



CANTERBURY CHRIST CHURCH UNIVERSITY

MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON THURSDAY 4 JUNE 2020 AT 9.30AM VIA TEAMS TELECONFERENCE

- Present:** Ms J Armitt (Chair), Ms J Harding, Sir I Johnston, Mr P Kloppenborg, Revd R Stevenson, & Professor R Thirunamachandran (Vice-Chancellor)
- In Attendance:** Professor H James, Deputy Vice-Chancellor
Ms M Ayers, Director of HR&OD
Mr S Gwynne, Director of Estates and Facilities
Mr S Johnston, Director of IT [Item 15]
Ms C Lambert, Director of Planning & Academic Administration [Item 14]
Mr D Leah, Director of Finance and Chief Financial Officer
Mr B MacPhee, Students' Union Chief Executive [Item 13]
Mr F Martin, Pro-Chancellor
Dr P Rands Director of Sustainability Development [Item 8]
Ms B Thomson, President-Elect, Students' Union [from Item 8]
Ms A Sear, University Solicitor and Clerk to the Governing Body
Mr P Ferguson, Governance and Legal Services Manager
- Apologies:** Mr S Brown

An opening prayer was said by Sir Ian Johnston.

186. Apologies for Absence [Agenda: Item 1]

There had been no apologies for absence except from Mr S Brown.

187. Declarations of Interest [Item 2]

Ms J Armitt, Professor James and Ms M Ayers, directors of Medco (CCCU) Limited, trading as Unitemps, each declared a potential interest in the matters to be considered under Items 6 and 7. The committee determined that this did not mean they needed to withdraw from the discussion.

188. Chair's Communications [Item 3]

The Chair welcomed everyone to the meeting.

189. Minutes of meeting of Finance and Resources Committee held on 5 March 2020 [Item 4]

The Unrestricted and Restricted minutes of the meeting of the Finance and Resources Committee held on 5 March 2020 were approved for signature by the Chair.

190. Matters Arising not appearing elsewhere on the Agenda [Item 5]

There were no matters arising; the Committee reviewed its action log, with no changes to be made except in relation to item 45 (future IT update reports), which had been completed.

NOTED

191. Report of the University's Financial Position 2019/20: Third Quarterly Review [Paper M111] [Item 6]

The Finance and Resources Committee considered a paper [Paper M111] by the Chief Financial Officer regarding the University's Financial Position 2019/20: Third Quarterly Review.

The Chief Financial Officer outlined material matters affecting the University's in-year financial performance. As with the budget for the next academic year, it was necessary to differentiate between pre-Covid 19 and post-Covid 19 circumstances. At the end of the first quarter, the Governing Body had agreed a revised deficit budget for the year of £295,000. Mid-year that deficit had been predicted to increase to £899,000, recognising an income shortfall and the implementation of further cost reduction measures.

Subsequently, the financial position of the University had been hugely impacted by Covid-19. Funding council grants for DfE, full-time tuition fees, part-time tuition fees, accommodation and catering, research, knowledge exchange, Teach First and other income had all been affected, of which accommodation income and catering had been the most materially affected. In addition, subject knowledge enhancement activities had been disrupted, along with other part-time programmes that would have occurred in the latter part of Semester 2. A combination of project deferrals and targeted income opportunities for the final part of Semester 2 in respect of Research and Knowledge Exchange had also been impacted; however, a small number of opportunities to bid for Covid-19 related research funds had arisen.

The Chief Financial Officer estimated the income shortfall attributable to the Covid-19 impact to be significantly in excess of £5m. Once cost savings associated with the closedown of the campus were taken into account, the overall net position would be circa £4m for the 2019/20 year.

The Chief Financial Officer also highlighted the University's financial performance in respect of full-time tuition fees. Provision for shortfall had been estimated in respect of student withdrawals and associated attrition. This year, there had been an increase in that. As part of data cleansing activities undertaken in readiness for the University's new student record system, the removal of inactive students had resulted in a decrease in both student numbers and associated tuition fee expectations. Deficiencies had been identified in the withdrawal process affecting responsibilities across teams within the University. The Deputy Vice-Chancellor had provided significant senior leadership to a dedicated task and finish group in respect of the position and the Audit Committee had been robustly following up actions following a recent Internal Audit report accordingly, along with monitoring an action plan on data cleansing.

The Deputy Vice-Chancellor said that a report on student retention would be provided to the next meeting of the Governing Body. The report would include the percentage of student withdrawals at the University against the sectoral benchmark. It would also include details on process and accountability. An increase in student withdrawals at the University had been evidenced, reflecting a continued change in the student population. Foundation programmes had, in particular, been impacting on retention. The relationship between the tutor and the student had to be more robust and issues followed up more effectively. Faculties, schools and central administration required more robust monitoring processes. The problem of withdrawals had been on the University's agenda for quite some period of time but involved many complex issues.

In respect of student withdrawals, a Governor asked whether trends had been established from student exit interviews. In response, the Deputy Vice-Chancellor said that many of the affected students did not engage with the University at all and that the reason for withdrawal could not be identified through an established mechanism. However, academics would often have information that contradicted students' given reasons for withdrawal. A detailed analysis on that had been undertaken recently. The solution resided in academic engagement and process. Far more engagement monitoring had to be undertaken by academic and administrative colleagues. With confidence regarding improved data quality for 2020/21, improvements regarding withdrawals would be anticipated. In response to a follow up question from the Governor, the Deputy Vice-Chancellor said that in her view withdrawals could not be considered as a result of a perceived lack of good value for money of programmes. The Student Governor said he shared the Deputy Vice-Chancellor's view.

Another Governor queried whether withdrawn students shared common attributes. In response, the Deputy Vice-Chancellor explained that non-engagement had been identified as the main attribute. The University should ensure it responds far sooner to non-engagement to ensure withdrawals in a timelier manner.

In response to a question from another Governor regarding process and capacity, the Deputy Vice-Chancellor said that apart from capacity, clarity of roles and responsibility regarding withdrawals had to be secured. The retention dimension had to be actively planned by faculties to be supported. Resource discrepancies within faculties had been identified resulting in a re-allocation of posts across faculties.

A Governor asked the Deputy Vice-Chancellor whether the situation regarding withdrawals would improve. In response, the Deputy Vice-Chancellor said that there was much more work to be undertaken in that it was very much a work in progress. The recently in post Deputy Academic Registrar had been successfully re-positioning some of that work. The University would be in a better place for the start of the next academic year, but it was still in the process of putting solutions in place. In terms of risk, there continued to be some students requiring to be withdrawn, but they would be far fewer in number now. The best position would be secured for 2020/21 with the most robust processes in place. The Deputy Academic Registrar would be held to account for the clarity of that. In conclusion, the Deputy Vice-Chancellor said that the University would seek to ensure greater accuracy regarding student number planning to enable it to reflect actual retention rates more accurately within schools.

The Chief Financial Officer said that although the pay budget had been successfully managed down, take up of the enhanced voluntary severance scheme had not been

as anticipated, with a £500,000 underspend. Savings in non-staff costs had resulted from Covid-19. Disregarding the impact of Covid-19 there would have been a break-even position, meaning that the forecast £4m deficit in fact represented the net costs to the University of Covid-19.

The Chief Financial Officer explained that Covid-19 related expenses were of relevance to the University's bank covenants. A re-set of the EBITDA measure had been agreed for the current academic year from 4.5% to 6.25% in recognition of financial challenges. Without the impact of Covid-19, performance would have come in within 6.25%. With the Covid-19 impact, performance had been forecast at 11.18%. The University's expected financial performance for the current academic year had been shared with the banks in outline terms as part of a meeting held on the day before the Committee. A reasonably supportive response had been given. The 2019/20 forecast paper and further information on the expected 2020/21 position would be provided to the banks subsequent to the Committee meeting.

In respect of covenants, the Vice-Chancellor said that it had been expected that half of the UK's universities with loans would breach covenants.

Separate minutes have been taken regarding other matters included in the paper deemed to be kept confidential from the published unrestricted minutes.

The Chair thanked the Chief Financial Officer for the report.

RESOLVED

That the overall financial results for the period to 30 April 2020 in the context of the assumptions and risks underpinning the forecast outturn for the financial year 2019/20 be endorsed for consideration by the Governing Body.

192. Business Planning 2020/21 (Update) and Financial Strategy and Budget Scenarios 2020/21 [Paper M112] [Item 7]

The Finance and Resources Committee considered a paper [Paper M112] by the Chief Financial Officer and Director of HR and OD regarding Business Planning 2020/21 (Update) and Financial Strategy and Budget Scenarios 2020/21.

Separate minutes have been taken regarding matters included in the paper deemed to be kept confidential from the published unrestricted minutes.

193. Sustainability Annual Report: A University response to the UN Sustainable Development Goals [Paper M113] [Item 8]

The Finance and Resources Committee considered a paper [Paper M113] by the Director of Sustainability Development on Sustainability Annual Report: A University response to the UN Sustainable Development Goals.

The Director of Sustainability Development was invited to present the paper. The Director of Sustainability Development said that the format of the report had been changed to secure a wider audience by providing a simpler way of presenting the information and to position sustainability in the context of UN Sustainable Development Goals. Since last year, a University KPI had been introduced to uphold its commitment to the SDG Accord, which carried a requirement to report annually.

The report had been intended to provide a flavour of the situation and to be a 'live' report, to be regularly updated and published on the University's website. Unlike many universities, which had taken a very generic position to the 17 sustainability goals, a mapping of the 169 targets had been undertaken and relevant target responses identified.

The report highlighted a tremendous amount of great achievements in the University, in particular the depth and breadth of support for staff and student wellbeing, with specific examples in respect of Covid-19; the breadth of innovation of the academic community in embedding sustainability across the curriculum in relation to many of the SDGs; the declaration by the University and the Students' Union of a climate emergency and active engagement with the Canterbury Climate Action Partnership (CCAP); the University's change to a 100% renewables electricity tariff; and year-on-year decrease with on-site waste generation. Unfortunately, though, applications for funding to support climate action through the Heritage Lottery Climate Action Fund, by the University, CCAP, and the Cross-Kent Natural Environment Community of Practice had so far been unsuccessful. No feedback had been received, but it had been the first round of a 10-year fund.

In response to a question from a Governor relating to frustrations regarding sustainability, the Director of Sustainability Development said that although there had been a 25% reduction in University carbon emissions between 2010-16, the situation of the University had become particularly difficult in the context of reduced resources. But there was now a requirement to report on Scope 1 and Scope 2 emissions, with the option to report on Scope 3. There were energy and desire to continue the activity in respect of carbon emissions, but sufficient resources were not currently available.

The Chair asked despite current circumstances, what was being done to secure carbon neutrality of the University? In response, the Director of Sustainability Development said that the University's recent focus had been the development of a new academic portfolio and Building 2. Resources had been diverted accordingly. Further work would be undertaken in due course regarding carbon neutrality. The first step would be to understand what that would be. The second to keep updated with technological developments, with an acknowledgement that carbon neutrality could not be secured without an element of carbon offsetting, which meant spending money externally and changes to the use of the University's physical estate such as mothballing and demolitions.

The Director of Estates and Facilities said that the University had made significant progress in respect of carbon management without dedicated staff. Supply chains could provide more support, including recycling. The employment of dedicated staff would be considered.

The Chair thanked the Director of Sustainability Development for the excellent report, fully accepting the challenges of present circumstances. The Chair said that the University's approach to carbon neutrality should be re-visited in due course in terms of setting the University's future strategy, with effort concentrated on a recommendation for endorsement by the Committee in terms of what it would take for the University to achieve carbon neutrality.

NOTED

194. HR & OD Development Update [Paper M114] [Item 9]

The Finance and Resources Committee considered a paper [Paper M114] by the Director of HR & OD. The Director of HR & OD introduced the paper. Activity of HR & OD had focused on maintaining staff engagement, providing information and support for home-working, particularly in respect of development. A relatively positive response had been secured in respect of the recent first staff 'Pulse' survey, with as many of the issues arising from that being picked up immediately. Another 'Pulse' survey would be provided in mid-June to try to assess the response of staff regarding return to on-site working. HR & OD had been reviewing the support it provided to the University and the future workforce, ways of working, including agile working, in accordance with the *People Strategy*. Examination of ways of working would contribute to securing work-life balance and a reduction in carbon footprint.

In response to a question from a Governor regarding 'Pulse' survey trend data, the Director of HR & OD said that only the original staff survey from 2017 could be used as a reference point. A third of the workforce had responded to the 'Pulse' survey, whereas a larger proportion of staff had responded to the 2017 questionnaire.

NOTED

- 195. 10.1: Estate Development Update (including Estate Master Plan) [Paper M115]
10.2: Annual Estate Management Statistics Report [Paper M116] [Item 10]**

The Finance and Resources Committee considered an Estate Development Update paper [Paper M115] by the Director of Estates and Facilities. The Committee also considered a paper [M116] also by the Director of Estates and Facilities setting out the Annual Estate Management Statistics Report.

The Director of Estates and Facilities introduced the papers. The Director of Estates and Facilities said that a cohort of staff continued to work on-site to ensure security and safety of premises. Work to implement the University's Estate Master Plan was also continuing. The practical implications of a return to on-site delivery and staffing for Semester 1 were also being worked through and assessed.

Construction of Building 2 had resumed on 20 April 2020 after a pause as a result of Covid-19, with a significantly reduced workforce. It had been challenging to re-define the programme, with the biggest risk being the supply of materials. A realistic date for practical completion of the build had been determined as 5 October 2020. After completion of construction, specialist fixtures and fittings would need to be installed, which would be likely to take six weeks. That work would have to be very tightly controlled due to measures in place relating to Covid-19. Subsequently, staff and activities would be transitioned into the new building. It was hoped that the building would be ready in time for the start of Semester 2 in January 2021.

Separate minutes have been taken regarding matters included in the paper deemed to be kept confidential from the published unrestricted minutes.

The Chair thanked the Director of Estates and Facilities for both reports, noting in particular the achievement regarding the reduction in water leaks.

NOTED

196. Treasury Report - Investments and Loans [Paper M117] [Item 11]

The Finance and Resources Committee considered the Treasury Report – Investments and Loans paper [Paper M117] by the Chief Financial Officer.

The Chief Financial Officer said that the paper set out the University's current arrangements in respect investments and loans. The University continued to benefit from beneficial loan rates.

NOTED

197. Pensions Update [Paper M118] [Item 12]

The Finance and Resources Committee considered a Pensions Update [Paper M118] by the Chief Financial Officer.

The Chief Financial Officer said that the paper, which outlined the costs of the University's five pension schemes along with developments over the past year, summarised the considerations affecting the pensions schemes, including employer affordability and the need to have effective planning in place for an increased number of retired members who may be drawing both state and occupational pensions.

SMT would review in due course options regarding pensions affordability and sustainability, with a view to bringing proposals to the Committee for consideration. There were exposures across all schemes, which had been outlined within the paper. A balance had to be struck between financial affordability, withdrawal associated risks and the requirement to offer attractive and appropriate staff pensions.

Action: Clerk to include an item on pensions for further review in a subsequent meeting of the Committee in the next academic year

NOTED

198. Students' Union Termly Report and Proposed Budget 2020/21 [Paper M119] [Item 13]

The Finance and Resources Committee considered the Students' Union Termly Report and Proposed Budget 2020/21 [Paper M119] by the Students' Union Chief Executive Officer.

The Students' Union CEO introduced the paper. He said that the financial position year-to-date was positive in that there was a £36k surplus, against a budgeted year-to-date surplus of £9k. An 8+4 projection predicted the Union would end the year with a £36.5k surplus against a budget of £10.5k. However, this would be likely to be reduced as effort would be made to advance expenditure into the current financial year where permitted to offset what was expected to be an extremely challenging 2020/21. Remote office working had resulted in small back office savings. The option to furlough staff had been kept under review. As the majority of the income of the Students' Union had been derived from public funds, albeit in an indirect way from the University, advice had been received that it would not be appropriate to use the furlough scheme for the majority of staff. The decision not to use furlough widely had also been taken in the context of the good current financial position of the Students' Union, and, somewhat more importantly, there was more than sufficient work to fill staff capacity in an already lean organisation. Staff

resource was being re-allocated internally for the first part of the next academic year to cover maternity leave as opposed to using furlough given that the scheme was tapering off. The Students' Union CEO continued by saying that the voluntarily produced annual gender pay gap report of the Students' Union had resulted in gender changes from the previous report due to sabbatical and staff changes. A 'Pulse' survey had been undertaken in January, with staff satisfaction, engagement and wellbeing positively scored. Further work would be undertaken to analyse the results. In terms of the next academic year, an extremely challenging context would be faced. Although commercial income had nearly doubled in recent years, the University's grant was less in cash terms than it had been five years previously, necessitating five years of compounded efficiency savings, all the time ensuring that student facing services and partnership working with the University were protected. In all planning scenarios, a £40k reduction in commercial income had been assumed, as a reasonable worst-case scenario, with different levels of reduction to the University's grant. However, in all scenarios, a deficit budget had been forecast for 2020/21.

The Chair congratulated the Students' Union for generating a surplus as of March 2020. The Chair said that the decision not to furlough staff was a disappointment, though. Although the Students' Union might be able to manage financially without furloughing staff, the next academic year would be very difficult financially for the University and the Students' Union. Getting ahead to control costs in this year in order to reduce the burden in future years would be beneficial. The Students' Union was encouraged to furlough staff even at this late stage. The Chair also suggested that the proposal to set a deficit budget should be reconsidered. The Students' Union would be advised to take all possible steps now to protect its financial position for the future given difficulties ahead.

NOTED

199. Modernising Our Student Information (MOSI) Update [Paper M120] [Item 14]

The Finance and Resources Committee considered an update paper on the Modernising Our Student Information (MOSI) programme [Paper M120] by the Director of Planning and Academic Administration.

The Director of Planning and Academic Administration introduced the paper, which outlined the latest position on the MOSI programme. Applicant data would continue to be managed in the new SITS system, including the delivery of clearing and confirmation in summer 2020. New and returning students would be registered onto their programmes and modules in the University's current student record system (QL) and student records managed in QL throughout 2020/21.

A Governor asked whether there would be an option during the year to move new and returning students to SITS. In response, the Director of Planning and Academic Administration said that the Programme Board had considered a number of options at the end of April 2020. One of the options had been to do exactly that, but because of the migration complexities, that had not been considered to be a realistically viable option.

The Chair thanked the Director of Planning and Academic Administration for the report, noting that the Committee was pleased that SITS would be used for clearing and confirmation.

NOTED

200. Information Technology Development Update [Paper M121] [Item 15]

The Finance and Resources Committee considered the Information Technology Department Update [Paper M121] by the Director of IT.

The Director of IT introduced the paper, which provided an overview of current priorities in relation to Information Technology. The Director of IT said that from a risk position, in terms of cyber security credentials given the rapid move to remote working, the IT Security Operations Group had brought forward planned future activities, particularly regarding Ransomware risks. Work would continue to be invested accordingly. Awareness campaigns regarding Phishing, the most common form of attack upon IT networks, were also being undertaken. Actions in respect of a recent Internal Audit report on cybersecurity and from sectoral best practice were in hand.

In response to a Governor question regarding the financial impact, the Director of IT said that capability had been re-purposed to undertake the Covid-19 related activities, without any significant adverse budgetary effects. Only a limited number of non-strategic projects had been deferred.

The Chair thanked the Director of IT for the report.

NOTED

201. Unitemps - Minutes of (unapproved) Medco (CCCU) Limited Board meeting held on 5 March 2020 [Paper M122] [Item 16]

The Committee noted the paper titled Unitemps - Minutes of (unapproved) Medco (CCCU) Limited Board meeting held on 5 March 2020.

NOTED

202. Any Other Business [Item 17]

There was no any other business.

203. Confidentiality [Item 18]

RESOLVED

Commercially sensitive matters in minutes 191, 192 and 195 should be kept confidential and recorded separately in restricted form. There were no other matters to be kept confidential from published minutes once approved.

204. Date of next meeting [Item 19]

The date of the next meeting was confirmed as Thursday 5 November 2020 at 9.30am.

SIGNATURE

DATE