hoskins; Vice-Chancellor: Professor Graham Galbraith; and Giorgio Bendoni, Staff Representative.

(ii) There were no interests to declare.

(iii) The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

45 Minutes of the Previous Meeting

The minutes of the meeting held on 12 November 2019 were confirmed subject to the following amendment at minute number 32.v

‘Current staff costs to support the development of the bid were estimated to be around 1.5/2 full time equivalent.’
46 Matters Actioned and Matters Arising

(i) Committee noted six items that would appear on a future agenda.

(ii) Liz Bartle, Deputy Director of Finance, tabled a paper supporting the email that had been circulated on 17 December 2019, providing further information on how the two surplus figures given in the UPSU Management Accounts (£71k) and the UPSU financial accounts (£123k) could be reconciled. Committee noted that the £71k stated surplus related to the main UPSU budget and did not include the brought forward reserve spend of £35K from the previous year and so the actual management account surplus was £36k. In addition, the £261K grant payment made by the University to UPSU to support additional pension costs had been split equally over three years in the management accounts. This £87k (£261/3) was included in the financial accounts. Committee expressed its thanks for the explanation and suggested that UPSU be mindful of such factors in future when compiling management and financial accounts.

(iii) Committee endorsed the Chair’s action taken on 18 December 2019 to approve the single tender to appoint a consultant on a 12-month contract to support the HR transform programme.

(iv) Committee noted the summary of Chair’s actions presented to Committee between September 2019 and January 2020.

(v) The Executive Director of Corporate Governance reported that the search for a new external governor member of IFC was ongoing. The adverts place in the autumn had not resulted in any suitable candidates and so the University was in the process of appointing an external search agency. It was anticipated that the Nominations Committee would discuss this further when it met in March 2020.

47 Annual TRAC return 2018/2019

Dr Liz Bartle, Deputy Director of Finance (Financial Systems) presented the 2018/2019 annual TRAC return. This had been discussed by the University TRAC Steering Group, which was chaired by the Vice-Chancellor. It was a mandatory return required by the Office for Students (OfS) and had originally been developed to calculate the charge out rates for research. The following points were noted in discussion:

(i) The annual return for costing and pricing activities was based on the consolidated financial statements, adjusted so that they were recorded at full economic cost.

(ii) The full economic cost had increased by 3% from 2017/2018. This was in line with the year on year increase in expenditure as recorded in the financial statements.

(iii) The Margin for Sustainability and Investment (MSI) calculation for 2018/19 was produced using the methodology prescribed by the OfS.

(iv) The 2018/2019 MSI adjustment was 4.8% higher than the previous year. This increase was driven by the higher than expected Operating Surplus reported in 2018/19. The MSI was expected to reduce annually for the next three years as the forecast Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) reduced over the period 2019/20 to 2021/22.

(v) The University used workload-planning software to record the number of hours spent by academic staff on each type of activity. A full time member of staff had a 1583
hours annual allowance and duties such as course leader or module tutor would have a fixed number of hours associated with these responsibilities. Data from the workload planning model was used to support the calculations in the return.

(vi) The 2018/2019 results show a reduction in time spent on teaching (3.6%), with small increases in time spent on research (1.7%), other (1.5%) and support (0.5%) when compared to 2017/2018. It was noted that the total percentage average time did not add up to 100% exactly due to rounding that had taken place at a more granular level.

(vii) The steering group was investigating why this reduction in teaching hours might have occurred, for example was it as a result of staff preparing for REF and KEF.

(viii) Following discussion, Committee approved the 2018/2019 Annual TRAC return for submission to the OfS by the deadline date of 31st January 2020.

Action: Executive Director of Finance

48 Annual Transparent approach to Costing of teaching (TRACT-T) 2018/2019

Dr Liz Bartle, Deputy Director of Finance (Financial Systems) presented the 2018/2019 annual TRAC-T return. This had been discussed by the University TRAC Steering Group. It was a mandatory return required by the Office for Students (OfS) and this year required Committee approval rather than the Chair’s action permissible in previous years. The following points were noted in discussion:

(i) The original focus for the TRAC-T return had been to enable HEFCE to rebase various subject price bandings. The subject bands were linked to different types of course and were previously an important part of the funding model although revision to the funding model now made this less relevant.

(ii) The return was intended to show the cost of OfS publicly funded teaching (per student FTE) across each Higher Education Statistics Agency (HESA) academic cost centre.

(iii) The Financial Sustainability Strategy Group (FSSG) stipulated the methodology used and the University results did not indicate anything unexpected.

(iv) Committee discussed the paper and approved the 2018/2019 Annual TRAC-T return for submission to the OfS by the deadline date of 28th February 2020.

Action: Executive Director of Finance

49 University Budget Principles 2020/21 onwards

Emma Woollard, Executive Director of Finance, introduced a paper summarising the outcome of a recent review of the Strategic and Financial Planning process. The proposed changes would be enacted over a number of years. This timescale recognised that the 2020/2021 budget needed to be completed before the delivery plans to support Strategy 2025 could be finalised. Key points noted were:

(i) The proposals outlined would not lead to any changes in the income or expenditure of the University. They were intended to simplify and streamline processes, supporting the overarching ambitions of delegation and empowerment.

(ii) The delivery of the new Strategy would be supported by changing the way that the planning process operated to ensure improved clarity about priorities and the investment of time and existing and new resources.
(iii) The budgetary principles would be implemented over the next two to three years. Further changes and enhancements would be considered during this time as the detailed implementation plans for the strategy emerged and as the full refresh of the finance system was implemented.

(iv) Budget holders would be supported by the staff from the Finance Department and within the faculties. A change of mindset might be required to ensure that potential underspends are addressed as promptly as overspends.

(v) Committee recognised that in some instances a deficit budget might be proposed, for example to support investment in key projects that deliver to the new strategy.

(vi) Committee agreed the principles outlined and supported the ongoing development of guidelines and budget on this basis.

50 Student Systems Project – confidential minute

51 Director of Information Services Report

Darrell Sturley, Interim Director of Information Services, provided an overview of his report, which provided an update on the following key issues:

(i) Strategic initiatives: Data Improvement Plan was in the process of development. Dr Sturley was positive about the decision to employ a Chief Information Officer, to replace the Director of IS role. The University was also recruiting a Director of Digital and Distributed Learning.

(ii) Service delivery: CCI students were now able to use their specialist teaching software in the library, previously it had been only available in the Eldon Building. This enabled the use of the software for extended hours and had been welcomed by the students.

(iii) Infrastructure and platforms: a detailed business case for cloud migration would be completed by May 2020. Exploratory work was underway to explore whether the University would migrate from Google to Microsoft 365.

(iv) Project overview: Planon go live was due to take place on 18 February 2020, although there were risks associated with this timescale. Mitigating measures had been put in place to ensure that the risks were effectively managed.

52 Director of Estates and Campus Services Report – confidential minute

53 Executive Director of Finance Report

Emma Woollard, Executive Director of Finance, presented a report summarising issues not covered elsewhere on the agenda. Key points noted were:

(i) The annual letter from the Secretary of State for Education to the Office for Students had been published on 9 January 2020. The funding for the sector for 2020/2021 had been reduced compared to 2019/2020, with a reduction of £70 million to recurrent
funding and an increase to capital funding of £50 million. The OfS was consulting the sector about how best to make the necessary savings. However, the annual letter provided the OfS with some areas that the Secretary of State required them to prioritise when distributing the funding. These included the Student Premium to support access and participation, continued support for high cost subjects and the Industrial Strategy.

(ii) The approval of the bank mandate for the University and its subsidiary companies was delegated to the University Executive Board (UEB). Committee noted, in accordance with financial regulation 14.4, that UEB had approved the bank mandate when it met on 14 October 2019. The mandate listed the members of staff who were authorised to sign on behalf of the University. Each year the list of names was reviewed to ensure that there were sufficient to enable the efficient operation of the treasury and banking function.

(iii) An additional item not included in the report was discussed. From April 2020, as an eligible LGPS employer, the University was entitled to pre-pay contributions in return for a discount. The University would need to commit by 31st January 2020 if it wished to pre-pay and the advance payment must be paid to the Scheme bank account on 1st April 2020. A number of discount options (between 2% and 10%) were offered regarding one or three year pre-payment and on primary (current service) or secondary (past service) contributions. It was agreed that the Executive Director of Finance would put a proposal to the Chair for agreement once the calculations had been made. Committee authorised Chair’s action to be taken on what represented best value for the University.

**Action: Executive Director of Finance**

Post meeting note:

The Chair agreed that the University would prepay three years of the secondary contribution (£6.4 million in total) saving £261k. This was not considered detrimental to the University cash flow.

**54 University Management Accounts to 31 December 2019**

(i) Committee received and discussed the University Management Accounts to 31 December 2019.

(ii) It was noted that the forecast total research income was down by £0.6 million compared to budget but that the surplus would not be impacted, as the expenditure would be reduced by a similar amount. It was noted that two faculties had income that was higher than forecast.

(iii) Committee was reminded that the Deputy Director of Finance (Management information) was happy to discuss any queries between meetings if members felt that would be helpful.
55 Subsidiary Companies Management Accounts to 31 December 2019

Committee received and noted the Subsidiary Companies Management Accounts to December 2019.

56 Office for Students Circulars

Committee noted that Office for Students circulars could be found on their website: https://www.officeforstudents.org.uk/publications/

57 Date of Next Meeting

The next meeting would take place at 1030 on 18 March 2020.

58 Delegated Authority

Committee agreed to delegate to the Chair authority to take any required Chair’s action before the next meeting.