

INFRASTRUCTURE AND FINANCE COMMITTEE

TIME /DATE / VENUE	1030, Tuesday 9 November 2021, SAC 0.32
PRESENT	David Willan (Chair) Roger Burke-Hamilton Jenny Crighton (up to minute 34) Professor Graham Galbraith Vineet Khurana (Minute 25 to 32) David Madoc-Jones Christopher Williams
IN ATTENDANCE	Dr Liz Bartle, Deputy Director of Finance, (Minute 26 only) Fiona Bell, Director of Estates and Campus services, (Minute 34 only) Chris Chang, Deputy Vice-Chancellor (Global Engagement and Student Life) (Minute 22 to 25) Anna Clodfelter, Chief Executive UPSU (Minute 29) Paul Drohan, Investment Manager (Minute 27 and 28) Anita Randell, Insurance officer (Minute 29) Mike Kiddell, UPSU Elected Officer Bernie Topham, Deputy Vice-Chancellor and Chief Operating Officer Dr Jenny Walden, Staff Governor (from Minutes 27) Jon Ward, Chief Information Officer (Minute 32 and 33) Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Helen Malbon, Senior Governance Officer To accommodate availability of staff, some agenda items were taken out of the published order. A paper was tabled to support the student recruitment item along with a second Chair's action under the matters actioned item.

22 Welcome, apologies, declaration of interests and apologies

- a. No apologies for absence were received.
- b. On behalf of Committee, the Chair congratulated Roger Burke-Hamilton on his appointment as its Deputy Chair.
- c. No interests were declared.
- d. The Clerk confirmed the meeting was quorate and could proceed to business.

23 Minutes of the previous meetings

The minutes of the meeting held on 5 October 2021 were confirmed as an accurate record.

24 Matters actioned and matters arising

- a) There were three items to note:
 - i. Election of Deputy Chair: Roger Burke-Hamilton had been elected to the role of Deputy Chair with effect from 20 October 2021;
 - ii. Terms of Reference for 2021/2022: the revised Committee terms of reference were agreed by the Board of Governors on 13 October 2021.
 - iii. Staff Representative: a call for nominations was issued on 17 October 2021. The Chair would interview the short-listed candidate on 9 November 2021.

Action: Chair of Committee

- b) Committee endorsed the sole source Chair's action taken on 13 October 2021 which had approved a single source tender for the purchase of frog tanks.
- c) Committee endorsed the sole source Chair's action taken on 5 November 2021, detailed in the tabled paper, which had approved the manufacture and installation of temporary dental enclosures for use by the Dental Academy.
- d) There were no matters arising that were not covered elsewhere on the agenda.

25 SITS Foundation Review – confidential item

26 Financial Review 2020/2021

Emma Woollard, Executive Director of Finance, and Dr Liz Bartle, Deputy Director (Financial Systems), presented the consolidated 2020/2021 financial statements. Key points noted were:

- a) An early draft of the University financial statements had been presented to Committee on 5 October 2021. This had indicated a likely year end operating surplus of £15.2m before final adjustments and noted that the final figure was expected to be between £12 million and £13 million surplus.
- b) Since that report was written, various year-end accounts adjustments had been finalised such that the operating surplus for the Group (University plus all subsidiary companies) was now £12.7m and included year-end cash balances of £304.5 million, supporting future investment.
- c) The most significant change that had impacted upon the size of the surplus was attributable to the Annual leave provision adjustment which was £2.1 million. Under the FRS102 accounting standard, the University was required to account for the amount of untaken leave as at 31st July. This was shown as a creditor in the Balance Sheet and the year on year movement in the creditor was accounted for within the Income and Expenditure Account (under Staff Costs). This adjustment could only be calculated when the leave year ended on 30 September.
- d) The second largest adjustment was due to the provision for doubtful debt of £0.4 million.

- e) In response to a question concerning the proportionally large increase in the amount owed by other creditors compared to 2019/2020, it was stated that analysis had been carried out but no one significant causal factor could be identified.
- f) As discussed in previous meetings, it would be important to explain the reasons for the surplus for 2020/2021, given the expected deficit position forecast at the start of the financial year. The external auditors had reported that they were seeing a similar position for all their higher education audit clients, i.e. a significant deficit projected at the start of the year and a draft surplus in the financial statements. This was in part due to the fact that many universities had used predictions issued by UUK at the start of the pandemic which had subsequently turned out to be over cautious.
- g) Committee would receive an update to the 2021/2022 budget at the next meeting, once student numbers were more certain and budget holder spend to date had been reviewed.

Action: Executive Director of Finance
- h) The financial statements for the individual subsidiary companies had been considered by their respective Boards of Directors.
- i) The entire financial review document was presented for context but it was solely the financial statements that Committee was required to scrutinise in detail.
- j) In response to a question, it was clarified that the order in which the risks appeared in the addressing risk section of the financial review document did not reflect the magnitude of risk but rather the order in which they were listed in the University Strategy. It was agreed that this explanation should be added to the documentation.

Action Executive Director of Corporate Governance
- k) Committee recommended approval of the Financial Review, including the 2020/2021 financial statements, via Audit and Quality Committee to the Board of Governors, subject to the addition of an explanation for the sequencing of risks.

Action: Executive Director of Finance

27 Annual Investment Report – confidential item

28 Annual Review of the Treasury and Investment Management Policy (T&IM) Policy

Paul Drohan, Investment Manager, presented proposals following the annual review of the policy which was last updated in April 2021. The suggested updates were recommended in order to improve clarity and capture credit rating and operational changes. Following discussions, Infrastructure and Finance Committee approved the changes to the Treasury and Investment Management Policy.

29 University of Portsmouth Students' Union (UPSU) Financial Statements 2020/2021

Anna Clodfelter, Chief Executive of UPSU, presented the Financial Statements for the UPSU Group and its trading company, Portsmouth Students' Union Trading (PSUT) for the financial year 2020/2021 as agreed by the UPSU Board of Trustees on 19 October 2021. These would be received by the student body via the Annual Members Meeting on 24 November 2021. Key points noted were:

- a) A surplus of £35k had been returned.
- b) Underspends against budget were largely due to a staff recruitment freeze, furlough income and reduction of on-campus activity costs.
- c) Overspends against budget were due to increased expenditure upon digital events and upon engagement and representation tools and activities.
- d) Reserves had increased from £250k to £325k.
- e) PSUT had been closed for on-campus trading for the majority of the financial year due to the pandemic. However, online trading had been popular for purchasing branded clothing. The double graduation period had led to increased sales from the shop itself.
- f) Partial contracts with commercial partners had been retained through the pivoting of activity to digital engagement.
- g) The Student experience was key to both UPSU and the University and both bodies collaborated extensively and continued to work well together.
- h) Committee noted the Financial Statements on behalf of the Board of Governors in fulfilment of its duties under the Education Act 1994 to ensure that the Students' Union was accountable for its finances.

30 Executive Director of Finance Report – confidential item

Committee received a report, which included a request to simplify and clarify the process for the authorisation of sole supplier and single tenders, from the Executive Director of Finance.

- a) Insurance report – **confidential item**
- b) Changes were proposed to the financial regulations relating to the authorisation of sole supplier/single tenders. These aimed to simplify and clarify the procedure and to increase the limits for delegation.
 - i. A review had indicated that the authorisation limits in place at the University did not align with the sector norm.
 - ii. It was noted that a sole source/supplier tender was required in instances where there was only one supplier able to meet the requirements of the tender

specification. A single tender was required in instances where it was a genuine requirement that new equipment must be compatible with existing equipment.

- iii. **For single tenders**, the following limits were proposed:
- a. £100,001 - £225,000 authorised by the Executive Director of Finance (to be authorised by the Executive Director of Corporate Governance if the Executive Director of Finance was absent)
 - b. £225,001 + authorised by the Infrastructure and Finance Committee (by Chair's action if time critical);

For genuine sole source suppliers:

No limit applicable, if the Procurement Team provided independent confirmation that there was only one supplier. It was clarified that the University's financial regulations enabled the Executive to authorise expenditure of up to £3 million. Sums above £3 million required authorisation from the Committee or Board of Governors.

- iv. All single tender requests over £100,000 were to be reported to the Infrastructure and Finance Committee for note. The changes outlined in the recommendations aimed to substantially reduce approval requests to the Committee
 - v. It was reported that approval limits for credit note requests were currently being reviewed as part of the periodic review of the University's Credit Control Policy (the approving body for which was UEB).
 - vi. Currently, credit notes above £50,000 were referred to the Vice Chancellor and Chair of Infrastructure and Finance Committee for approval (apart from instances of human error, e.g. wrong VAT rate applied or incorrect customer address used). It was proposed that credit notes between £50,000 and £250,000 would be considered by the Executive Director of Finance in future. Credit notes above this value would be submitted to the Vice-Chancellor for approval. The current limits had been in place for some time and a review was significantly overdue. All credit notes above £250k would be reported to the Committee.
 - vii. Infrastructure and Finance Committee approved the revised authorisation limits.
- c) The financial regulations required the Executive to undertake an annual review of the bank mandate for the University and its subsidiary companies. In fulfilment of the financial regulations, Committee noted that this had recently been conducted.
- d) Infrastructure and Finance Committee noted the remainder of the report which covered financial issues not covered in substantive items elsewhere on the agenda:
- i. Comprehensive spending review
 - ii. 2019/2020 Key Performance Indicators for the University compared to the sector. This sector-wide information had only recently become available.
 - iii. Budget 2021/2022: the budget was approved in July 2021 but would be updated to reflect the fact that student recruitment had been below target. Work was

continuing to identify areas of discretionary expenditure where the University could delay plans, which would enable the delivery of the four strategic imperatives to be prioritised.

31 Student recruitment – confidential item

32 Human Resources Finance (HRF) upgrade Programme Phase 2 – confidential item

33 Chief Information Officer Report

Committee noted the Chief Information Officer's overview report, which provided an update on service delivery and a high-level IT project portfolio overview.

34 Estates update – confidential item

35 Office for Students (OfS) circulars

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

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

36 Date of next meeting

The next meeting would take place at 1030 on Wednesday 19 January 2022. Following discussion, it was agreed that the Chair would explore whether the next meeting should be held virtually or in person.

37 Delegated authority

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