

Finance and General Purposes Committee

Minutes of a special meeting of the Finance and General Purposes Committee held on 15 September 2020

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

In attendance: Dr C E Baxter University Secretary
Mrs L Furey Chief Financial Officer (CFO)

Apologies: Professor P Mills Deputy Vice-Chancellor

20/01 Vice-Chancellor's Report

Received: a report from the Vice-Chancellor on further actions taken by the University since July 2020 to prepare for the 2020/21 academic year in a COVID secure manner

- Noted:
- i) that the weekly Newsletters circulated to all staff and governors continued to provide a weekly update on actions taken to prepare for the new academic year and to respond to changes in guidance for HEIs issued by the DfE and other bodies and other key developments;
 - ii) that the DfE had issued further guidance to HEIs at 06.30am on Thursday 10 September 2020 following the Prime Ministers announcement the previous afternoon. Earlier in the same week, the DfE had asked all HEIs to submit their contingency and response plans for responding to an outbreak of COVID-19, and/or a local lockdown. These were requested, in draft form, by no later than Friday 11 September 2020. The work that the new Deputy Secretary had undertaken to draw plans together and consult widely with managers and staff to secure staff support for such plans had been invaluable in meeting this short deadline. The University has also been continuing its dialogue with the local Health Protection Hub (HPH) and had been able to include information on this to the DfE who were expecting all HEI to share their plans with their local HPH. A mapping of the University's plans against the DfE guidance had been completed and was available in the general information section of the Governor's Document Library. No major areas requiring further work had been identified. New requirements for face coverings and the rule of six had been issued on to staff on 11 September 2020 and would be communicated to students;
 - iii) that the Deputy Secretary had also been instrumental in progressing and securing agreement for a walk-in test facility on the campus. The final agreements were not yet signed, but indications were that the facility would be going ahead and in place w/c 28 September 2020. This would be very useful during the period when new students are arriving and symptoms of colds/flu tend to be prevalent;
 - iv) that a COVID Hub telephone line had been set up, which would be staffed by trained staff volunteers. This would enable staff or students to report if they had symptoms so that tests could be arranged and results fed back to the University. Support for residential students would

also be arranged where herds needed to self-isolate while waiting for test results or if there were to be a positive result. Isolation rooms had also been set aside. The HPH would work with the University to manage any issues including where an “outbreak” was identified (normally defined as two confirmed cases of COVID or more within a few days of each other- however such matters are to be judged by the HPH on a case by case basis);

- v) that a simulated exercise to test the COVID Hub system would be run later in the week;
- vi) that the University had continued its community engagement with the Parish Council, Town Council and Telford and Wrekin. Local press had also asked for information on preparations for the new term and it was hoped such information may also help assure local residents that the University has set up COVID secure measures, including the “Harper Herds” concept for student households, the requirements to adhere to the rule of six in social settings (including during SU organised activities) and to maintaining social distancing where groups larger than six are permitted in educational settings and use of face coverings;
- vii) that the new NHS tracing app which was due to be released on 25 September 2020 in England had some merits but was not ideal for use in HEIs with multiple buildings and entrances such as Harper Adams. The COVID Group had agreed that given its limitations and the risk of some smart phones not being able to scan the QR codes, the University would continue its arrangements for its own COVID Hub working closely with the HPH so that staff and /or student cases could be captured and supported to secure a test, and members of student households asked to self-isolate as needed;
- viii) that the forecast for new undergraduate enrolments for September 2020 were currently estimated in the range 575-600. While acceptances were currently just over 600, attrition rates based on previous years suggested the final number may fall. c.25 students were currently being contacted as they had yet to confirm their accommodation acceptances. Based on current acceptances, Postgraduate taught enrolments looked likely to be slightly higher than in previous years and 24 degree-level apprentices had been secured. Overseas student numbers, including BUA appeared to be stronger than had been estimated. Flexible on-line starting arrangements had been put in place to help phase arrivals and manage quarantine. Retention of continuing students had improved in comparison to budget estimates presented in July 2020;
- ix) that as overseas student numbers appeared to be holding up better than expected, GuildHE would be asking again whether channelling support for HEIS solely to research intensive institutions to compensate for the anticipated loss of overseas students (which was not necessarily the case), was appropriate, especially as, following the A Level awarding changes, many research intensive HEIs had now been able to take many more home/EU students as there was no longer a cap;
- x) that the Vice-Chancellor had been meeting staff at on-line departmental meetings over the past week, with further sessions planned for the rest of the week. These sessions aimed to ensure all staff were up to date on arrangements and had engaged with the information circulated over the summer period;
- xi) that there remained a need to induct new and returning students to the new COVID secure campus. Arrangements for this were in hand. It was

recognised that the transition may be challenging for some students and student retention would remain important. Welcome video messages by the Vice-Chancellor which would be tailored for each student cohort were being created;

20/02 Financial Planning

- Received:
- i) a briefing note on the current financial position for 2020/21 with respect to Scenario A in light of known student recruitment to date;
 - ii) a briefing note setting out the further financial measures taken since July 2020 to support effective delivery of Scenario A

- Noted:
- i) that the draft out-turn for 2019/20 reflected the current unaudited result for the year. The underlying performance was very close to the revised forecast previously shared with the Committee and the Board. However, the actuarial valuation for the LGPS had changed considerable due to challenges with discount rates and had impacted by adding a further £1M of cost. In 2012 the liability had been £12m, this has now risen to £30M. The next triennial valuation was due in 2022 which would be a separate exercise. The overall outturn was a loss of £1.3M solely as a result of the additional pension charges;
 - ii) that the proposed budget and forecast for 2020/21 had been adjusted to reflect the current estimates for student enrolment and included the improved retention figures. PGT numbers had assisted, but in some instances, while head-count was up, FTE was not strong where part-time routes were being chosen. Vet School numbers had risen and had helped to reduce the level of investment needed to fund the new school in year. The Vice-Chancellor had written along with the Vice-Chancellor of Keele University to seek assurance that the two Universities additional Vet School students would generate full funding. If secured, this would be a useful additional payment in due course. The anticipated “halo” effect for Harper Adams had not been as strong for 2020/21 and this would be further reviewed with a view to improving this performance;
 - iii) that the HEIF and QR funding received had been slightly higher by c £20K. There was more work to do to improve PGR numbers to recover some lost QR in future years. HEIF income might also be impacted if short courses were reduced or postponed/cancelled due to COVID during the year;
 - iv) that staff costs had been adjusted to reflect the need for additional cleaning and catering activity to ensure COVID secure measures were met. Investment in screens, visors, face coverings, additional socially distanced dining furniture, large quantities of alcohol sanitiser and other COVID secure mitigation measures had been considerable (c £90k) and would remain an on-going cost included in the budget for 2020/21/ Some items would be capitalised if possible by agreement with the external auditors;
 - v) that vacancy savings appeared to be on target across the year, while the national pay award freeze had delivered the estimated saving. Staff due to receive increments had not all agreed to forgo this contractual right and so this measure could not be delivered. Non-pay savings had been increased from £1m to £1.4M since the July forecast as further savings had been identified as realistic. Only 30% of non-pay budgets had been released unless licence or other essential expenditure had to be met in the first quarter;

- vi) that the underlying result remains as planned at £250K surplus, if all efficiency measures are delivered, but the pension liability will lead to a £889K loss. The forecast identified that bank covenants would be met and liquidity measures were also being met. However, this depended on delivery of the significant staff cost savings as set out in the updated risk table. The table was the “roadmap” to deliver the forecast for 2020/21;
- vii) that as indicated in the next agenda item, the OfS required all HEIs to submit an interim financial data return by 30 October 2020. The requirements had been issued by the OfS the previous day and were being evaluated;
- viii) that the planned voluntary severance scheme was in hand with a number of expressions of interest which would be considered and determined by end of September. It was noted that these included a senior postholder. The process to consider this request would need to follow the process agreed by the Board for senior postholders who are appointed by the Board. The Chair had been briefed on this matter;
- ix) that some restructuring of departments had been taking place and should all of the proposed changes to bureaucracy come to fruit this would help to avoid a need for vacancy filling for a small number of staff who have recently secured roles at other HEIs;
- x) that ensuring staff are focused on income generation would remain key as would 2021 recruitment. Assumptions about income from short course and conference income remained minimal at this point;
- xi) that no assumptions have been made about a potential loss of accommodation or other income in the event of a further national lockdown- this remained a recognised risk that was not possible to predict at this point. Contingency planning in relation to this would include approaching the banks about covenants;
- xii) that the new DC pension scheme was now in place for new employees who were ineligible for TPS. Shropshire Pension Scheme had confirmed that the decision to admit staff to the scheme was a matter for the University and they did not have any concerns to raise about the change. They had also indicated that should substantial pension strain costs arise with regard to redundancies, the costs could be met over a period of time. In discussion members asked that further consideration be given to a proposal to encourage further existing staff who were members of LGPS to opt into the DC scheme on the basis that they could receive more take-home pay if they were happy to switch to the DC scheme; **LF**
- xiii) that estates costs had been adjusted to include estimates of additional utility costs to deliver ventilation requirements;
- xiv) that estimates of the likely costs for redundancies had been reviewed and now included pay in lieu of notice. No assumptions had been made in relation to pension strain for LGPS members;
- xv) that the OfS financial regulations may change once they have considered the interim financial returns from HEIs;
- xvi) that consideration of how redundancies might be managed was in hand, subject to the outcome of the Voluntary Severance scheme. It was

recognised that maintaining staff morale during this challenging period remained critical and that re-distribution of work would be important;

Agreed:

- i) to recommend the updated budget for 2020/21 and forecast for the year to the Board at its meeting on 2 October 2020, subject to any further updates that may occur in the period up to the Board meeting;
DW/LF
- ii) to recommend to the Board that the 2020/21 budget and forecast be signed by the Vice-Chancellor as Accountable Officer and submitted to the OfS at the end of October 2020. However, if substantial changes were needed, the Board would be asked to agree that the Committee may act on its behalf to approve those changes and report on them to the Board by circulation;
DGL/LF/DW

20/03 Revised OfS Reporting requirements (DGL)

Received: a briefing note setting out the revised requirements for submission of an interim financial data collection by 30 October 2020 and revised year end reporting requirements for submission by the end of February 2021

- Noted:
- i) that as outlined above the interim financial data submission would be made at the end of October 2020;
 - ii) that the Chief Financial Officer would review the latest information on when the full five-year forecast was to be submitted after approval by the Board. It appeared likely that a special meeting of the Committee was likely to be needed either in January or February to consider the submission and that following this a special Board meeting would also be needed to secure formal approval;
LF/CEB

20/04 Update on implementation of Scottish Widows DC Pension Scheme (LF/MT)

Received: a briefing note setting out progress with implementation of the new scheme

- Noted:
- i) that as discussed earlier in the meeting, good progress had been made. Particular thanks were expressed to Mr Thomas for his support and engagement with the consideration of the final design for the scheme;
 - ii) that the Chief Financial Officer would be follow up final governance arrangements and discuss these with Mr Thomas;
LF
 - iii) that the JCNC and Staff Consultative Group had been advised about the changes for new staff and had raised no issues. Should existing LGPS members request a transfer to the scheme this would be there personal choice. It was felt that this would be a useful second step. Thereafter further consideration may be needed.

20/05 Proposal for Additional Annual Leave Days 2020/21 (DGL/PN)

Considered: a proposal that all staff who worked during the national "lockdown" period are awarded additional leave days in the period to end of March 2021

Agreed: to recommend the proposal to the Board by circulation for approval, subject to amending the end date for taking additional leave days to 31 July 2021 **CEB**

20/06 Any Other Business

Proposed amendment to the Schedule of Delegation

- Noted:
- i) that the job description for the Deputy University Secretary envisaged the role holder being able to sign contracts, including HR related documents, other legal documents such as research contracts and estates and facilities agreements on behalf of the University. This would ensure further resilience should the Vice-Chancellor or University Secretary not be available to undertake such duties;
 - ii) that to put the above into operation it was necessary to seek approval from the Board for appropriate amendments to the Schedule of Delegation;

Agreed: to recommend to the Board that the Schedule of Delegation be updated as set out above. **DW/CEB**

20/07 Date of next meeting
5 November 2020