

INFRASTRUCTURE AND FINANCE COMMITTEE

TIME /DATE / VENUE	1030, Wednesday 17 March 2021, Zoom conference
PRESENT	Jenny Crighton (Chair) Roger Burke-Hamilton Bishop Christopher Foster Mark Cubbon (Minute 58 onwards) Professor Graham Galbraith Jane Hoskins Liz Jolly Vineet Khurana (Minute 58 to 62) David Willan Christopher Williams
IN ATTENDANCE	Dorothy Albrecht (Minute 60 only) Fiona Bell, Director of Estates and Campus Services (Minute 63 only) Paul Drohan, Investment Manager (Minute 62 only) Fiona Loughran, Director of Planning (Minute 59 only) Hayley Turner-McIntyre, UPSU Officer Bernie Topham, Chief Operating Officer and Deputy Vice-Chancellor Dr Jenny Walden, Staff Governor (up to Minute 63) Jon Ward, Chief Information Officer (Minute 60 and 61 only) Emma Woollard, Executive Director of Finance Julian Wootton, Head of Web and Digital Marketing (Minute 60 only)
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Helen Malbon, Senior Governance Officer

55 Welcome, declaration of interests and apologies

- i. Apologies for absence were received from Staff Representative, Giorgio Bondoni and Staff Governor (job share) Dr Catherine Carrol-Meehan.
- ii. There were no interests to declare.
- iii. The Clerk confirmed that the meeting was quorate and could proceed to business.

56 Minutes of the previous meetings

The minutes of the meeting held on 26 January 2021 were confirmed as an accurate record.

57 Matters actioned and matters arising

- i. Action was reported on seven items: three were noted, one would be considered as a future agenda item and two would be discussed during the meeting.

- ii. Committee endorsed the Chair's action taken on 26 February 2021 for the University to purchase a tandem laser via sole source tender.
- iii. It was noted that the outcomes of the IFC self-assessment questionnaire carried out in the autumn, would be included for consideration in the forthcoming Board effectiveness review, along with findings drawn from the mutual feedback sessions currently being conducted with governors.
- iv. Confidential item.

58 Covid 19 Financial Strategy and Budget

Emma Woollard, Executive Director of Finance, presented the Budget for 2020/2021, which was based upon the financial forecasts submitted to the OfS in January 2021. Key points noted were:

- i. The University's budget was normally reviewed and updated at this time because a clearer picture of student numbers and income could be ascertained at this point in the academic year. This year, however, formulation of the budget had followed the creation of a Covid-19 Financial Strategy.
- ii. The Instruments and Articles of the University stipulated that the Board should approve the annual budget.
- iii. – v **confidential items**
- vi. In addition, the impact of the Covid-19 national lockdown and its associated new ways of working and teaching had resulted in some savings, with lower occupancy of buildings and less international travel. However, additional costs associated with operating a Covid-19 secure campus had also been incurred for 2020/2021.
- vii. It was agreed that it would be useful to compile a high level summary comparing identifiable expenditure on such budget codes as cleaning, travel, printing, utilities, insurance, sports, staff development, wellbeing services, long term maintenance, computer hardware and halls of residence between 2018/2019, 2019/2020 and 2020/2021. This could provide an indication of the financial costs associated with the pandemic.

Action: Executive Director of Finance
- viii. In response to a question, it was noted that the issues associated with the implementation of the Student Records System should not have an impact on income for the year as a whole, although they were adding to the uncertainties inherent in estimating fee income.
- ix. The Committee agreed to recommend the 2020/2021 Budget to the Board of Governors for approval.

Action: Executive Director of Finance

59 Resource Planning Guide 2021/2022

Fiona Loughran, Director of Planning, presented an overview of the process to be used to guide resource planning for 2021/2022. Key points noted were:

- i. The Executive Planning Group (EPG) had revised the previous approach to strategic and financial planning. The resource requirements for “business as usual” activities and University-wide strategic projects would now be separately identified.
- ii. Some University-wide strategic developments had been held in abeyance during the Covid-19 lockdown of the past 12 months but these were now to be included in scope for 2021/2022.
- iii. The immediate strategic priorities identified by EPG for 2021/2022 were to:
 - a. Reverse the decline in Home/EU full-time undergraduate applications and boost conversions from applicant to enrolled student;
 - b. Improve the student experience and reduce variation in outcomes across courses and student groups.
 - c. Give greater focus to rapidly improving graduate employment outcomes;
 - d. Focus research and innovation efforts on engaging with thematic areas and international collaborations, raising more research and innovation income and surplus, and increasing funded Postgraduate Research student numbers.
- iv. Faculties and Professional Services had submitted Local Enhancement Plans to cover the period March 2021 to July 2022. These plans outlined the new activities that each faculty or professional service would undertake to address the strategic priorities identified by EPG.
- v. Local Enhancement Plans had included requests for funding for new Strategic projects and EPG would consider the fit and affordability of each.
- vi. In the long term, the University would continue to operate from a position of financial strength. However, for 2021/2022 a small deficit position was likely.
- vii. Committee noted the scale and scope of accountabilities held by the Executive Deans. A review of the current structure and roles within senior faculty teams had been conducted.
- viii. In response to a question, it was confirmed that activities to address inclusion and diversity issues would be expected to underpin plans, with targeted actions to improve the BAME student and staff experience. For example, the proposals for a new London campus and for a medical school would support the University’s strategies to widen participation, which placed emphasis upon improving access and participation for BAME students.



- ix. The Executive were aware that different and nuanced interventions might be needed to support each ethnic group. However, it was a government requirement to report using the BAME designation.
- x. Roger Burke-Hamilton was supporting the Executive in overseeing a review of University systems and processes to identify where these might be forming intrinsic barriers to the ability of BAME students and staff to fulfil their potential.
- xi. The University's admissions offers to students were set centrally and some candidates wishing to study on particular courses would be made contextual offers that reflected their potential. Data had shown that the likelihood that teacher assessed grades would be used being used again this summer would likely help the attainment of BAME candidates be more accurately recognised.
- xii. Committee noted the Resource Planning Process for 2021/2022.

60 University website – confidential item

61 Chief Information Officer Report

Jon Ward, Chief Information Officer (CIO), provided an overview report. Key points noted were:

- i. A review of the Cloud transformation project was underway to overcome some of the current project delays and to expedite its conclusion. The potential increased use of the Cloud was linked to the decommissioning of one of the data centre servers.
- ii. Student Systems Project – Work continued and although the programme still had risks to mitigate, progress was being made and many of the required additional specialist staff were now in place. The Tribal-led foundation review had commenced. This would validate the configuration and major data structures of SITS implementation and aimed to build trust and confidence in the system.
- iii. The Human Resources Finance system transform project plan and timescales were under review in the light of recent recommendations from its new programme manager. The finance system continued to progress towards migration to a hosted service with implementation planned for April 2021.
- iv. Work continued to develop a Digital Master Plan. Discussions had taken place with a number of stakeholders and Executive members. These discussions had identified some high-level themes to take forward that were associated with user experience, information management, and processes and efficiency.

62 Treasury and Investment Management risk appetite

Paul Drohan, Investment Manager, presented proposals to increase the current risk appetite to optimise the use of the University's cash reserves. Key points noted were:

- i. Following previous discussions at Committee, a review of treasury management risk appetite had been conducted. This had analysed the University's current position in the context of market factors and peer comparison. As a result, a number of measured proposals for increasing risk within the treasury investment portfolio were presented.
- ii. The performance of the University's treasury investments had exceeded the three month investment benchmark rate (LIBOR). However, an increase in risk appetite could produce greater returns.
- iii. Four types of risk were identified (Market, Liquidity, Sovereign and Counterparty) and the current position of the University noted for each. A menu of options was provided on the possible return if a change in approach was taken.
- iv. When viewed through the lens of treasury investments, the University's current investment risk appetite could be described as low. The review had identified options which introduced varying degrees of additional risk to increase the possibility of achieving higher investment returns.
- v. For externally Managed Funds, the current Treasury and Investment Management Policy (T&IMP) stated that at least 90% of holdings in externally managed funds should be in the UK or in countries rated AAA by at least two agencies.
- vi. Committee was assured that if the proposal to change the T&IMP so that at least 90% of holdings in externally managed funds were either in the UK or in countries rated at least AA/Aa2 by two or more agencies was accepted, then the countries concerned would be selected using the terms stated in the University's recently agreed Ethical Investment Statement.
- vii. A change to the counterparty risk threshold for direct investment was proposed. The business model of building societies focused upon the provision of residential mortgages as opposed to commercial lending. Their asset total could therefore be viewed as an acceptable alternative to credit ratings.
- viii. The additional risk exposure for direct investment was considered to be marginal and outweighed by the investment returns available. It was proposed that five new building societies be added to the approved counterparty list, but with a lower counterparty limit of £10m each.
- ix. Committee was assured that returns would be monitored, as they were already, and if any investment was underperforming then it could be switched within a week.
- x. It was stated that sufficient cash would be available to support the volume and timescale of the phase one masterplan building programme.

- xi. The market risk associated with derivative based contracts was noted.
- xii. Overall, Committee supported a slight increase in risk appetite and agreed the Investment Manager could proceed as he had outlined. In addition, he should produce a profiling summary for the Committee, showing the specific sums involved and how a small increase in risk would affect the return in each category.

Action: Investment Manager

63 Estates and Campus Services update

Committee received an update from Fiona Bell, Director of Estates and Campus Services. Key points noted were:

- i. The University continued to provide rent discounts for students unable to return to their accommodation due to government lockdown requirements. Unite had also confirmed that it would extend its rent discount to 31 March 2021.
- ii. Unite had stated that Chaucer House would be retained as fully direct let for the year 2021/2022. This would result in fewer rooms being available overall to the University to offer directly to students, although the capacity within the city for student accommodation would be retained.
- iii. The Executive had considered and approved funding for the construction element of the Eldon CCiXR Project on 8 March 2021.
- iv. The estimated completion date for the indoor sports centre was the end of August 2021. The Project Board had agreed that the University should plan for the Indoor Sports Sport Centre to be available for use in September 2021. Despite delays to the programme, the quality of workmanship remained high and the site was being well managed. The project remained within budget and still retained some contingency funds.
- v. New Academic Building: Discussions had taken place in February with Portsmouth City Council (PCC) planning officers about the progress of the Planning Performance Agreement (PPA) and the timeline for a planning application. In principle, it was agreed that the University would carry out PPA activities in March and April 2021 with PCC and key stakeholders with a view to submitting a planning application by May 2021.
- vi. Initial discussions had taken place at the Masterplan Project Board and with the University Executive Board, about a review of the Estate Masterplan in the context of the University Strategy, updated for post Covid working and studying capacity.
- vii. The University continued to work with legal representatives to make robust representations in objection to the Aquind Interconnector project, which proposed bringing the Langstone site into scope for installation of high voltage electricity supply cables. The Examining Authority had introduced new deadlines and the University's

final representation had been made on 1 March 2021. The outcome would be published in due course.

- viii. Committee noted the updates.

64 Executive Director of Finance report

Committee noted the report on financial issues not covered by substantive items elsewhere on the agenda.

65 Management Accounts to 31 January 2021

Committee noted the management accounts for the University and its subsidiaries to 31 January 2021 and the forecast deficit of £400k. The Executive did not anticipate any major changes but noted that some costs were necessarily based on estimated expenditure.

66 Office for Students (OfS) circulars

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

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

67 Date of next meetings

- i. The next meeting would take place at 1030 on Wednesday 23 June 2021.
- ii. The dates for 2021/2022 were confirmed as:
 - Wednesday 22 September 2021 from 1030 to 1330
 - Tuesday 5 October 2021 from 1030 to 1330
 - Tuesday 9 November 2021 from 1030 to 1330
 - Wednesday 19 January 2022 from 1030 to 1330
 - Tuesday 15 March 2022 from 1030 to 1330
 - Thursday 23 June 2022 from 1030 to 1330

68 Delegated authority

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

69 Other business

Committee congratulated Mark Cubbon on his secondment to be Deputy Chief Operating Officer for the NHS, focusing on developing the long term strategy of the NHS. Mark hoped that despite the demands of the new job, he would still have the capacity to continue as a governor.