

HARPER ADAMS UNIVERSITY

Finance and General Purposes Committee

Minutes of the meeting of the Finance and General Purposes Committee held on 14 June 2018

Present: Mr M Lewis Chairman (standing in for Mr Vickers)
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

Apologies: Mr S Vickers

Members were reminded to update their entry in the register of interests as appropriate

Part A

17/41 Minutes

Approved: minutes of the meeting of the Finance and General Purpose Committee held on 14 March 2018 (17/28-17/41).

17/42 Matters Arising

- Noted:
- i) that the agenda had been prepared in a revised format as discussed at the last meeting of the Committee. It had been agreed that items for discussion be included as Part A and items for report as Part B. Items in Part B were starred as not requiring discussion. Members noted that under the Risk Management report in Part B, reference was made to an update on pension matters and on consideration of the financial forecast which were items included in Part A of the agenda. Members confirmed that there were no starred items that they wished to bring forward into Part A to discuss on this occasion;
 - ii) that a letter had been sent to Shropshire LGPS expressing the University's concerns about the valuation changes. An initial response had suggested that a meeting could be arranged, but in the meantime a more detailed response would follow by letter at the end of June 2018. The University had raised its concerns about a change without notice which did not permit the University to fully consider its position with regard to the changes and also a change without any opportunity to negotiate. While there were no plans to suggest moving away from Shropshire LGPS at the current time, the position would be kept under review;
 - ii) that the Vice-Chancellor's briefing note on the University's work in Africa was useful. Members noted in particular the progress made in securing Marshall Papworth Awards for African Scholars and plans to re-connect with alumni based in Africa;
 - iii) that work to keep IT resources under active review was in hand;
 - iv) that a revised KPI for the Staff Bonus Scheme would be suggested at the September Board meeting;

LF

- v) that the other matters arising included in the report were either addressed or included later on the agenda

17/43 Vice-Chancellor's Report

Received: a report from the Vice-Chancellor on recent developments of note;

- Noted:
- i) that student recruitment continued to be the key priority. The forthcoming Open Day had attracted 560 registrations of whom 100 had indicated an interest in 2018 entry. An extensive late entry and clearing plan was in place and being delivered through targeted social media and other key communication tools;
 - ii) that opportunities for managing costs and delivering efficiencies were being progressed;
 - iii) that an external review of risks related to Tier 2 and Tier 4 had identified areas that needed further work. Actions were in hand;
 - iv) that the Vice-Chancellor had visited CAFRE in N Ireland. Opportunities for articulation had been discussed. The College had also set out its impressive arrangements for KE activity, including the College's role in supporting all farmers to be trained up to level 3. The discussions would be followed up;
 - v) that the University had secured HEIF funding and a refreshed KE Strategy would be developed to set out how the funding would be utilised; **PRM**
 - vi) that the University had secured TEF Gold and was one of only two HEIs to do so for a second time in the second round. While it was acknowledged that a number of Universities had chosen not to re-enter TEF2, the University had decided to do so and was pleased with its strong metrics, overall performance and the very positive feedback received;
 - vii) that students had recently been placed third in the Cereals Challenge and one had won the Guild of Agricultural Journalists Award for best Communications Plan. The University was also delighted that the Hands Free Hectare had won a BBC Food and Farming Award in the "Future Food" category. HFH had also provided a demonstration at Cereals which had been very well received;
 - viii) that the University had secured funding to send three students to the Royal Agricultural Society of the Commonwealth Conference in November 2018. Competition for the scholarships had been good and this demonstrated a growing level of interest amongst students in international affairs. A fourth student was funding herself to attend and it was hoped others might secure an award from their local agricultural society;

17/44 Financial Planning

- Received:
- i) a briefing note from KPMG summarising the key conditions of grant issued by the OfS report from the Director of Finance including an update on Value for Money;
 - ii) a copy of the OfS letter confirming arrangements for submission of financial forecasts in September 2018;

- iii) a paper on the draft budget 2018/19 including a draft financial forecast;
- Noted:
- iv) that OfS require specific explanations from HEIs if they anticipated significant increases in their student numbers/ This could relate to a requirement to assist the OfS in planning its budgets but also an expectation that forecasts are realistic with regard to student numbers;
- iv) that OfS are aware of the discussions around a new Vet School. The forecast had looked at the underlying University. The JVS would be planning for A banding levels;
- v) that the OfS noted that it wished to receive assurances about a reasonable expectation of financial performance and it now required a five year forecast, rather than a three year forecast as HEFCE had required. The University had always worked to a five year forecast model;
- vi) that the restriction on borrowing had been removed as a monitoring tool as noted by KPMG in their report;
- vii) that OfS has a strong focus on access and participation. It was understood that HEIs were expected to have specialist software to track progress as success and retention were key measures;
- viii) that three scenarios had been worked through to reflect the challenging demographics. The University had managed to stay ahead of the impact for a few years, but was now finding its performance in student recruitment was mirroring the demographic downturn more clearly. While the University would still be the largest provider of specialist land based HE with an intake of 570 which was the current estimate for September 2018, it nevertheless wished to make every effort to increase the intake numbers;
- ix) that competitors continued to make unconditional offers; offer making was getting faster and selective HEIs were in many cases, making lower offers. Despite the University's strong reputation securing student numbers remaining very challenging in an increasingly competitive market. Independent data analysts had indicated that of those applying to Harper Adams, 75% had received at least one unconditional offer. Course Managers were keeping offer making processes under active review. Decisions on making unconditional offers would, in due course, be informed by any guidance/comments on unconditional offer making by OfS;
- x) that a large final year cohort would be progressing from placement into final year. It would important to ensure their experience was good and resource planning needed to take student numbers at all levels into account. Other key issues were staff morale and preparations for subject level TEF;
- xi) that the University wished to try and secure c 600 new entrants for September 2018 and was working hard to ensure its course areas were promoted to unplaced applicants in clearing and through other targeted marketing as noted above. A further Open day was being explored for September 2018;

- xii) that cost planning was essential, and planning change appropriately and carefully was key. Work is likely to be taking place over the autumn term;
 - xiii) that the University proposed to aim for 600 while recognising that a shortfall below this level would require action. The period to August would be key;
 - xiv) that members would like to see a breakdown of “other operating expenditure” for their information; **LF**
 - xv) that the cash included in the agenda paper was an adjusted EBITDA estimate. Once the final scenario for recommendation to the Board was in place, a commentary and all the required financial tables would be prepared with a view to completing the submission for September 2018 as required by OfS. The discussion at the Board meeting in early July would be critical in terms of agreeing the approach to enable further work to continue during August;
 - xvi) that a flex model had been developed based on Staff Student ratios. A helpful discussion with Mr Wong had helped the finance team develop the model and present it to the Committee;
 - xvii) that a prudent 5% reduction in grant had been assumed although no information had been released to this effect by OfS. In discussion, members agreed that this assumption should not be included as there was currently little or no certainty of such a reduction unless OfS were to publish information to this effect prior to September 2018; **LF**
 - xviii) that cost reductions would still be required and cash generation remained critical to be able to meet loan repayments and some capital investment to maintain the estate. The timing of spend for JVS capital would also be important to manage carefully; and the University’s ability to make a strong case for any future ISF funding remained particularly important;
 - xix) that a review of international partnerships was in hand to review financial sustainability. An opportunity to work with Warwickshire College was being explored;
 - xx) efficiency targets and in year savings would be required including staff costs in order to finalise a budget for 2018/19. Core staff costs had increased in line with pension costs, likely national pay awards and incremental costs. The proposed final budget would be discussed in a teleconference with F&GP members prior to the Board meeting; **LF/DGL**
- Agreed:
- xxi) to recommend Scenario A (600 student intake) to the Board (without a 5% reduction assumption as noted above) along with a working budget. The Board would also be briefed on contingency plans; **LF/DGL**
 - ix) that the Board would meet again at the end of September when likely enrolments would be clearer and any further required adjustments to financial plans could be made;

17/45 Strategic Project Monitoring

Received: a report from the Deputy Vice-Chancellor on progress with the Joint Vet School

- Noted:
- i) that the JVS project continued to plan for increased interest in cognate courses such as Animal Science;
 - ii) that a validation event was being planned for early 2019 and estates had commenced the client meetings around capital build planning. The very restricted timetable for the capital build was noted and the need to progress discussions to create the design guidelines for the campus as required under the Neighbourhood Plan for Edgmond and to agree them with the Parish Council and the local authority was acknowledged;
 - iii) that it was proposed to disband the Governors Working Group on the JVS and to continue to report to the Committee at each meeting under the Strategic Project Monitoring standing item and to report to the Board at each meeting;

Agreed: to thank members of the Working Group for all their help to date and to recommend to the Board that the JVS becomes a standing item for F&GP to consider as noted above; **PRM/CEB**

17/46 Cedar Energy Limited

Received: a report from the Estates and Facilities Manager and the Director of Finance on Cedar;

Noted: that sound progress is being made. Mr Thomas had attended a useful briefing with members of the estates team and reported that he had seen useful work going on to ensure controls were being maximised to try and run the system as effectively as possible. Unfortunately the Infrastructure Engineer had resigned to return to the MOD, but arrangements to secure a replacement were in hand;

17/47 Health and Safety Committee

Received: the minutes of Health and safety Committee held on 31 May 2018 together with a proposal to establish a Biological Safety Committee as a sub-Committee to meet once or twice a year

Agreed: to recommend the terms of reference for the Biological Safety Committee to the Board **CEB**

17/48 Farm Strategy Committee

Received: an oral report on the meeting held on 13 June 2018;

- Noted:
- i) that the key area for discussion had been the challenges of securing and retaining good staff for the farm and the pig unit in particular. Mr Bailey had proposed a graduate training scheme which would be worked on over the summer;
 - ii) that the de-stock/re-stock of the pig unit had gone well, with challenges well managed by the team;

Date of next meeting 8 November 2018

17/49 Any Other Business

Risk Register Review 2018/19

Mr Nixon suggested that risk related to the gender pay gap and GDPR might be further highlighted
CEB

Part B

17/50 Risk Management

Received: a report on the management of risks assigned to the Committee.

17/52 Management Accounts

Received: the management accounts for the period to 30 April 2018

17/53 Estate Developments

Received: a report by the University Secretary/Head of Estates on progress with current estate developments;