



CANTERBURY CHRIST CHURCH UNIVERSITY

MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON THURSDAY 5 NOVEMBER 2020 AT 9.30AM VIA MICROSOFT TEAMS

- Present:** Ms J Armitt (Chair), Mr S Brown, Ms J Harding, Sir I Johnston, Revd R Stevenson, Professor R Thirunamachandran (Vice-Chancellor) and Ms B Thomson
- In Attendance:** Ms M Ayers, Director of HR&OD
Mr P Ferguson, Governance and Legal Services Manager
Mr S Gwynne, Director of Estates and Facilities
Professor H James (Deputy Vice-Chancellor)
Mr S Johnston, Director of IT [Item 11]
Ms C Lambert, Director of Planning & Academic Administration [Item 10]
Mr D Leah, Director of Finance and Chief Financial Officer
Mr B MacPhee, Students' Union Chief Executive Officer [Item 12]
Mr F Martin, Pro-Chancellor
Mrs K Pilgrim, Assistant Director of Finance [Financial Accounting]
Ms A Sear, University Solicitor and Clerk to the Governing Body
- Apologies:** None

31. Opening Prayer

Revd R Stevenson led the opening prayer.

32. Apologies for Absence [Agenda: Item 1]

There had been no apologies for absence.

33. Declarations of Interest [Item 2]

In respect of Item 15, the Vice-Chancellor declared that he was an enhanced opted out member of the Universities Superannuation Scheme and that no current benefits were being accrued. There were no other declarations of interest in respect of any matters on the agenda.

34. Chair's Communications [Item 3]

The Chair welcomed everyone to the meeting.

35. Minutes of meeting of Finance and Resources Committee held on 4 June 2020 [Item 4]

The Unrestricted and Restricted minutes of the meeting of the Finance and Resources Committee held on 4 June 2020 were approved and signed by the Chair.

The updated action log was acknowledged.

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

There were no matters arising.

NOTED

37. Finance and Resources Committee Terms of Reference and Work Plan 2020/21 and Compliance Statement 2019/20 [Paper N19] [Item 6]

The Finance and Resources Committee considered a paper [Paper N19] by the Governance and Legal Services Assistant about the Finance and Resources Committee Terms of Reference and Work Plan 2020/21.

The University Solicitor and Clerk to the Governing Body said that the Terms of Reference had been updated to remove duplication and to insert three yearly effectiveness reviews of the Finance and Resources Committee in accordance with the updated CUC HE Governance Code. Item 7 on the Work Plan (Accommodation Strategy) would be subject to consideration by the Committee not at the present meeting, but subsequently, due to the pandemic. The Compliance Statement for the Committee in 2019/20 was noted.

RESOLVED

That the Terms of Reference for the Finance and Resources Committee for 2020/21 and the Work Plan for the Committee for the current academic year be approved.

NOTED

**38. Financial Reports for the Year ended 31 July 2020
Report on the University's Financial Position [Paper N20] [Item 7.1]
University's Consolidated Financial Statements [Paper N21] [Item 7.2]
Medco (CCCU) Limited, trading as Unitemps, Financial Statements [Paper N22]
[Item 7.3]**

The Finance and Resources Committee considered the following Papers: Report on the University's Financial Position [Paper N20], University's Consolidated Financial Statements [Paper N21], and Medco (CCCU) Limited, trading as Unitemps, Financial Statements [Paper N22].

1. Report on the University's Financial Position [Paper N20]

The Director of Finance and Chief Financial Officer ('the Chief Financial Officer') prefaced the Paper by seeking to place on record his thanks to the Assistant Director of Finance [Financial Accounting] and colleagues within the Finance Department for excellent work and commitment in the very challenging and unprecedented context.

The Chief Financial Officer identified the following typographical corrections:

Page 28 (Commentary to Consolidated Financial Statements 2019-20) Overall expenditure had decreased by £4,091k (not £1,680k)

Page 30 (KPIs) The University had NOT fully met all bank loan covenants.

The Chief Financial Officer said that a projected £3.3m deficit had been improved by £500,000 due to a late adjustment by the External Auditor that a £500,000 grant from Garfield Weston should be treated as a donation. A change to the balance sheet had been made to show £16.660m as a liability pending release to the Statement of Comprehensive Income upon the opening of Building 2 in January 2021. Although a net current liability, it did not reflect an amount to be repayable by the University as grant conditions had been met.

NOTED

2. University's Consolidated Financial Statements [Paper N21]

The Assistant Director of Finance [Financial Accounting] said that changes had been made to the draft strategic report: the inclusion of i) a section 172 statement that explained how directors have had due regards to wider stakeholder needs and ii) measures taken regarding carbon reduction. A technical review by the External Auditor of the strategic report was awaited. The Chief Financial Officer said that the draft report of the External had only been received the night before the meeting of the Finance and Resources Committee. The report would be presented to Audit Committee on 11 November 2020.

The Chief Financial Officer said that the forecasts and covenant reset would be matters for External Audit consideration and review to ensure that the going concern statement could be signed off.

The Chair thanked the Chief Financial Officer for the report. The Chair said that the Committee would be pleased that the deficit had been better than forecast and reflected efforts during 2019-20, which were to be applauded.

RESOLVED

That, subject to any further subsequent changes as a result of External Audit, the University's draft Consolidated Financial Statements for the year ended 31 July 2020 be recommended for approval by the Governing Body.

That the accounting policy for assets held for resale set out in the Paper be approved.

3. Medco (CCCU) Limited, trading as Unitemps, Financial Statements [Paper N22]

The Assistant Director of Finance [Financial Accounting] said Medco (CCCU) Limited had made a small loss (£15k) for the year due to pandemic restrictions. This could be funded from reserves, and there would be no call on the University for support at this stage.

NOTED

39. OfS Financial Forecasts [Paper N23] [Item 8]

The Finance and Resources Committee considered a paper [Paper N23] by the Chief Financial Officer about the University's OfS Financial Forecasts.

This item is minuted in Restricted Items (Part 2) of these minutes.

40. Report on the University's Financial Position for the two-month period to 30 September 2020 [Paper N24] [Item 9]

The Finance and Resources Committee considered a paper [Paper N24] by the Assistant Director of Finance [Financial Accounting] about the University's Financial Position for the two-month period to 30 September 2020.

The Chief Financial Officer said that the Paper compared the University's actual financial activity in the two months to 30 September 2020 with the budget approved by the Governing Body in June. In light of the better than budgeted student recruitment and returning student numbers, the surplus for the first two months was £1.6M higher than budget. Budgeted annual income for the year was £115.6m; projected income for the year was now £123.2m.

The Paper highlighted the present risk to income from residences and catering throughout the pandemic. However, occupancy levels had increased from 86% in September to 92%. Catering income would be very much likely to be adversely affected as had been assumed as a result of reduced use of facilities by students. The formal quarterly review would provide full details of the University's overall financial position, which would enable the Governing Body to re-set the budget if necessary.

The Chair asked about the impact on the University's finances of the second lockdown. The Vice-Chancellor said in response in accordance with Government guidance, that the University had remained open, with consultation with local public health authorities to determine the balance between face-to-face and on-line learning. The campus was very safe, given measures that had been instigated. The Student Governor said that students had a distinct preference for face-to-face provision, with positive effects on mental health and academic outcomes. Students felt very safe on campus. The Deputy Vice-Chancellor said that, due to the University's physical estate, namely room size and volume for particular cohorts, more on-line learning had been taking place than had been originally anticipated in some areas. It was acknowledged that UCU's national position is that all providers must move learning online for the duration of the new lockdown. However, UCU had locally accepted, in particular, the requirement for access to the University's assets for practical-based subjects.

A member of the Committee asked whether the financial implications of the pandemic upon the University had materially affected the support being provided to students. The Deputy Vice-Chancellor said that, for example, laptops had been provided for students, a financial impact upon the University, to ensure support for

effectiveness. There had been no reductions in the provision of services to students. Services had been positively enhanced; for example, counselling waiting lists had been reduced. The Student Governor said that students had been significantly supported by the University. The next few months would be very important, as due to restrictions in the part-time job market many were in a worse financial position than they were at the start of the academic year, and that had been quite bad in any event.

NOTED

41. Modernising Our Student Information (MOSI) Update [Paper N28] [Item 10]

The Finance and Resources Committee considered an update paper [Paper N28] by the Director of Planning and Academic Administration about the Modernising Our Student Information (MOSI) project.

The Director of Planning and Academic Administration presented the Paper and said that since the last meeting, significant progress had been made with MOSI. In terms of backward migration, in March 2020, the Programme Board recognised that the pandemic presented serious challenges to MOSI. In particular, challenges were faced regarding the recruitment of specialist roles and the home-school commitments of key staff, that required capacity risks to be balanced for the roll out of training on the new SITS system and associated processes for the start of the new academic year. Options had been developed in April for the Programme Board that resulted in the recommendation that Admissions, Confirmation and Clearing in SITS, with records migrated from SITS back to QL, the current student system, for student management purposes, for 2020-21, with registration in SITS for the next academic year. Student data migration from SITS to QL had been a complex task. In terms of experience gained, staff had developed on-line processes at pace over the summer responding to the pandemic and the wider context of GCSE and A Levels moving to on-line exam processes, which had resulted in the development of quite significant changes in a relatively short timeframe. Although some SITS functionality had been used, the impact of changes for both students and staff had been underestimated. This had resulted in delays when records had been migrated.

The Director of Planning and Academic Administration said that the Paper included early benefits and achievements of SITS functionality and student communications, particularly during the pandemic. A full evaluation would be considered in due course by the Programme Board. In terms of the updated scope and timelines, at this point next year, the University would be at the start of roll out of SITS across the student record, including assessment and graduation, that is, the whole of the student journey. A decision had been taken to review the delivery of staff SITS training, which would be undertaken online given the impact of the pandemic. The budget forecast (originally £6.9m), (in April 2020 £10.4m), now £9.967m reflected a revised scope, resource and delivery planning and cost savings as a result of short time working and re-profiled supplier costs. The revised project timeline, which had been approved in August, was being monitored by the Programme Board. The biggest risk continued to be the lack of capacity in the business to support the project and deliver other projects, regarding which the Programme Board had requested a detailed mitigation plan. The introduction of short time working had also recently been identified as a risk. In terms of assurance in respect of the completion of project milestones, there was confidence regarding the skills and capacity within the Programme Team. Previous identified concerns about skills and capacities had been

addressed. The readiness of the University generally to embrace the changes represented the most significant risk.

The Deputy Vice Chancellor said that the Programme Board had emphasised the importance of the student experience and end-to-end mapping. The MOSI team had to embrace the wider understanding of the student journey and the staff journey through all aspects, not just through MOSI. Things had fallen through with the integration of the whole experience. The Project Board had also been interested in supporting the MOSI team with business priorities as too often there had been delays because of the business not being able to respond quickly enough to enable MOSI implementation decisions to be taken.

A member of the Committee said that the MOSI investment had been committed on the basis that it was going to secure a number of benefits and to meet a number of OfS audit gaps. It was quite hard from the Paper to identify the benefits and to evaluate at the end of the plan whether all benefits had been achieved. It would be helpful for the next update to include a summary of the anticipated benefits and those realised upon the completion of the project. It would also be helpful to understand the extent to which audit gaps had been filled. The Director of Planning and Academic Administration said that benefit realisation had been considered by the Programme Board. It would be undertaken in two phases: Admissions, which had been rolled out and the student record. The Admissions benefits had not been quantified at the outset. As a consequence, upon evaluation, the Admissions benefits, particularly in terms of hard and financial terms, had not been clearly articulated. Activity had therefore been commissioned in respect of recording benefit realisation for the student record, which baselined core administrative processes, to systematically set the metrics now from 2018/19. The Vice-Chancellor said that the majority of the objectives set out in the original MOSI business plan would be achieved by 2021-22. In terms of data quality, a report on progress against the detailed OfS action plan would be considered by the Audit Committee at its meeting on 11 November 2020. Implementation of the OfS action plan was very much on schedule. Some actions could not be fully implemented until the full implementation of SITS for registration. That had been fully accepted and understood by the OfS.

The Chair noted that given short time working, there was no capacity to increase resources and capacity for the project, but tangible progress had been achieved. The Director of Planning and Academic Administration was thanked for the report.

NOTED

42. Information Technology Development Update [Paper N29] [Item 11]

The Finance and Resources Committee considered a paper [Paper N29] by the Director of IT, providing an Information Technology Development Update.

The Director of IT said that the Department of IT continued to work in a hybrid manner, with a small number of colleagues working on campus to respond to student and staff requests on site, with other colleagues delivering services remotely. 75% of IT staff were affected by short time working. Major strategic projects would continue to be supported, but the main impact of short time working would relate to continuous improvement activity. There had been no changes in respect of IT major capital investment. The capital plan for the current academic year had been re-shaped to focus on supporting strategic activity and to support key activity around supporting digitally disadvantaged students. Over 360 staff laptops had been issued.

There had been two major service delivery incidents: student registration and inbound telephone failure. There had been one external data breach in the reporting period, but this had not met the threshold to be reported to the Information Commissioner's Office. New measures had been taken to mitigate increased cyber security risks. Cyber security development and enhancement activity would slow with only agreed Internal Audit actions continued.

The Student Governor said that the student registration major failure had had a significant impact on students, with some students only being registered recently. This had resulted in problems for students with joining modules, catching up and accessing the virtual learning environment. This had affected the overall student experience, particularly for foundation students. The Student Governor also said that, in the interests of partnership working, it would have been preferable for the Students' Union to have been informed about the data breach, rather than finding out about it from staff of the Students' Union.

The Deputy Vice-Chancellor said that, for the record, many of the problems associated with registration had had nothing to do with the Department of IT.

The Chair said that the regret of the Finance and Resources Committee regarding the major service delivery incident should be passed on to the Students' Union and students.

NOTED

43. Students' Union 2019/20 Financial Statements, 2020/21 update and Budget 2020/21 [Paper N25] [Item 12]

The Finance and Resources Committee considered a paper [Paper N25] by the Chief Executive Officer, Students' Union, about the Students' Union 2019/20 Financial Statements, 2020/21 update and 2020/21 Budget.

The Chief Executive Officer, Students' Union, introduced the Paper.

Financially, the last academic year had been positive for the Students' Union. There had been a surplus of £27k, against a budgeted surplus of just over £10k. There had been a clean audit, with no recommendations in the key findings report. There was a £19K positive variance to budget year to date, mostly due to savings on pensions opt outs and a £5k holiday accrual from 2019-20. The second lockdown had created an element of financial uncertainty for the Students' Union, particularly in terms of staff costs to support students.

The Chair congratulated the Students' Union on the surplus for 2019/20. The Chief Executive Officer, Students' Union was thanked for the Paper.

NOTED

44. Estate Development Update (including Estate Master Plan) [Paper N26] [Item 13]

The Finance and Resources Committee considered a paper [Paper N26] by the Director of Estates and Facilities, providing an Estate Development Update (including Estate Master Plan).

Parts of this item have been minuted in Restricted Items (Part 2) of these minutes.

The Director of Estates and Facilities presented the Paper. He reported that discounting the period of time when work on the site had to cease owing to the first national lockdown, practical completion of Building 2 had been achieved slightly ahead of schedule.

The fit out process was currently being undertaken within the new Building 2 (STEM Building). That work was on time to be done by December 2020 and was within budget.

A Covid-secure environment had been effected at the University, notwithstanding the introduction of reduced working week with short time working.

In collaboration with Kent County Council and public health authorities, a Covid test centre had recently been opened on the University's Canterbury Campus. Take-up of testing had been good.

The Committee commended the University for securing the completion of Building 2, a high- quality development, on time (save in respect of the period of the first lockdown) and to budget.

NOTED

45. HR&OD Development Update and Annual Workforce Report 2019/20 [Paper N27] [Item 14]

The Finance and Resources Committee considered a paper [Paper N27] by the Director of Human Resources and Organisational Development.

The Director of Human Resources and Organisational Development said that the University's discussions with UCU and UCU's involvement with the University's response to the pandemic had been key ongoing commitments. An initial discussion at SMT regarding reward had been planned, taking into consideration cost control elements and pay structures should national structures break down, and related to that were pressures related to Universities Superannuation Scheme. Other pressures related to the introduction of short time working and the impact of the pandemic itself. A further PULSE survey had been launched, which would elicit feedback from colleagues. The University would then seek to develop further SMT Q&As and review support and communication mechanisms.

A member of the Finance and Resources Committee said that it might be helpful to have some time spent at the next meeting of the Committee undertaking a deeper dive regarding the staff resource itself, in addition to financial aspects.

NOTED

46. Universities Superannuation Scheme [Paper N30] [Item 15]

The Finance and Resources Committee considered a paper [Paper N30] by the Assistant Director of Finance [Financial Accounting] regarding the Universities Superannuation Scheme [Paper N30].

NOTED

47. Accounting Conventions Update [Paper N31] [Item 16]

The Finance and Resources Committee considered a paper [Paper N31] by the Assistant Director of Finance [Financial Accounting] about Accounting Conventions in respect of the preparation of the University's 2019/20 financial statements in accordance with the OfS regulatory requirements.

NOTED

48. Unitemps - Minutes (unapproved) of Medco (CCCU) Limited Board meeting held on 4 June 2020 [Paper N32] [Item 17]

The Committee noted the (unapproved) Minutes of Medco (CCCU) Limited Board meeting held on 4 June 2020.

NOTED

49. Any Other Business [Item 18]

There was no any other business except that the Vice-Chancellor said that it was a very challenging time for the University and expressed thanks and gratitude to all colleagues, who had been brilliant, and the staff unions, student body and Students' Union. The Chair said that the Committee would want to endorse that sentiment and expressed thanks to the Vice-Chancellor and his team in particular for their resilience.

50. Confidentiality [Item 19]

RESOLVED

Commercially sensitive matters in minutes 39 and 44 should be kept confidential and recorded separately in restricted form. There were no other matters to be kept confidential from published minutes once approved.

51. Date of next meeting [Item 20]

The date of the next meeting was confirmed as 4 March 2020 at 9.30am.

SIGNATURE

DATE