

## HARPER ADAMS UNIVERSITY

### Finance and General Purposes Committee

Minutes of the meeting of the Finance and General Purposes Committee held on 11 June 2020 by MS Teams.

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

In attendance: Dr C Baxter                      University Secretary  
Mrs L Furey                                      Chief Financial Officer  
Professor P Mills                                Deputy Vice-Chancellor

#### Part A

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

#### 19/36 Minutes

Approved: minutes of the meeting of the Finance and General Purposes Committee held on 26 February 2020 (19/20 19/35).

#### 19/37 Matters Arising

Received a report on matters arising from the meeting held on 26 February 2020

- Noted:
- i) that the Chief Financial Officer (CFO) would ensure that she met with Mr Thomas to discuss the Procurement Strategy. It was acknowledged that this discussion had been delayed due to the need to address other pressing finance matters relating to COVID-19. However, the importance of ensuring that the discussion about the strategy was progressed in due course was re-confirmed by all members; **LF**
  - ii) that the CFO would report back on her review of the Ethical Investment Strategies of others HEIs at the November 2020 meeting of the Committee; **LF**
  - iii) that the final draft of the Carbon Management Plan had been prepared to reflect the decisions made by the Committee in February 2020. Thanks were expressed to the Head of Estates and Facilities and the Environmental Sustainability Manager for their work in leading the preparation of the plan.
  - iv) that although the University wished to progress as far as possible with its planned actions in 2020/21, it was important to note that there may be a need to review the timescale for certain planned actions in light of other financial priorities. A modest initial budget to support energy efficiency/saving projects had been identified for 2020/21, but would remain subject to on-going review given other current and anticipated future financial challenges due to the COVID-10 situation, the loss of income in 2019/20 and likely reductions in income during 2020/21;
  - v) that the University remained firmly committed to managing its carbon footprint and reducing it wherever possible as set out in its Strategic Plan. The review of the progress made to date with the University's

Environmental Strategy (which was a later item on the agenda), also supported the University's overall strategic aims. It was also possible in due course that funding for capital may depend on being able to demonstrate a commitment to carbon reduction and environmental sustainability, as this remained an important topic of debate in a range of national fora including the Universities Climate Change Commission;

- vi) that the University remained supportive of the social mobility pledge. This project was expected to re-start once the COVID-19 situation had eased;

Approved: the Carbon Management Plan 2020-2025

### 19/38 **Vice-Chancellor's Report**

Received: an oral report from the Vice-Chancellor on recent developments of note including the University's on-going response to COVID-19 and planning for 2020/21 and an update on the University's approach to delivery of teaching in autumn 2020 for publication on the web site for the information of applicants and current students

- Noted:
- i) that although the University had fallen by 14 places in the Complete University Guide published in the previous few days, it retained the position as the highest placed Modern/Post 1992 HEI and third in the West Midlands behind Warwick and Birmingham, and the top placed GuildHE member. The data set had changed slightly, and it was anticipated that factors such as a lower number of students on placement may have affected the overall position of Harper Adams. The data set would be reviewed;
  - ii) that the Vice-Chancellor had engaged in open meetings using MS Teams with almost 280 staff over the previous two days and further meetings to enable all staff to attend had been arranged. The meetings had focused on the University's current and on-going/future plans to manage and response to COVID-19 and thanks were expressed to all staff for their contribution to date in maintaining the student experience as far as possible and looking after the best interests of the University, its infrastructure and its animals and farm enterprises. Staff had been briefed in general terms about the considerable finance challenges caused by COVID-19 restrictions and the fact that there would be significant challenges that would need to be addressed to find ways to reduce expenditure and increase income in 2020/21;
  - iii) that work to plan a steady and phased return to campus operations was in hand, with a small group of research staff and students returning to work in laboratories or in other practical facilities such as CERC or Entomology or AEIC. Full risk assessments, taking into account government guidance had been completed and published on the staff portal and on the web pages. Induction for staff returning had also been completed and signage, additional hand cleansing stations, clearly marked social distancing requirements, signage and one-way systems in buildings opened up so far were in place. The same approach would be taken with managers and staff returning to other work spaces over the summer period. It was felt that a phased return was important to enable advance preparations for social distancing and managing new arrangements including further improvements to on-line delivery of teaching and plans for smaller group practical sessions and/or tutorials to be held on campus, but with social distancing and the other COVID

Safe measures in place. Consideration was also being given to whether some elements of home working might be retained where staff and managers were able to demonstrate that this would be an efficient and effective way to deliver the services required for all their stakeholders;

- iii) that a wide range of constantly changing advice and guidance had been issued to the HE sector from UUK, GuildHE and many other sector wide networks and professional or practitioner groups in addition to the general UK Government advice. Legal advice and government advice from DfE as well as OfS guidance continued to be issued and to inform the University's plans. Considerable on-going effort was required to review and digest this on-going rapidly changing and developing guidance and to map the University's response against it to see if further work was required to meet the expectations set by DfE, OfS and other sector bodies engaged with HE such as UCAS and Competitions and Markets Authority (CMA);
- iv) that communication to staff and current students, as well as to prospective students, applicants and their parents had been fundamentally important, alongside briefings for the Board through engagement at Board and Committee meetings and via the weekly Newsletter, as well as very regular discussions between the Chair and the Vice-Chancellor;
- v) that the CMA and OfS require HEIs to issue clear information to current students and applicants on teaching and learning plans for 2020/21 so they could determine if they still wished to continue to study/take up their place. This was challenging when government guidance on exactly what measures may be in place at the end of September remains unclear. However, the university had made a statement which was shared with members of the Committee confirming its intention to offer a blended learning approach with smaller classes being held on campus such as practicals. A more detailed statement would be made in due course as further information emerges at government level and as the University works through its revised timetable and other requirements to accommodate small group teaching, catering and accommodation on campus in accordance with known COVID-Safe requirements at the time of publication. Andy Jones as Director of Learning and Teaching was working with Abigail Hind, Peter Mills and a wide range of other staff to develop these plans in detail. While some HEI has published more lengthy statements, not all appeared to include the detail being expected. HAU planned to provide such detail as far as that was possible to do by the deadlines it had set for publication of more information;
- vi) that Mr Jones and his team also continued to keep in touch with international partners to ascertain the likelihood of Chinese students being able to start their studies in autumn 2020 in the UK. Universities West Midlands was exploring with the help of the Mayor of Birmingham and Birmingham Airport whether chartered flights might assist international students given the fact that flights from China were currently at least 10 times the usual cost. HAU had expressed an interest in this potential plan. It also remained challenging for international students from China to secure a visa as visa centres had only just re-opened. There was also some evidence of students and parents being concerned about the UK's management of COVID-19, although the numbers affected in Shropshire and Telford and Wrekin remained small and this had been communicated to potential students and parents as well as Chinese partners. The 71 students who remained

resident included a number of international students who were being well supported by the University;

- vii) that a virtual Open Day had been developed for 17 June 2020, drawing on experience of involvement with other on-line events including Cereals and other agricultural shows and also drawing on the models being used by other HEIs. 525 people had registered so far of which 119 had indicated an interest in studying in 2020. While 89 of this group had already applied, the others had not done so to date, so there may be an opportunity both to assist decision making for current applicants and attract new applications as part of the usual late cycle. Applicants had been given an extended UCSA deadline to make their decisions which also made it difficult to compare acceptances and likely conversions year on year. Added to this was the uncertainty around the new way of determining grades for students completing A levels or BTEC/similar qualifications;
- viii) that Vet School acceptances were very positive, and while HAU numbers overall were holding up generally in a number of areas, there were some subject areas where numbers were not strong at the current time. Every effort to secure further committed applicants was being made, as decision making was very uncertain and there was a concern that larger HEIs who were unlikely to be able to attract such large numbers of international students, were going to be willing to accept home students at lower entry grades than usual. Although a cap on numbers had been implemented, the 5% margin was a large number for many large HEIs. The allocation to Harper Adams appeared to be incorrect and so this had been raised via the appropriate process with DfE. It was understood that some other HEIs had also raised queries;
- ix) that through GuildHE, engagement with the Universities Minister and the Minister for Science had been taking place. Feedback from students about the challenges of using rural broadband had been acknowledged by the Universities Minister. GuildHE continued to work with UUK, but so far no financial assistance had been agreed for HEIs, rather it was understood that there may be a plan to create a last resort/restricting process managed by DfE to address the risk of HEIs failing by looking at mergers instead. UUK and GuildHE were looking at a voluntary system and had set up a task and finish group including the Vice-Chancellor as Chair of GuildHE to develop a proposal for this approach;
- x) that it remained critical for the University to maintain its financial sustainability and independence/autonomy in the midst of the significant challenges that lay ahead in 2020/21. Financial planning and management of limited resources would be key to delivering this and ensuring that the University could emerge in 2021 when the demographic downturn would start to lift. A recent survey of HEIs conducted by AHUA had indicated an average loss of £3.1M within the first two months of lockdown for HEIs, with 1 in 10 offering voluntary redundancy schemes, 23% expecting to do so in the future; 4% not renewing short term contracts, and 41% expecting to reduce casual staff arrangements;
- xi) that the Marketing and Communications team were engaging with further social media activities, and Professor Jim Monaghan and the Vice-Chancellor had been invited to speak on Radio Shropshire recently. Other radio activity was on-going;
- xii) that the University had issued a statement in support of the Black Lives Matter campaign, recognising that it had an on-going commitment to

further embed its respect campaign and to continue to welcome people from all backgrounds to the campus. The Chairman had approved the statement for publication;

- xiii) that there had been discussion about the need to ensure HEIs with the standard model of Instrument and articles of Governance were able to continue to use virtual meeting platforms. The formal process to amend these documents was to apply to the Privy Council and this would be difficult of all 50 plus HEIs needed to do so. This matter had been raised with GuildHE with a view to asking DfE to consider it. While the Companies Act enables meetings by virtual means, the I&A take precedent for Harper Adams as they do for all HEIs whatever their underlying structure. Legal advice was also being sought via AHUA;
- v) that the Marches LEP had been in touch that morning to advise of a possible opportunity to re-submit a bid for a contribution to support the Vet School capital project costs. This would be followed up. Details of the precise criteria set for bids were yet to be confirmed; **LF**

Agreed:

- i) to thank all staff at the University for their hard work during the current situation;
- ii) to support the University's aim to ensure it remained financially solvent and independent, as this would be fundamentally important in the challenging time ahead and may provide opportunities to secure market share should there be changes to the programmes offered at other HEIs offering similar courses. The closure of some providers in earlier decades had led to additional students wishing to study at Harper Adams and being willing to travel to Shropshire to do so.

## 19/39 Management Accounts

Received:

the Management Accounts for the period to 30 April 2020 and forecast for 2019-20, including an update on farm performance

Noted:

- i) that as agreed by the Board in April 2020, the university felt it was appropriate not to charge students for the final term's accommodation fees. This had led to a loss of £1.1M income. Short course and conference income had also been lost as those events had necessarily been cancelled;
- ii) that as agreed, where work had ceased which was not publicly funded or where research had ceased that met the DfE criteria for non-cost extension, the Coronavirus Job Retention Scheme (CJRS) when staff had been placed on furlough. Engagement with the scheme would continue where these criteria could be met;
- iii) that the John Oldacre Fund had been badly affected by a fall in investment values during March/April 2020. There had been some modest recovery, but the levels remained depressed. Unless the Trustee agrees that capital may be spent, no further scholarship commitments can be made until the fund recovers and growth is generated again. It may be necessary for the Development Trust to support some of the costs for committed scholarships; **LF/CEB**

- iv) that discussions with relevant banks including Barclays had been helpful and it would be possible to meet bank covenants if very close management continued, however the margin was very tight. Barclays were willing to agree to a different draw down pattern for year-ending July 2020, but were not willing to agree at this stage to further flexibility for 2020/21. Members supported the Chief Financial Officer's view that it would be prudent to continue to aim to meet covenants fully this financial year and reserve any possible further negotiation in this regard to 2020/21 in case this was needed; **LF**
- v) that the prospects of recovery of an expected payment (£30K) from Huazhong University appeared limited at this stage, although efforts were being made. There were also risks around farm income/expenditure as set out in the paper;
- vi) that costs were being controlled very closely and there may continue to be a further reduction in planned spending to the year-end 2020 where possible. Capital forecast balances were slightly higher at this time due to project delays and there may be an opportunity to carry forward some of these funds to help provide a modest capital budget for 2020/21. This would also reduce depreciation at year end. The Vet School building programme was continuing and would continue into 2020/21 as set out in the paper from the Deputy Vice-Chancellor later on the agenda;
- vii) that taking all of the factors into account the likely overall loss for 2019/20 appeared to be between £500K and £750K;
- ix) that the Farm's financial performance had not been in line with the budget set and this was disappointing and concerning. There had been challenges due to weather conditions and the changes to the milk contract that had been previously discussed with Board members;
- x) that following detailed discussion, members confirmed their full support for the proposal that the planned review of the farm enterprises and possible options for streamlining activities and simplifying where possible should be progressed as quickly as possible with a view to addressing the current issues. **DGL**

#### 19/40 Financial Planning

Agreed that due to the commercial and very sensitive nature of this item the minutes would be recorded separately as a Commercial in Confidence item.

#### 19/41 Strategic Project Monitoring

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

- Noted:
- i) that the number of acceptances for places offered was positive and would, if estimated grades were met, result in a higher number of students. Contingency plans for delivery were in hand including blended learning;
  - ii) that the delays in the building being open due to COVID-19 restrictions could be managed. The new completion date for the Vet Education Centre was 13 November 2020.
  - iii) that a minor typographical error in the report would be amended. **PRM**

#### **19/42 Report from Cedar Energy Limited**

Received: a report from the Deputy Chief Financial Officer and the Head of Estates and Facilities

Noted: that Cedar Board had noted the positive progress with the system at its last meeting. Energy generation had become steadier and more reliable and new priorities for further improvement could begin to be considered as and when finances would permit further investment as noted in the report.

#### **19/43 Committees**

Received:

- i) the minutes of Health and Safety Committee held on 28 May 2020
- ii) an oral report on the operation of the farm as Farm Strategy Committee has not met due to COVID-19 and would next meet in October 2020

Noted:

- i) that members were pleased to note the positive engagement with health and safety matters as they related to COVID-19 in particular;
- ii) that it remained important to remind staff returning to the workplace and those who had been working as key workers to report accidents and near misses as usual and to ask staff to consider possible new risks when social distancing was required;
- iii) that plans for the farm operation had already been discussed and agreed earlier in the meeting.

#### **19/44 Date of Next Meeting**

5 November 2020

#### **Part B**

#### **19/45 Risk Management**

Received: a report by the University Secretary on risks monitored by the Committee.

Agreed: that the management of these risks remained appropriate.

#### **19/46 Estate Developments plans for development of a revised Carbon Management Plan (CMP)**

Received:

- i) a paper by the Head of Estates and Facilities on progress with current estate developments
- ii) a report on progress with the targets set for the Environmental Sustainability Strategy (ESS) 2017-2022 and plans to refresh the ESS during 2020/21

Agreed: that progress with the ESS was positive and members were supportive of the plans to refresh the ESS as set out in the agenda paper. Thanks were expressed to Jonathan Cain and Adam van Winsum for their work on this important area.  
Agreed: that members were content with the report and with the proposals for revised CMP and had no issues to raise.

**19/47 KPMG Higher Education Financial Statements Benchmarking 2018-19\***

Noted:

that the above document is available on the Governor's document library. Audit and Risk Management Committee considered the report at its May 2020 meeting.