

## HARPER ADAMS UNIVERSITY

### Finance and General Purposes Committee

Minutes of the meeting of the Finance and General Purposes Committee held on 20 March 2017

Present: Mr S Vickers Chairman  
Mr M Lewis  
Dr D Llewellyn  
Mr P Nixon  
Mr M Thomas  
Mr D Wong

In attendance: Dr C Baxter University Secretary  
Mrs L Furey Director of Finance  
Professor P Mills Deputy Vice-Chancellor

Members were reminded, if required, to update their entry in the Register of Interests.

#### 16/33 Minutes

Approved: the minutes of the meeting of the Finance and General Purpose Committee held on 20 January 2017 (16/17-16/32).

#### 16/34 Matters Arising

Noted:

- i) that work to develop appropriate legal documentation in relation to the University's relationship with Cedar Energy and the Farm's relationship with Cedar Energy were currently being developed, including a power purchase agreement which had been commissioned from a specialist external legal adviser;
- ii) that the Vice-Chancellor would update members on progress with the new logo as part of his report later on the agenda;
- iii) that the procurement report, due to be submitted in January 2017, was successfully completed with no major issues being highlighted. Work to review KPIs in relation to procurement was, however, still under development. Progress had been slower than anticipated due to the fact that the Financial Accountant/Head of Procurement would be leaving the University in the next few weeks and had been focusing on handover priorities. A new appointment had been made and a new dedicated appointment focusing on procurement was also planned. Once new staffing arrangements were in place, further work on procurement would be taken forward and members would be updated at the meeting of the Committee in June 2017; **LF**
- iv) that staff would be updated on the Estates Strategy development as part of the forthcoming staff meeting in April 2017. The opportunity to brief students on estates matters had been in the diary for a number of weeks. A small number of students had attended the briefing which was general in nature and gave students a general overview of current estates projects and some indications of likely future projects in general terms.

#### 16/35 Risk Management

Received: a report by the University Secretary on progress with risk items assigned to the Committee.

- Noted:
- i) that the University conducted an annual review of its asbestos register to review the condition of any asbestos. In addition to this, the University had taken steps over recent years to remove asbestos as part of any refurbishment projects wherever possible and this work was continuing over the summer with the Farm workshop being refurbished;
  - ii) that, across the UK building industry, there continued to be particular risks relating to contractors going out of business. The University continued to monitor the situation carefully. Members would be updated on a particular situation that had emerged in relation to Forest, the contractor which was completing the STEP project, later on the agenda.

Agreed: that the risks set out in the report continued to be managed appropriately.

#### 16/36 **Vice-Chancellor's Report**

Received: an oral report from the Vice-Chancellor on recent developments of note.

- Noted:
- i) that student applications continued to be around 99% of those received at the same point in 2016, if the courses that were no longer being offered at foundation degree level were excluded from the numbers. However, if these were not excluded then the general level of applications stood at approximately 90% of the previous year. Notwithstanding this, it was hoped that the target of 650 Home/EU students at undergraduate level would be achievable and every effort was being made to meet this target;
  - ii) that two course areas continued to be particularly challenging. These were Agriculture and Engineering. It was likely that the agricultural industry, in general, was facing a number of challenges; anecdotally it was understood that a number of universities offering similar courses were also finding recruitment particularly challenging this year;
  - iii) that, following the Committee's discussion of the new logo at its previous meeting, as some members were aware, the formal launch of the logo had received less positive comments from students and alumni. The University had listened carefully to the feedback and a meeting for students had been arranged with the Vice-Chancellor where student views and comments had been welcomed. After a full and frank discussion, the University had decided that it would be appropriate to use the new logo for advertising and attracting new applicants whereas the full University coat of arms would be used in future across the campus including, in particular, the name boards for the institution located at the main road;
  - iv) that discussions around the logo had indicated that some alumni were concerned that the University was changing and, that to some extent, they did not all feel that the University kept in touch with them effectively as it might possibly do. The Vice-Chancellor had asked the Director of Marketing and Communications to consider this further and whether or not further opportunities to reach out to alumni could be put in place;
  - v) that feedback from potential applicants attending recent UCAS fairs about the new logo and new prospectus had been very positive and the situation would continue to be monitored carefully;
  - vi) that the University was conscious that the National Student Survey was currently being conducted amongst final year students and it was

possible that concerns around the logo might have influenced student responses although this would not be known until the outcome of the survey later in the year;

- vii) that a special staff meeting had been arranged at the end of the previous week to discuss the matter with staff. Staff had been supportive of the decision to continue to use the full University coat of arms across the campus. Staff and students had also been advised that the College of Arms had now prepared the formal letters patent which was the final stage in confirming the award of the coat of arms to the University following special approval by the Queen;
- viii) that the Thomas Harper Adams coat of arms was now formally allocated to the University and, therefore, may be used by the University as it wishes;
- ix) that June 2017 would be the bicentenary of the birth of Thomas Harper Adams and the Marketing and Communications team was planning a series of events to mark this important milestone;
- x) that members of the Committee suggested that the Director of Marketing and Communications and his team might be use the new planned CRM system to keep in touch with alumni in different ways. The Vice-Chancellor noted that there had been some challenges relating to the procurement of this system but these were being addressed and progress was being made albeit slightly more slowly than originally anticipated;
- xi) that anticipated visits from Meurig Raymond, Andrea Leadsom and Clare Moriarty, Permanent Secretary from DEFRA, had gone well as had the visit and talk provided by Sir Lockwood Smith, New Zealand High Commission to the UK. Andrea Leadsom had commented positively on her visit to Harper Adams at a meeting at which the Chairman of the Committee was present. In the forthcoming weeks, the CLA President would visit and the Vice-Chancellor of the RAU had confirmed her visit for 30 March 2017 although the Chairman of the RAU was no longer able to visit the University on that date;
- xii) that Harper Adams had been pleased to welcome the President of Has den Bosch the previous week;
- xiii) that two very good quality candidates had been identified during from the selection process for the Chair in Agri-Tech Applied Economics. Further discussions with the Elizabeth Creak Foundation had led to an agreement that the Trust was willing to part sponsor two chairs so that both candidates could be offered an opportunity to join Harper Adams. The HR team was currently progressing with the necessary documentation given that both candidates were overseas nationals;
- xiv) that the Professor of Beef Production role was still being advertised as further applicants were currently being sought;
- xv) that the Development Trust had held a successful scholarship presentation with £411k being offered to students which was a rise of from £375k in February 2016;
- xvi) that a £2.5m bid had been submitted in conjunction with the University of Zambia and the AGCO project in Sub-Saharan Africa. A decision was currently awaited from UK Aid SPHEIR;

- xvii) that two projects in partnership with other universities had been successful in securing funding from the BBSRC Global Challenges Fund;
- xviii) that the Vice-Chancellor's presentation to the HEFCE Board had been well received and positive feedback had been provided;
- xix) that the Vice-Chancellor and a senior representative from Dairy Crest had been invited to make a presentation as one of three university business case studies at the European Seventh University/Business Summit;
- xx) that the Marches LEP had won funding under the Growth Deal 3 funding stream for the Newport Innovation Park. A total of £9m had been allocated to create the new business park. This was a significant achievement which the Vice-Chancellor had been working on for a number of years. It was hoped that this would be complementary to the Agri-Epi Innovation Centre based at the University and would attract new businesses to the local area that wished to be part of an Agri-Tech cluster in particular;
- xxi) that two successful visits had taken place recently from senior representative of Indian engineering companies. These visits had been facilitated by Parmjit Chima and the forthcoming visit from TAFE had proved to be of interest to UKTI which had offered its support to the event;
- xxii) that the University had been shortlisted for 9 out of 12 WhatUni awards;
- xxiii) that Professor Simon Blackmore had been able to make an important contribution to the Government's policy on robotics and autonomous vehicles. His advice had led to a recognition that such developments were particularly important for agriculture. It was hoped that the new Professor of Agri-Tech Applied Economics would be able to work with Professor Blackmore to provide further information on the business case for the adoption of such new technologies in the agri-food chain.

## 16/37 Management Accounts

Received: the Management Accounts for the period to 28 February 2017.

- Noted:
- i) that the University continued to perform in line with the budget. A number of savings on pay had been achieved whilst some aspects of non-pay were slightly overspent due, in particular, to the fraud issue that had occurred earlier in the year. The University continued to also hold a contingency fund in case non-completion of students was a fact that needed to be managed towards the end of the current academic year;
  - ii) that the accounts reflected the additional NCOP grant and new NCOP appointments that had been made. Members were reminded that the NCOP arrangements were part of a wider consortium including Keele University;
  - iii) that the number of research bids which had been submitted of which, to date, £740k had been successfully achieved. The Deputy Vice-Chancellor was hopeful that the University would still make progress towards meeting its target and there were also opportunities to take into account bids involving the collaboration with Agri-Epi. In addition,

to the information included in the management accounts, the Head of Engineering had recently secured £500k for a new research project;

- iv) that the management accounts also reflected the fact that along with all other businesses, business rates had been reviewed and a significant uplift was predicted. The University was using its professional advisers to review and challenge the situation where appropriate. UUK had also raised a number of queries and it was hoped that university rates might be slightly reviewed in due course;
- v) that the University had needed to cover the cost of emergency generators following issues caused on the south side of the campus by contractors involved with the STEP project. Forest was aware of the issues and had informed its insurers. The total cost was anticipated to be in the region of £90k-£120k and detailed discussions were currently ongoing with Forest;
- vi) that the University's Catering Department was working towards establishing a new café in the Agri-Epi building and it had been necessary therefore for the University to make provision for new staffing in relation to the café at a point when its likely trading performance was not yet known.

**16/38 Budget/Financial Planning**

Received: an oral report from the Director of Finance.

- Noted:
- i) that budget holders had been asked to review establishment lists and put forward capital requests;
  - ii) that the Finance Team had started to share non-pay budget proposals with a range of support departments. With respect to other departments, the team would be drawing student number data to inform proposed budget allocation based on the resource allocation model. This would be progressed over the next 2/3 weeks with final budget proposals coming to the Finance and General Purposes Committee together with the proposed 5-year forecast for its meeting in June 2017. **LF**

**16/39 Financial Regulations**

Received: a review of Financial Regulations.

- Noted:
- i) that a new anti-money laundering policy had been included at Appendix 7 to the Financial Regulations;
  - ii) that the Ethical Investment policy set out at Appendix 8 had also been reviewed. No changes were recommended at this time;
  - iii) that the Committee was asked to consider whether it remained content to approve that the Vice-Chancellor as accountable officer should act with delegated authority set out in the Financial Regulations. No changes to the delegate authority had been proposed in the documentation presented to the Committee;
  - iv) that, in addition to a number of minor changes highlighted in the text which were mainly areas for clarification, a small number of other changes had been suggested. These included a proposal to review the regulations around receipt of cash payments from students. This reflected the finance team's view that although there was a need to be

careful and vigilante around money laundering, there were also exceptional cases where some students wished to pay more than the current limit in cash and with this in mind, the Committee was asked to agree that where risks had been assessed as appropriate the University might exceptionally accept payments larger than £300 in cash subject to prior approval from the Director of Finance;

- v) that a number of changes were also suggested in relation to contracts namely that both the University Secretary and the Director of Finance should be able to sign contracts. It was also proposed that finance/operating leases signatories could be amended so that the University Secretary and the Director of Finance would be able to sign such lease;
- vi) that the regulations now also included a tabular aide memoire which aimed to reflect inner 'look at' tabled format. Key regulations that would help remind budget holders of the University policies and procedure with regard to financial matters;
- vii) that Appendix 3 on Bribery and Corruption and Appendix 5 had also been updated;
- viii) that, in relation to the new section on money laundering, this had been drafted based upon the new BFUDG guidance. The Director of Finance was currently arranging with the IT team and the Data Protection/FOI Officer to put in place online training that focused on data protection, fraud awareness and cyber security issues;
- ix) that the University continued to only hold investments on behalf of the Development Trust which are invested in M&G units and COIF. The University itself did not hold any investments. In this regard, the Ethical Investment policy therefore currently referred to the Development Trust funds rather than any held directly by the University itself;
- x) that budget holders continued to have the responsibility for signing off and authorising payment of all orders. This would be further enhanced when the new proposed workflow system was in place and, following this, 'no order, no pay' would be firmly introduced following a pilot with a small number of departments as an initial step;
- xi) that, in accordance with the regulations the only active subsidiary company back at Cedar Energy Limited continued to report to the Finance and General Purposes Committee on its activities.

- Approved:
- i) the changes to the Financial Regulations as set out in the paper for recommendation to the Board of Governor at its next meeting in April 2017;
  - ii) that the delegated authority arrangements for the Vice-Chancellor as set out in the Financial Regulations remained appropriate. **LF**

#### 16/40 **Treasury Management**

Received: a paper from the Director of Finance.

- Noted:
- i) that no significant changes were being proposed to the Treasury Management scheme;

- ii) that the paper updated members on the rating of the various financial institutions that the University currently engaged with;
- iii) that the latest HEFCE requirements in relation to University borrowing had been reflected in the Treasury Management policy for completeness;
- iv) that the annual review of loan covenants had been completed with Lloyds and Santander had indicated that it had no issues to raise. However, Santander's written confirmation was awaited. Santander wished to encompass the University group rather than just the University as was the case with Lloyds;
- v) that the Director of Finance would continue to keep loan rates under view and in due course the University might wish to refix a number of loans. No action had been taken on this at this time due to the need to consider whether or not further loans might be needed for other purposes such as possible land purchase opportunities;
- vi) that a minor amendment on page 43 (b) of the paper should read 'greater than' rather than 'less than'. **LF**

Agreed: to approve the Treasury Management policy as set out in the agenda.

#### 16/41 **Strategic Project Monitoring**

Received: an oral report on progress with Agri-Tech projects.

- Noted:
- i) that due to the need to further value engineer the project, work on the SMART Dairy had been suspended for a short period although it was now once again underway. The project was likely to be completed within the next 12 weeks and, following this, cows would be need to be purchased to complete the stock required. Some research bids for 2017/18 had been submitted and it was likely that the outcome of bids would be known within the next week or so;
  - ii) that the innovation hub was due to be completed on 24 March 2017. The Deputy Vice-Chancellor was continuing to discuss with the Agri-Epi Chief Executive, plans for interaction and organisation of the space including whether or not staff and PGR student from Harper Adams might be able to utilise the office space. The Deputy Vice-Chancellor had also been discussing opportunities to develop new work streams with academic staff at Harper Adams. The Agri-Epi Board and other members also continued to look at opportunities to attract further research and activity to the new hub;
  - iii) that Agri-Epi had been offered a further grant of £300k for a laser unit. Confirmation had only been recently received and needed to be spent by 31 March 2017 which was a challenging deadline;
  - iv) that the Agri-Epi Board had agreed to consider arrangements for launching the Agri-Epi project and also the opening of the Agri-Epi hub;
  - v) that, overall, feedback from UKTI and other stakeholders was that the Agri-Epi consortium continued to perform positively;
  - vi) that a new Chief Financial Officer had been appointed who would be based in Edinburgh. It was hoped that this would reduce some of the workload for the Director of Finance at Harper Adams who had been acting as Chief Operating Officer for a number of months;

- vii) that no further financial risks were posed to Harper Adams University and these continued to reduce as the project moved forward and would become more self-sustaining;
- vii) that Harper Adams had been successful in a ESIF bid jointly with Aston University. This would enable the creation of a team which would work with SMEs in the Marches LEP area. An award of £2.2m had been confirmed from ERDF funding.

Agreed: to express sincere thanks to the Director of Finance for all her hard work in ensuring that the Agri-Epi projects continued to be pushed forward positively.

## 16/42 Estate Developments

- Received:
- i) a paper by the University Secretary/Head of Estates on progress with current estate developments;
  - ii) the draft (updated) Carbon Management Plan;
  - iii) the draft (updated) Environmental Sustainability Plan.

- Noted:
- i) that the University had given appropriate notice under the contract for delays caused to the STEP project by contractor and sub-contractor issues. Formal meetings had taken place with senior staff from Forest and this dialogue and formal exchange of documentation was continuing. In the meantime, the University had been acting in accordance with advice from Faithfull and Gould to charge damages for delays by withholding payments from valuations submitted over recent weeks;
  - ii) that the Director of Finance had met with the new Chief Financial Officer from Forest together with other senior managers. They had provided reassurances that recent news that the company had made 30 redundancies relating to the decision to refocus the business away from local authority work and focus instead on the green energy and new capital elements of the business. A successful refinancing package which relied upon long term and cost effective funding had been secured and it was understood that the credit rating of the company was likely to remain appropriate although this needed to continue to be monitored carefully;
  - iii) that members of the Committee felt strongly that partial completion of the project should not be accepted as it would be critical to ensure that the green energy system was integrated and work as a whole;  
**CEB/PM**
  - iv) that although members acknowledged that a refusal to accept partial completion would delay the start of trading by Cedar Energy. Overall, members felt that it was more important to ensure the system worked effectively for the longer term benefit;
  - v) that the discussions round securing a bond were continuing and these were becoming critically important. The University's desire for a bond related to its wish to ensure that further assurances around the effective working of the system were in place;
  - vi) that members would be grateful for an update/reminder about the non-performance remedies that were available to the University under the contract. The University Secretary was asked to circulate this information to members;  
**CEB**

- vii) that the carbon management plan presented in the agenda papers had been developed by Brite Green which had provided professional advice and guidance to a number of universities in relation to their carbon management plans;
- viii) that the document was deliberately high level and was supported by a much more detailed set of projects which had been discussed in a workshop with staff prior to final drafting of the plan;
- ix) that it remained important for the University to focus wherever possible on a reduction in energy consumption as well as ensuring that energy consumed was as carbon efficient as possible;
- x) that, in due course, the University might wish to consider whether or not it might introduce an environmental management system;
- xi) that it was recognised that UK agriculture was responsible for a considerable amount of carbon emissions and therefore minimising greenhouse gas emissions and making the most of important projects such as controlled traffic farming and other research activities that the University was undertaking looking at ways for the agri-food industry to reduce its greenhouse gas emissions were important and should be highlighted during the life of the carbon management plan;  
**PRM**
- xii) that the reference to 'farm red diesel' should be amended to read 'red diesel';  
**CEB/PM**
- xiii) that it would be helpful to ask the Marketing and Communications team to review the document prior to it being published;
- xiv) that members suggested that the University should review whether or not signs around the campus referring to recycling of hand towels etc and anaerobic digestion continued to be up to date;  
**CEB/PM**
- xv) that there were a number of typographical errors/presentation issues that needed to be considered in the documentation. The University Secretary was asked to share these with the Estates and Facilities Manager;  
**CEB**
- xvi) that the Environmental Sustainability Strategy 2017 had been drafted at a high level and reflected elements of previous environmental sustainability strategies together with a small number of new areas. The intention was that the broad plan would be discussed in detail by the reformed Environmental Sustainability & Carbon Management Group which would be led and chaired by the Estates and Facilities Manager;
- xvii) that it was anticipated that the above group, once it had met might wish to refine the ESS further and add additional targets;
- xviii) that with respect to ESS it would also remain important for there to be a focus on reducing absolute consumption wherever possible and members suggested that a realistic reduction target might be a worthwhile discussion for the Group at an early meeting. **PM**

Agreed:

- i) to approve the Carbon Management Plan subject to addressing comments made by the Committee as noted above;
- ii) to approve the Environmental Sustainability Strategy 2017;

16/43 **Committees**

i) Farm Strategy Committee (SV)

Received: the minutes of the meeting of the Farm Strategy Committee held on 2 February 2017

ii) Health and Safety Committee (MT)

Received: the minutes of the meeting of the Health and Safety Committee held on 2 March 2017

16/44 **Any Other Business**

**Tuition Fees**

Received: an update from the Director of Finance on planning for 2016/17 and 2017/18 tuition fees.

- Noted:
- i) that the University had previously proposed to the Committee that students who commenced their studies in 2016/17 might not receive an uplift in fees until their final year and that the uplift to £9.250 would be balanced by a similar level of reduction in the fee for the placement year so that the overall cost of the degree remained the same as that advertised prior to the University's successful engagement in the TEF process;
  - ii) that, after further discussion, it had been suggested that making a change to fees in the final year might not be received well by students who might not particularly appreciate that overall the cost remained the same due to reduction in fees in the placement year. It was therefore proposed that the fees should remain unchanged and charged at the current levels for this cohort and that students commencing in 2017/18 would be charged the new fees permissible depending upon the University's ongoing performance in the TEF system;
  - iv) that it was important for the fee decisions to be reflected in the OFFA agreement and date of returns that were currently being prepared.

Agreed: that students commencing in 2016/17 should pay current fees and not have a change to their placement fee or their final year fee and that students commencing in 2017/18 would be required to pay the fees permitted under the University's engagement with the TEF process. **LF**

16/45 **Date of Next Meeting**

Noted: the date of the next meeting would be 15 June 2017.