

INFRASTRUCTURE AND FINANCE COMMITTEE

TIME /DATE / VENUE	1030, Tuesday 8 November 2022, St Andrew's Court room 0.32
PRESENT	David Madoc-Jones (Chair) Roger Burke-Hamilton Madeline Denmead Vineet Khurana (via videoconference)
IN ATTENDANCE	Tahir Ahmed, Interim Director of Estates and Campus services (Min 35 to 37) Dr Liz Bartle, Deputy Director of Finance (Financial Systems) (Min 28) Dr Rich Boakes, Staff Representative (up to min 36) Mark Carter, Deputy Director of Finance (Mgt Information) (Min 29) Anna Clodfelter, UPSU Chief Executive (Min 26 and 27) Paul Drohan, Investment Manager (Min 30 and 31) Professor Paul Hayes, Deputy Vice-Chancellor (Min 34) Professor Jeremy Howells, Deputy Vice-Chancellor (Research, Innovation and External Relations) (Min 36) Dr Adrian Hull, Academic Council Nominated Staff Governor Dominic Owen, UPSU Officer Bernie Topham, Deputy Vice-Chancellor and Chief Operating Officer Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Helen Malbon, Senior Governance Officer The supplementary confidential report to Annex F, reconciling the budget to the Forecasts and providing detail about the progress with the Recovery Plan was circulated as a tabled paper on 2 November 2022. Some agenda items were taken out of order to facilitate the availability of members and guests.

23 Welcome, apologies, declaration of interests and apologies

- i. Apologies were received from external governors, Jenny Crighton and Christopher Williams and the Vice-Chancellor, Professor Graham Galbraith.
- ii. On behalf of Committee, the Chair welcomed external governor Madeline Denmead to her first Committee meeting.
- iii. Penny Emerit, who became an external governor on 1 August 2022, had also joined the Committee but due to previous diary commitments was unlikely to be able to attend Committee meetings during her first year as a governor.
- iv. There were no interests to declare.
- v. The Clerk confirmed that the meeting was quorate and could proceed to business.

24 Minutes of the previous meetings

The minutes of the meeting held on 4 October 2022 were confirmed as an accurate record.

25 Matters actioned and matters arising

- i. Helen Malbon, Senior Governance Officer, reported that
 - a. Fire safety (Minute 16v): An update report on statutory fire safety had been circulated on 11 October 2022.
 - b. Potential site purchase (Minute 17e): A report on the potential site purchase discussed at the previous Committee meeting had been presented to the Board of Governors at its meeting held on 12 October 2022. An update would be provided under a separate agenda item.
 - c. Financial Statements (Minute 19iv): The cover sheet of the Financial Statements paper contained information on net debt as requested.
 - d. Terms of Reference (TOR) and Membership (Minute 17ic): The Board of Governors had received the proposed revisions to the Committee terms of reference (TOR) at its meeting held on 12 October 2022. Following discussion at the Board meeting regarding where responsibility for strategic oversight lay, it was proposed that item 5 in the Committee TOR be amended to read:

"5. To receive regular progress updates on infrastructure and finance related projects from the governor members of the relevant project boards. Committee should also receive information in order that it can have strategic oversight of financially significant strategic projects and provide advice to the Board as may be necessary."

Committee was of the view that some strategic oversight should occur at Committee level but agreed to deploy this wording for the year and to review its use at the end of the year. It was agreed that a discussion would take place during the January 2023 meeting about how this oversight would be achieved and the role that project board reports would play in supporting this activity.

Action: Chair
- ii. On 31 October 2022, the Chair of the Committee had approved the single tender purchase of Dental Academy equipment with a value slightly above the £225K threshold stated in the Financial Regulations. The purchase was for eight high fidelity haptic training simulators. The SIMtoCARE Dente system was the only system on the market that met all of the requirements necessary to provide superior clinical education. Committee endorsed the Chair's action.
- iii. There were no other matters arising that were not covered above or as discrete items elsewhere on the Agenda.

26 University of Portsmouth Students' Union (UPSU) Financial Statements 2021/2022

Anna Clodfelter, Chief Executive of UPSU, introduced the Students' Union's Financial Statements for the financial year 2021/2022. Key points noted were:

- i. The UPSU Group and associated trading company (PSUT) Financial Statements for the financial year 2021/2022 had been approved by the UPSU Board of Trustees on 18 October 2022. These would be received by the student body via Annual Members Review, digitally, up until 7 December 2022.
- ii. The Union had budgeted an overall deficit in 2021/2022 approved by its Trustees of £20,401. This overall budget included movement on the pension deficit and other

- exceptional items forecast in the year. However, a surplus of £79,794 had been achieved, largely due to an increase in income from trading and sponsorship.
- iii. During the Covid-19 pandemic the block grant had been reduced by 10% but had now been increased to its previous level.
 - iv. The Union trading company Portsmouth Students' Union Trading (PSUT) budget had included a £25,000 contingency to mitigate the impact of the Covid-19 pandemic but this had been unused and so had contributed to the profit of £64,106.
 - v. There had been a re-evaluation of the Students' Union pension scheme but UPSU was yet to receive the future payment schedules. For 2022/2023 this figure was £127,824. Committee suggested that once the external company had carried out the next revaluation, then advice could be requested regarding future liabilities. It was agreed that this information would then be shared with the University's Executive Director of Finance.
 - vi. In response to a question, it was confirmed that the vacancy for an external trustee had been filled but it was noted that it was becoming harder to appoint student trustees, possible due to the time commitment required in this voluntary role.
 - vii. The Committee noted the Financial Statements, acting on behalf of the Board of Governors to partially fulfil its responsibility to ensure that the "Students' Union operates in a fair and democratic manner and is accountable for its finances." (February 2022 Statement of Primary Responsibilities, paragraph 13).

27 Financial Memorandum of Understanding

- i. The University and the Students' Union had established a Financial Memorandum of Understanding (MOU) to address their mutual responsibilities under the Education Act 1994. The MOU was reviewed annually and any changes were submitted to the Committee for approval.
- ii. The Chief Executive of UPSU and the University's Executive Director of Finance provided details of two minor amendments required to the MOU:
 - a) Section 5.2.iii – the addition of a trustee as signatory
 - b) Section 10.1.ii – be able to make a loan to a subsidiary up to the value of £25K
- iii. In response to a question, the Chief Executive of UPSU stated that consideration was given to the social value of any prospective partners with the Union via procurement processes and advertising policy principles.
- iv. The changes were approved by the Committee and it was agreed that the MOU would be formally signed after the meeting.

28 University Financial Statements

Emma Woollard, Executive Director of Finance, and Dr Liz Bartle, Deputy Director (Financial Systems) presented the final draft of the audited University Financial Statements. Key points noted were:

- i. The statements had been discussed in draft form at the previous Committee meeting held on 4 October 2022. The audit was now complete.
- ii. It was noted that the operating deficit for the Group (the University plus all subsidiary companies) was £6.7m, reduced from the figure of £7.9 million shown in

the earlier draft statements. This change was largely due to the annual leave provision adjustment (reduction in provision) based on unused leave at 30 September 2022, the end of the leave year.

- iii. Cash balances stood at £325.9 million which would be used to support future investment that aligned with the University Strategy.
- iv. The 2021/22 Financial Review comprised of the Operating and Financial Review (OFR), other governance related documents and the consolidated financial statements of the University's activities throughout the financial year. The Financial Review was a public facing document, intended to give interested parties information about the University's activities and financial performance.
- v. The University's EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was calculated as £33.1 million, with tangible fixed assets (mainly land and buildings) valued at £383.5 million.
- vi. In response to a question, it was confirmed that the financial statements had been prepared on a going concern basis with the precise calculations having been presented to the Audit and Quality Committee on 10 November 2022.
- vii. Following discussion, it was agreed that the wording regarding cash flow should be amended to read 'The Board of Governors had reviewed and agreed cash flow forecasts for a period of 12 months...' rather than 'has prepared cash flow..'.
Action: Executive Director of Finance
- viii. In response to a question, it was confirmed that the list of members of the Board of Governors and Senior Financial Officers of the University of Portsmouth Higher Education Corporation covered the period relating to the statements being considered, namely 1 August 2021 – 31 July 2022. It was suggested that those joining after this date should be added to form a record of who was in post when the statements were approved on 23 November 2022.
- ix. It was suggested that the statement 'The Operating Deficit for the year on the University's consolidated accounts is £6.7 million, compared to £12.7 million surplus in 2020/21' should be accompanied by an explanation and cross reference to sections elsewhere which provided more of a commentary on this fact.
- x. It was agreed that in future, consideration should be given to showing 5-year trend data in some sections of the overall review document.
- xi. Following discussion, Committee recommended the approval of the Financial Statements via the Audit and Quality Committee to the Board of Governors on 23 November 2022.
- xii. Committee noted that Dr Liz Bartle would leave the University in December 2022 and recorded its thanks for her clear explanations and highly valued input to its work and to its predecessor committees over the past 17 years.

29 University Financial Forecasts

Emma Woollard, Executive Director of Finance, and Mark Carter, Deputy Director (Management Information) presented the Financial Forecasts:

- i. The Office for Students (OfS) required universities to complete financial forecasts as part of the annual financial review of institutions and prescribed the format of this return.
- ii. In addition to the commentary and variance analysis, the Forecasts included the Income and Expenditure Account, Balance Sheet and Cash Flow Statement.

- iii. The Forecasts for 2022/23 were based upon the 2022/2023 budget with adjustments made for known, significant changes during the first three months of the financial year. This included changes to the pay award, National Insurance, LGPS pension contributions, and income from Research England and the OfS. For 2022/2023, overall fee income was unchanged, pending information about recruitment, due in December.
- iv. FRS 102 staff adjustments and Finance costs were forecast to reduce dramatically for 2022/2023 based on higher discount rates as at 1st August 2022 and as confirmed in the valuation provided by the actuaries.
- v. A separate report, reconciling the budget to these Forecasts and providing detail about the progress with the Recovery Plan was considered.
- vi. Scenario planning and financial stress testing had taken place to ensure that the University remained stable whilst moving back to a position of surplus.
- vii. Following discussion, Committee recommended that the Forecasts should be submitted to the Board of Governors for approval, and onward submission to the OfS by the census date of 1 December 2022.

Action: Executive Director of Finance

30 Annual Investment Report and Review of Endowment Investment Fund Performance 2021/2022 – confidential item

31 Annual Review of Treasury and Investment Management Policy

Paul Drohan, Investment Manager, presented proposed updates to the Treasury and Investment Management Policy which would improve clarity, reflect best practice and capture credit rating and operational changes. The use of the MSCI World Index in equity portfolios, had been introduced in line with Goldman Sachs' practice. Committee discussed and approved the changes

32 Chief Information Officer Report

Committee noted the report which had been prepared by Jon Ward, Chief Information Officer. A more detailed explanation of the red risk rating applied to the HR Digital programme would be circulated outside the meeting.

Action: Chief Information Officer

33 Executive Director of Finance Report- confidential item

34 Student Recruitment – confidential item

35 Estate Strategy/ Masterplan review - confidential item

36 Space bid update – confidential item

37 Interim Director of Estates and Campus Services report – confidential item

38 Office for Students (OfS) circulars

Committee noted that OfS circulars could be found on their website at:

<https://www.officeforstudents.org.uk/publications/>

39 Date of next meeting

The next meeting would take place at 1030 on Wednesday 18 January 2023. David Madoc-Jones would join the meeting virtually and so Roger Burke-Hamilton would chair the meeting.

40 Delegated authority

Committee agreed to delegate to the Chair, or nominated Deputy, authority to take any required Chair's action before the next meeting.