

## HARPER ADAMS UNIVERSITY

### Finance and General Purposes Committee

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

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 to update their entry in the register of interests as appropriate

#### 17/28 Minutes

Approved: minutes of the meeting of the Finance and General Purpose Committee held on 18 January 2018 (17/16-17/27).

#### 17/29 Matters Arising

- Noted:
- i) that four members had visited refurbished areas of the campus as requested prior to the meeting. Areas visited included the Teaching Block (B Block) and Boughey Hall. It was noted that further discussions were in hand to ensure that further refurbishment plans continued to be agreed in discussion between Estates, Finance and Students Services;
  - ii) that a briefing meeting on procurement had taken place between the Director of Finance, Mr Thomas and Mr Vickers. Members had found this very helpful as it had allowed for a more detailed discussion and explanation of how the University addresses procurement and how it uses its best endeavours to secure best value. In particular, members had noted that much of the University's spend was necessarily in specialist areas and that this required expertise from the resource managers, who in turn were part of the Procurement Group chaired by the Director of Finance. A number of Procurement Group members also attended North-West Universities purchasing Group (NWUPC) buying meetings to discuss frameworks etc.
  - ii) that it was apparent that the Financial Regulations required three quotes and/or tenders at certain thresholds and that this system also worked effectively, where no frameworks were available. There were also a significant number of mandatory" items of expenditure such as subscriptions, such that when considered overall, the amount of discretionary spend was relatively modest. Additional Resources had been introduced in the Finance Team to help managers with procurement and the approach taken was that of business partnering. Members had found the session informative and reassuring in terms of the actions being taken to achieve best value and put in place sound procurement practices.

## 17/30 Risk Management

Received: a report by the University Secretary on risk items assigned to the Committee;

- Noted:
- i) that the Shropshire Local Government Pension Scheme was proposing making changes to the arrangements for admitted bodies such as Harper Adams University in relation to what would occur should an admitted body decide to leave the scheme or close it to new entrants. At the time of the University becoming incorporated, there had been a risk of the University having to provide a bond at that time, however this had been negotiated with the assistance of Eversheds and the current agreement envisaged that should the University leave the scheme then it would have to meet deferred payments within 30 days. At the time, in 2012, this had not been seen as particularly risky when compared to the risk of having to secure a very large bond, as the University had not intended to consider terminating membership of the scheme. The more recent proposals suggested that while a bond might not be required, the amount likely to be required in the event of an admitted body terminating its membership of the scheme would be significantly larger than previously envisaged due to re-valuation calculations. The Director of Finance had taken action to secure professional advice from KPMG (following agreement from the Chair of Audit and Risk Management Committee that this would not cause a conflict with External Audit services provided by a different team within KPMG) and had also advised the LGPS in the meantime that the University remained concerned about the proposal, even though the scheme administrators had suggested that they believed that the risks were not significantly different to admitted body members in light of the proposed changes. The scheme had also confirmed that all new admitted bodies would have to put a bond in place before they could be admitted to the scheme;
  - ii) that Allianz, as the University's property insurers had advised at short notice that they were unable to insure assets belonging to Cedar Energy Limited. This was disappointing as the STEP project and its assets had been included at renewal and Allianz had been clear how insurance proceeds provided by their policy would be re-invested into alternative green energy systems following the demolition of the AD Plant. At no point had Allianz indicated that they would be unable to offer insurance prior to practical completion, and in fact their Inspector had already visited the campus and having inspected the STEP assets had not raised any concerns. AON as the University's Buying Group brokers were doing what they could to try and address this issue and were exploring alternative insurance options should Allianz decide that it was unable to change its stance on refusing to insure Cedar Energy Ltd assets;
  - iii) that with respect to HEFCE income, the establishment of OFS from 1 April 2018 and the forthcoming HE Funding Review meant that future income remained uncertain. The grant letter for 2018/19 had also been delayed until May 2018 for all English HEIs;

## 17/31 Vice-Chancellor's Report

Received: a report from the Vice-Chancellor on recent developments of note, including a copy of a summary of the Office for Student's Regulatory Framework provided to delegates at a recent briefing;

Noted:

- i) that the DEFRA Consultation on “Green BREXIT” included reference to agricultural technologies, research and the new to attract more graduates into the agri-food chain. The document also made reference to the Hands Free Hectare (HFH) at Harper Adams, and to work that Charles Cowap had been undertaking with colleagues in Exeter. A DEFRA Consultation event would be held at Harper Adams in May 2018, and in the meantime the Deputy Vice-Chancellor was attending a briefing meeting the next day. Where he would be able to meet Michael Gove and brief him on the latest developments with HFH ;
- ii) that details of the requirements for registration with the Office for Students (OFS) had been published. The University Secretary and the Academic Registrar and Director of Student Services were attending a briefing session on the requirements in Manchester shortly. Requirements included a new Student Protection Plan, a new style Access and Participation Plan, information on how each University meets Competition and Market Authority requirements on consumer protection as well as a range of information on how governance at each University meets certain requirements. Documentation would need to be approved by the Board, with some being presented at the April meeting. Where documents were not yet available by 26 Aril, the Board would be asked to agree arrangements for remaining documents to be approved by delegated authority by the deadline of 23 May 2018;
- iii) that a consultation on subject level TEF was in hand alongside the current subject level pilot programme. Abigail Hind had been appointed as an assessor;
- iv) that the University had featured positively at the recent NFU Conference;
- v) that the University had been involved with Agri-Epi in winning funding for connected autonomous vehicle research. Other partners included CISCO and the University of Strathclyde. The work would involve seeking improvements to 5G so that autonomous vehicles and similar technologies that could be used in the HFH or the planned hands Free Farm concept would be connected effectively even in rural areas;
- vi) that after careful consideration of costs and benefits/risks, the University had decided not to seek to trademark HFH internationally, but had secured a UK trademark for “Hands Free Hectare” It had also decided not to trademark “Hands Free Farm” internationally but had decided to challenge the Registrar’s initial decision that HFH could not be registered as a UK trademark;
- vii) that the University was analysing the challenges set out in the Industrial Strategy and continued to engage with key decision makers such as senior staff at DEFRA, BEIS, Innovate UK (Sir Mark Walport) and DIT. Recent visitors had also included Bayer Crops Science, Sir John Peace, Philip Dunne MP, and Owen Brennan of Devenish Nutrition would also be visiting shortly. May 14-16 would also see the Engineering Professors council holding its annual conference at Harper Adams for the first time;
- viii) that the award of a Queen’s Anniversary Prize had been very positive and the fact that all three of the Agri-Epi partners had won a prize in 2018 was noteworthy;

- ix) that the University's Chancellor, HRH the Princess Royal would be visiting the University on 2 May 2018- arrangements were in hand;
- x) that the Vice-Chancellor's discussions with the Worshipful Company of Farmers about a new Leadership programme focused on new technologies had been very positive. Industry funding was now being sought;
- xi) that colleagues at HAS in the Netherlands had suggested that they and Harper Adams might found an alliance of small specialist agri-food related institutions across the EU. This projects was welcomed by members and would be progressed; **DGL**
- xxi) that a new agribusiness training programme for students from Kenya and Nigeria had been launched in partnership with Strathmore Business School Kenya and with AGCO in Nairobi earlier in the week. The university would be delivering some of the course and had been the agricultural advisers for the programme;
- xxii) that Harper Adams had been shortlisted in 9 of the 12 categories in the "WhatUni" student choice awards. The finals were in May 2018;
- xxiii) that the University's performance in the QS World rankings had improved significantly. In the agriculture tables, the University had been ranked second after Reading in the UK for academic reputation and second in the world for employment. The University's overall position had also improved;
- xxiv) that the Farmers Weekly Apprentice competition would take place at Harper Adams in 2018.
- xxv) that applications currently stood at 104% compared to the same point in 2017. And an ambitious target of 650 had been set. Staff were working hard to try and achieve this stretching target in a very competitive market;
- xxvi) that a brief summary of the University's work in Africa had been prepared, with the aim of reaching out to alumni in particular in African nations. The document would be circulated; **DGL**

#### 17/32 **Annual Review of Financial Strategy and Financial Indicators**

- Received:
  - i) a report from the Director of Finance including an update on Value for Money;
  - ii) a copy of the January Newsletter published by the Financial Sustainability Strategy Group (FSSG)
- Noted:
  - iii) that the overall aims of the Financial Strategy remained appropriate and in light of this, no major changes were propose. However it was suggested that a new section be added on Strategic Investments to better reflect the University's approach in this area and that this section be moved to section 3.5 within the Financial Strategy document; **LF**
  - iv) that the VFM documents had been presented to Audit and Risk Management Committee, and had been accepted as appropriate;

- v) that, as requested by the Committee at its January meeting, indicators had been updated to reflect the discussion on cash and surplus in particular. A net operating cash flow target of £5,000K, and a target of 4% for surplus before adjustments to pension provisions as a % on income excluding exceptional items were proposed. Staff costs as a % of income was also corrected to 55% (as this had been misstated as 50% on the ASSUR documentation earlier in the year);
- vi) that a review of available benchmarking data on administrative staff costs had been undertaken. This showed that the number of administrative staff per £M turnover remained appropriate and was less than the median when compared to similar sized HEIs;
- vii) that the FSSG comments on USS, while interesting, did not apply to Harper Adams as the University is not a member of USS. However the issues with USS and similar schemes may give an indication of possible future changes to schemes such as TPS and LGPS;
- viii) to approve the changes to the Financial Strategy as set out in the paper; **LF**
- ix) that the Vice-Chancellor and Director of Finance would put forward for the Board's consideration in April 2018, a suggested revised financial performance target in relation to the Staff Bonus Scheme to reflect the changes to the Financial Strategy targets in relation to surplus/cash flow; **LF/DGL**

Agreed:

### 17/33 Management Accounts

Received: the Management Accounts for the period to 31 January 2018

- Noted:
- i) that the forecast mapping showed that the University was currently performing close to budget, and it was anticipated that it would be on budget when February Management Accounts were completed;
  - ii) that the forecast had assumed further students withdrawals based on previous experience. Research income had also been reduced as progress towards the original targets had been slower than anticipated. However it was recognised that a number of major bids were in progress and that should any of these prove successful the situation would change. In this respect research funding tended to be "lumpy" and less easy to predict over any particular year. The University continued to focus on preparations for the next REF;
  - iii) that the pay efficiency target had been achieved through in-year vacancies. Voids in catered accommodation had proved challenging due to lower student numbers. The Student Services team and Short Course and Conference team were working together to try and address this as far as possible for the current year, and plans were in hand for next year, as previously discussed at the Committee's meeting in January 2018;

17/34 **Budget/Financial Planning**

Received: an oral report from the Director of Finance on budget preparations for 2018/19 and the likely timetable for preparation of the next five year forecast for the Board's consideration in July 2018;

- Noted:
- i) that budget meetings were proceeding to plan. Budget holders were very well aware of the need for efficiencies where ever possible, and an appropriate level of challenges was taking place during the process;
  - ii) that the Board was responsible for financial sustainability, and Finance and General Purposes Committee had a very key role in assuring the Board on this. The Committee considered detailed reports at each meeting, but in discussion members considered whether a more regular re-presentation of the five year forecast during the course of each year might be helpful, given the volatility of the market for students and other key factors such as consideration of strategic investments and their possible impact on longer term forecasts;
  - iii) that scenario planning and the identification and quantification of possible impacts of key risks such as tuition fee changes, loss of ISF funding, changes to pensions, staff costs etc. did take place, and provisions/adjustments to the five year forecast had been made each year to try and capture possible impacts of such issues based on the best available information. Members also felt that key risks and opportunities were discussed at each meeting of the Committee;
  - iv) that the FFSG paper considered earlier on the agenda had a useful summary of key areas for consideration in relation to sustainability. These were: Home/EU student recruitment; international student recruitment; freeze of tuition fees/potential review; pensions and capital investment/financing strategies. In discussion, members felt that these items were appropriately covered in agendas and discussions throughout the year and did not feel that having the forecast as a standing item at each meeting was necessary. However members suggested that as well as the initial presentation of the draft five year forecast annually to the Committee in June, prior to it making a recommendation for approval of a new five year forecast at the July Board meeting each year; the Committee might receive the approved July forecast again in January each year as a reminder/update of the assumption that had been agreed, with a particular focus on a sensitivity analysis of whether assumptions made the previous July around income levels/costs and other key factor remained appropriate and/or any changes that needed to be taken into account and reported to the Board as risks or opportunities that were likely to impact on the five year forecast;  
**LF**
  - v) that the University had acquired "tableau" software and would be using that to help build a more interactive model. Further work in business analytics was also important including HR related analytics. Investment in a further business analyst was under consideration by the Director of Finance with a view to appointing someone who could also undertake HR related analytical work. There was also a need to invest in further IT resource to move key projects and business systems improvement projects forward. Members expressed their support for these plans and asked that the Director of Finance develop a proposal to invest in new roles to support this work, noting that should these investments in new

staffing be approved, this would mean funding additional support staff costs; **LF**

- vi) that contingency planning in relation to short/medium and long term actions was another key area for discussion, along with key Strategic Projects such as the Vet School. Strategic Projects was already a standing item and it was noted that while the draft business case was not yet complete, the Steering Group leading on the project was very much alive to the financial sustainability issues. The working group established by the Board, would also be receiving regular updates on progress with financial planning, and the University's fine year forecast in July 2018 would necessarily need to reflect the best estimated position with regard to the veterinary school should the Board decide in April that the project should continue to the next phase; **PRM/LF**

Agreed: to discuss the actions highlighted above at the next meeting in June 2018 and to review the agenda layout to place starred items into a "Part B" as piloted at the Board, so that items for discussion (Part A) were given more prominence and further time/focus **SV/CEB**

#### 17/35 **Financial Regulations**

Received: a report on the annual review of the Financial Regulations, including recommended changes to reflect regulatory and organisational changes over the past 12 months

Agreed: to approve the changes for recommendation to the Board **LF/CEB**

#### 17/36 **Treasury Management**

Received: the annual report on Treasury Management

Noted: that no changes were proposed for 2018/19

Agreed: that Treasury management arrangements as set out in the paper be approved for a further year **LF**

#### 17/37 **Strategic Project Monitoring**

Received: a draft copy of the business case for the Joint Veterinary School with Keele University

Noted: i) that the document was very much a work in progress at this stage, with further work required prior to the Board meeting in April and to the meeting of Keele's Council in early May 2018;

ii) that capital costs had been high when first assessed and a process of value engineering had been needed. An overall loss of £3.7M had been initially projected in the initial phase to reflect start-up costs, but the

Steering Group members of both Universities had agreed that this needed to be reduced to less than £2.4M which was the current revised best estimate of initial loss (to be shared between both partners). This was a dynamic and very active discussion at the current time and further work to reduce initial cost estimates was in hand, along with details of recovery projections/further details of pay back on investment over time;

- iii) that members welcomed the overall approach set out in the draft business case. It was suggested the inclusion of further information on how the student experience would be managed given the split campus delivery, planned movements and timetabling would be helpful to include as it was felt these were potential “show stoppers” if these could not be made to work effectively. It was also suggested that details of how the experience of other Joint schools/ programmes e.g. Joint Medical Schools had been drawn upon to inform the business case/proposed curriculum and student experience planning should be included. It was also noted that the RVS operates a “split site” model; **PRM**
- iv) that possible changes to Band A funding were not yet clear, although it was noted that further medical places at band A had been confirmed by the Government. A sensitivity analysis should Band A funding change for veterinary medicine would be included; **LF**
- v) that the importance of securing the right leadership team for the proposed School needed to be stressed further- including the role of the Head of School and School in working in partnership with both HEIs; **PRM**
- vi) that the Steering Group should consider and make more detailed proposals about overarching Governance; **PRM**
- vii) that due diligence had been undertaken, this needed to be reviewed and shared with DW; **LF**
- ix) that contingency planning in case of any failure of the partnership, however unlikely or otherwise this may seem at the current time, was also recognised as a necessary consideration for both parties in any partnership; **DGL/PRM/LF**

*Post meeting note: following the meeting of the Committee it was agreed that a teleconference meeting of the Governor’s Working Group on the JVS planned for April prior to the Board meeting on 26 April 2018 to review the final draft business case would be expanded to include as many members of F&GP as were available to participate. It was agreed that this would help to inform members of the Committee as well as the Working Group of the latest position in advance of discussion of the Business Case at the Board.*

**17/38 Estate Developments**

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

- Noted:
- i) that plans to review staffing in estates were in hand as set out in the paper;
  - ii) that sound progress had been made with the Carbon Management Plan (CMP) and Environmental Sustainability Strategy (ESS). Student engagement had improved and this was particularly welcome. The two

Lead Governors on this area of work would be provided with copies of the reports; **CEB**

- iii) that it would be useful to include clearer reference to how the University was reducing its use of plastics in the ESS; **PM**
- iv) that PR would discuss with colleagues opportunities to undertake research around micro-plastics; **PRM**

**17/39 Cedar Energy Ltd**

Received: a report from the Director of Operations and Company Secretary;

- Noted:
- i) that prior to the Committee's meeting, members of the Committee had seen the live dashboard indicating energy production and were looking forward to the comprehensive tour in April prior to the Board meeting;
  - ii) that prolongation costs and loss of production time were impacting on the budget and forecast for the year for Cedar Energy. An operational meeting was planned for later in the week, at which Mr Thomas would be present. It was likely that the Board may need to consider making further working capital available for a further period, subject to interest payments **LF**

**17/40 Committees**

Received:

- i) Minutes of the Farm Strategy Committee held on 1 February 2018
- ii) Minutes of Health and safety Committee held on 1 March 2018

- Noted:
- i) that the Farm Manager was working on an updated business plan for the new land;
  - ii) that Mr Thomas had no issues to raise about the Minutes of Health and Safety Committee

**17/41 Any Other Business**

- Noted:
- i) that Mrs Dawn Crowther had been appointed as the new Head of Human Resources and had taken up her post in early March 2018;
  - ii) that the University was finalising its Gender pay Gap report and commentary. It was anticipated that the gap would be one of the larger ones in the HE sector due to the gender imbalances in Domestic Services roles, and in Professorial roles in particular. The gender balance amongst mid- range salary roles and in the Senior Management Team was much better. Equal Pay audits were also very positive. It was also the case that subject specialisms tend to have an impact on gender balances due to historical trends and preferences for certain subjects. Actions were in hand and these would be described in the commentary and a communication to staff would also be provided. The final draft would be shared with the Chair of the Board and Chair of Staffing Committee prior to publication by the deadline of 31 March 2018

**Date of next meeting** 14 June 2018