



## CANTERBURY CHRIST CHURCH UNIVERSITY

### MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON THURSDAY 3 NOVEMBER 2021 AT 9.30AM VIA TEAMS TELECONFERENCE AND IN THE FREDERIC MASON ROOM AT ST MARTIN'S PRIORY

**Present:** Sir I Johnston (Chair), Mr D Bichener, Ms J Harding, Mr C Stevens, Revd R Stevenson, and Professor R Thirunamachandran (Vice-Chancellor)

**In Attendance:** Professor H James, Deputy Vice-Chancellor  
Ms M Ayers, Director of HR&OD (remotely)  
Mr S Cockrill, Director of Digital Strategy and IT  
Mr D Leah, Director of Finance and Chief Financial Officer (CFO)  
Mrs K Pilgrim, Assistant Director of Finance [Financial Accounting]  
Mr B MacPhee, Students' Union Chief Executive [Item 12] (remotely)  
Mr S Gwynne, Director of Estates and Facilities  
Ms J Armit, Chair of the Governing Body  
Ms A Sear, University Solicitor and Clerk to the Governing Body  
Mr P Ferguson, Governance and Legal Services Manager

**Apologies:** None

#### 35. Opening Prayer

An opening prayer was delivered by Sir I Johnston.

#### 36. Apologies for Absence [Agenda: Item 1]

Mr S Brown

#### 37. Declarations of Interest [Item 2]

There were no declarations of interest in respect of any matters on the agenda.

#### 38. Chair's Communications [Item 3]

The Chair welcomed everyone to the meeting. The Chair expressed thanks for the excellent way in which the Finance and Resources Committee had been previously chaired by the now Chair of the Governing Body, noting the particularly difficult and challenging financial decisions that had had to be taken, and said that it was an honour to be appointed as Chair of the Committee. The Chair concluded this item by saying that due to time constraints, information items on the agenda would be

taken as read and that for future agenda planning purposes, it would be beneficial to secure more prominent positions for HR&OD and Digital and IT updates.

**39. Minutes of meeting of Finance and Resources Committee held on 3 June 2021 [Item 4]**

The Unrestricted and Restricted minutes of the meeting of the Finance and Resources Committee held on 3 June 2021 were approved and signed by the Chair.

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

There were no matters arising.

No changes were noted to be made to the Committee's action log except that it was to be noted that an update session regarding pensions had been arranged to take place on 29 November 2021.

**NOTED**

**41. Finance and Resources Committee Terms of Reference and Work Plan 2021/22 [Report O018] [Item 6]**

The Finance and Resources Committee considered a report [Report O018] by the Governance and Legal Services Assistant about the Finance and Resources Committee Terms of Reference and Work Plan 2021/22.

The Clerk to the Governing Body said that the Terms of Reference and Work Plan 2021/22 had been updated to remove the approval of TRAC and TRAC(T) Returns by the Committee. The Terms of Reference had also been updated to reflect changed membership and SMT attendance. Excepting an Estates Management Statistics Report that had not been produced due to short time working, the Work Plan 2020/21 had secured compliance. It was noted by the Vice-Chancellor that the University was no longer obliged to submit to the OfS an annual Estates Management Statistics Report. The Committee noted that it would continue to receive estates management information in 2021/22.

**RESOLVED**

That the Terms of Reference for the Finance and Resources Committee for 2021/22 and the Work Plan for the Committee for the current academic year be approved.

**42. Financial Reports for the Year ended 31 July 2021  
Report on the University's Financial Position &  
University's Consolidated Financial Statements [Report O019] [Item 7.1]  
Medco (CCCU) Limited, trading as Unitemps, Financial Statements [Report O020]  
[Item 7.2]**

The Finance and Resources Committee considered the following reports by the Assistant Director of Finance [Financial Accounting] in respect of financial reports for the year ended 31 July 2021.

**i. Report on the University's Financial Position and the University's Consolidated Financial Statements for the Year Ended 31 July 2021 [Report O019]**

The CFO said that further adjustments, notably in respect of contextual issues regarding the strategic report, would be made to the draft Financial Statements, but nothing of substance had materialised in terms of numbers or disclosures for adjustment to the circulated draft. Within management accounts, a £3.3m deficit had been returned, against a budget deficit of £3.2m. Annual performance had fully met bank covenants: EBITDA and net debt. Notwithstanding, the £3.3m deficit had been adjusted to an operating surplus of £8.372m in the Financial Statements resulting from notional pension charges and employer contributions assumptions, which would have no immediate impact on financial performance, and the release of accumulated capital grants.

A specific provision regarding staff recognition had been included in the Financial Statements in respect of a commitment that had been made as part of the Temporary Collective Agreement. The ultimate basis upon which that payment would be made to staff would be determined in consultation with the Joint Negotiation and Consultation Committee ('JNCC') and subject to Governing Body approval on 23 November 2021.

A member of the Committee asked whether the proposed staff recognition payment would be per staff member. The Vice-Chancellor said in response that the Senior Management Team's preference was for a flat rate pro rata by fte to be paid. The payments would be made in respect of recognition, not compensation for loss of earnings, reflecting a commitment in the Temporary Collective Agreement to recognise staff financially in the event that predicted financial performance for the 2020/21 year be exceeded. The Vice-Chancellor also said that payment of the proposed staff recognition payment was permissible and that not to comply with that Agreement would represent a considerable breach of trust.

Another member of the Committee asked about the University's future plans regarding deficit management. The CFO said that discussion had been undertaken with the banks regarding the University's medium term operating performance. The current deficit had been consistent with Governing Body and OfS approved forecasts, which were being used as the basis for bank covenant performance. The banks recognised that the impact of Covid-19 could not be absorbed in one year. Current trajectory was entirely consistent with those forecasts, although concerns had to be resolved regarding current operating performance referred to in Report O022 at item 9. of the agenda.

The Assistant Director of Finance [Financial Accounting] said that the Financial Statements were subject to the External Auditor's review of the going concern basis. This would follow the External Auditor's review of the financial forecasts, but no material issues were anticipated. An update would be provided to the Audit Committee on 8 November 2021. The external audit had gone very well. An increase in income had partly been due to an increase in partnership delivery, with new significant partners. This led to an associated 75% increase in expenditure provided to the partner. New provisions had been included for Rochester House dilapidations and impairment charges with consequent successful discussions with the External Auditor regarding justification for those decisions. There had been one post-balance sheet event: disclosure of the impact of a 2020 re-evaluation by USS, a non-adjusting provision of £1.5m, a significant increase in the current provision of £577k, which would be included in the Financial Statements for the next academic year. Significant capital grants, which had been held as creditors on the balance sheet, had also been released. Overall, the Financial Statements had come in on budget.

The Assistant Director of Finance [Financial Accounting] also said that the University's accounting policies had been updated to reflect current practice regarding infrastructure asset componentisation and depreciation of minor works.

**NOTED**

**RESOLVED**

That the University's consolidated Financial Statements be recommended for approval by the Governing Body.

That payment of £1.5m be distributed amongst eligible staff as a staff recognition be approved, with the means of payment to be further discussed at the JNCC, to be reported to the Governing Body meeting on 23 November 2021 for final approval.

That the amended accounting policy number 11, Tangible Assets as highlighted in Report O019 be approved.

**ii. Medco (CCCU) Limited, trading as Unitemps, Financial Statements [Report O020]**

The Assistant Director of Finance [Financial Accounting] said that Medco had had a challenging year due to Covid-19, generating a loss of £38k in 2020/21. A clean external audit had been secured. The Annual Financial Statements would be considered by the Medco board and signed at the same time as the University's Annual Financial Statements at the Governing Body meeting on 23 November 2021.

**NOTED**

**43. Financial Regulations Update [Report O021]**

The Finance and Resources Committee considered a report [Report O021] by the Assistant Director of Finance [Financial Accounting]. Particular changes in the update included: the addition of the Head of Procurement and the Finance Systems Manager as bank signatories; changes to the bank contacts to reflect a new commercial banking online system; and the introduction of a two-tier group for the final authorisation and approval of BACs payments. It was clarified that under the two-tier group approval, most payments required more than two approval steps, with subsequent bank signatory approval required after initial approval by the payment supervisor.

**RESOLVED**

That the updated Financial Regulations be approved.

**44. Report on the University's Financial Position for the two-month period to 30 September 2021 [Report O022] [Item 9]**

The Finance and Resources Committee considered a report [Report O022] by the CFO.

As had been agreed by the Governing Body at its June meeting, the CFO advised that the approved budget of £157m in terms of income had assumed cohort continuations with partner institutions already in train. The potential for further income growth with Global Banking School, London School of Commerce and Elizabeth School had not been included in the approved budget as agreements on

future cohorts had not been concluded. The partnership income budget would be re-visited now that those agreements had been executed, which would include significantly higher income from increased partnership student numbers. The September financial results only reflected those courses that had been running in August and September, but a number of partnership courses were scheduled to commence after the end of September. Directly delivered student numbers had fallen considerably short of target.

The student registration period had been extended and had closed on 29 October 2021. The final position on student numbers would be reported to the Governing Body on 23 November 2021.

There would be a shortfall of income on directly delivered activity ameliorated by increased partnership income. The full financial impact was being developed in the context of revised student numbers and projections, and would be included in the October financial results and full year forecast.

Provision had been made in the budget for a £7m income shortfall and it was not anticipated that the University would be in a position where the revised forecast budget would be worse than budget.

There is though a risk that, if all the provision was required to be used against recruitment and returning student numbers, there would be no contingency in respect of potential further in year Covid-19 impact (for instance, tuition fee refunds or additional attrition than had been assumed).

In the context of lower than forecast student numbers, SMT had been re-validating workforce requests. A number of committed posts that had been conditional upon student numbers were being reviewed along with SMT income streams and non-pay discretionary and non-discretionary expenditure. Discretionary non-pay costs were difficult to forecast as the pattern of spend in the past two years had been affected by the Covid impact and lockdown; there had not been a typical year since 2018/19.

Initial allocations had been undertaken, with £2.5m set aside for enabling activities to allow the University to respond to future opportunities in the market, for instance in respect of innovation. £1.25m remained in the budget for staff severance.

Vacancies in established positions had contributed to a favourable staff costs' variance of £1m for the first two months. The first quarter's financial results would therefore be key to providing a clearer position and used as a re-base of this year's budget to inform five-year financial forecasts expected to be submitted to the OfS in January 2022. A key consideration was whether the student numbers intake for this year was a blip or a systemic re-set.

The Chair of the Finance and Resources Committee asked about the financial potential impact of a '*Winter of Discontent*'. The CFO said that the first impact would be on student accommodation, with a potential requirement for refunds; tuition fees could also be affected, but blended learning should mitigate any negative impact on the student experience; interrupts and withdrawals could also be higher than forecast. The total income impact would be estimated at a circa £1m to £1.5m reduction.

The Chair of the Governing Body asked about the impact of non-registration of continuing students in the current academic year. The CFO said that tuition fees in

the September results reflected those students who had been registered with invoices due. Every student registration had been captured as at 30 September 2021; any pending registration after that date had not been included. The financial impact of later registrations would be reflected in the October financial results.

The Chair of the Governing Body asked the CFO about the adequacy of budget provisions and in particular were there likely to be any unforeseen costs to be taken into account. The CFO said that all provisions that had been anticipated were included. Regarding MOSI, a dialogue was underway about justification for continuing to capitalise staff costs in relation to the development of the intangible software asset. However, in cash terms, MOSI had been fully budgeted .

A member of the Committee asked about whether extra energy could be committed to motivate and inspire weaker performers, including under-performing BAME students, to re-register? The Deputy Vice-Chancellor said that the student dashboard provided a sense of student engagement and pro-active administrative and academic engagement was happening as a result. The impact of the dashboard last year had been quite significant in that students had been retained to a greater extent to previously. Data about interrupting and returning students was also being much more proactively managed. Continuing activity in this regard would be undertaken.

A member of the Committee asked whether investment in student accommodation had been put back on track post Covid-19. The Director of Estates and Facilities said that maintenance had to be focussed upon in context of the overall estate. An allocation of £350,000 within the capital programme had been agreed in terms of student accommodation maintenance. The performance of the work was a timing issue. It was intended to undertake that work over the summer period to minimise disruption to students. The focus was on poorer standard accommodation and failing equipment such as boilers. In total £0.5m was planned to be spent on student accommodation matters. There was still some way to go to catch up with pre-Covid 19 planned works, but it represented a manageable way forward.

## NOTED

### 45. **Modernising Our Student Information (MOSI) Update [Report O023] [Item 10]**

The Finance and Resources Committee considered a report [Report O023] by the Director of Digital Strategy and IT about the MOSI update.

The Vice-Chancellor introduced the Report. When the decision had been taken at the end of the last academic year not to go live with phase 2 of the new SITs Student Record System, (phase 1, admissions had gone live in 2019), the priority had been to ensure registration and re-registration could be run in August and September 2021. This had been as smooth as it could have been to support the student journey, lessons having been learned from September 2020 registration. Staff effort in August and September 2021 had been completely focussed on registration. The Director of Digital Strategy and IT had assumed the position of Senior Responsible Officer for MOSI. A new MOSI Project Manager had been appointed. An oversight and scrutiny board had been established, (chaired by the Vice-Chancellor) and included the Deputy Vice-Chancellor, independent Governor Ms Harding, the Student Governor and an external representative from the University of the Arts London. It had been decided to adopt a fresh approach to the next project delivery stage.

The Director of Digital Strategy and IT said that progress against the original project scope and timeline had been established, with an assessment of how risk to the University could be reduced. The original approach had been based on SITs functionality workstreams. That had been replaced with points required to enhance the student journey and bring forward smaller deliverables of functionality for staff to start to use the system to create registration foundational data, particularly regarding the curriculum. User testing could be carried out in manageable preparatory chunks and staff trained accordingly for 2022/23 registration, meaning that the system would be used in earnest before then. Notwithstanding, considerable work remained to be undertaken. Additional information had to be inserted on planning regarding testing and training phases to ensure all staff knew when training would be undertaken. Planning regarding data migration, a big risk that had mainly resulted in the no-go live decision, would be considered in detail with a view to bringing it forward to take place much earlier than had been previously planned. A full data migration plan, including cut-over and roll-over, would be established, together with a post go-live standard operating model. Retrospective work regarding how to support admissions, which was already live, would also be undertaken because of impact resource risk. The budget request had been proposed on a worst-case scenario, but a risk existed regarding retention of contracted development resources.

The Chair of the Governing Body said that the incremental implementation approach was appreciated, but why had it been decided not to use SITs on a dual basis with existing registrations also being entered on SITs during the year and QL, with 2022/23 registrations taking place entirely on SITs? The Director of Digital Strategy and IT said that the student record system was the University's 'single point of truth'. A dual approach would result in duplicate points of truth, which would result in significant complexity in terms of system integrations, creating extra workload. Dual registration elsewhere at other universities had not gone well but had created student experience risk.

Ms Harding said that it was proposed to migrate data into a new user acceptance test environment which would mean growing the new solution 'under the covers' alongside the existing records system, thereby mitigating the risk of the 'new world'. Students would be invited to validate the experience within that user acceptance test environment but 'confidence pre-milestones' and milestones for the re-launch in July 2022 were expected to include data migration activity to build the underlying database of the majority of the data for students well in advance of July 2022. The core of that data would exist in advance of then, with data being built and accumulated beforehand. There was also an option to launch early, but for a smaller group. Confidence markers would be used during the whole year to assess progress. All minor releases were live and being used by the University; ahead of the major functionality release, incremental milestones would be built out to grow that solution to be tracked monthly. This would build confidence.

The CFO said HESA returns had to be derived from one records system, QL or SITs. Particular software had to be used to convert data from the University's own student record format to the files required by HESA. The Audit Committee was very concerned with student data quality. HESA returns generation, which was not a straightforward process, was not something that the University was doing particularly well due to systemic data issues. The CFO said that it was not clear whether a dual system could be deployed.

The Director of Digital Strategy and IT said that consideration regarding bringing deliverables forward where possible had included opening registration for returning students earlier than previously planned.

Another member of the Committee asked whether any further additional capital funding would be sought in due course for the project? In response, the Director of Digital Strategy and IT said that further unplanned additional costs would be balanced out by reduced expenditure elsewhere in the budget.

The Committee Chair asked about the biggest project risk. In response, the Director of Digital Strategy and IT said that the biggest risk concerned irreplaceable resources, meaning that it was important to secure the additional proposed budget. The CFO commented that an option to pay a quality-based final delivery retention bonus had been considered.

The Chair of the Committee thanked Ms Harding for the contributions that had been made to the project. The Director of Digital Strategy and IT was also thanked for the update report.

**NOTED**

**RESOLVED**

The budget requirements set out in Report O023 to support the continued delivery of the MOSI programme be approved.

**46. Information Technology Development Update [Report O024] [Item 11]**

The Finance and Resources Committee considered a report [Report O024] by the Director of Digital Strategy and IT, providing an Information Technology Development Update.

The Director of Digital Strategy and IT presented the Report. There had been no major incidents in the last period and no external data breaches. There had been one externally reported internal data breach under investigation. Cyber security remained a high priority sectoral risk. Multi-factor authentication was in place, and end point assessment had been carried out on IT equipment. In terms of capital spend, close work was being undertaken with the CFO and IT Strategy and Planning Group advisory sub-groups to review all capital requests this year to ensure correct priority spend and ensure appropriate student journey change without impact on other current projects. Service delivery focus had been on student registrations when the IT service desk and the iZone had contributed to an innovative multi-disciplinary team to support the registration period, which would be an approach to be embedded in the future. A consultant had also been engaged to advise upon future strategy about service management.

**Action: Future IT updates to include the value (for example, to students or staff) of the outcome of activities undertaken.**

The Committee Chair asked about the biggest IT risk. The Director of Digital Strategy and IT said in response that currently this had to be cyber security. A number of high-profile sectoral attacks had recently taken down systems and caused significant data breaches.

**NOTED**



**47. The Finance and Resources Committee considered a report by the Chief Executive Officer, Students' Union, about the Students' Union 2020/21 Financial Statements and 2021/22 update [Report O025] [Item 12]**

The Chief Executive, Students' Union, introduced the Report. Financial performance of the Students' Union had been largely as expected year-to-date, with an overall actual surplus (£15,930). The positive variance had been the result of a combination of salary on-cost savings (pensions), vacant staff positions which had now been filled, and a reversal of holiday accrual at year end.

There had been no issues or formal recommendations arising from annual audit. In terms of finances: the 2020/21 annual accounts confirmed a surplus for the year of £84,385. Total reserves at year end had been £420,982. Designated funds (money held on behalf of sports clubs, societies, and other funds established for specific purposes) had contributed to the total reserves in the sum of £109,787; reserves net of designated funds had been £311,195.

In response to a question from the Committee, the Chief Executive Officer, Students' Union said that it was difficult to say whether the amount of financial reserves held by the Students' Union was comparable to those held by similar organisations as there was a variety of risk-profiles across the sector. The Students' Union's reserves policy had been recently updated, with the reserves target remaining unchanged (15% of grant income). Subject to master planning review, consideration was being given to ring fencing £150,000 reserve funds to support the Students' Union's return to Campus

The Committee Chair thanked the Chief Executive Officer of the Students' Union for the update report.

**NOTED**

**48. Estate Development Update (including Estate Master Plan) [Report O026] [Item 13]**

The Finance and Resources Committee considered a report [Report O026] by the Director of Estates and Facilities, providing an Estate Development Update (including Estate Master Plan).

The Director of Estates and Facilities presented the Report. Student and staff feedback regarding the Verena Holmes Building had been entirely strong and positive. The management of the Building and user group feedback structures had been working very well. The Building had been proposed for a Times Higher Education Award. The University's Estates and Facilities team had been shortlisted in the Outstanding Estates Team category in respect of the delivery of the Verena Holmes Building throughout the Covid-19 pandemic.

[A separate confidential minute has been recorded regarding restricted matters.]

**Action: Update to be provided at the next meeting of the Committee regarding the University's refreshed Estate Master Plan**

The Director of Estates and Facilities was thanked by the Committee Chair for the Estate Development Update.

**NOTED**

**49. HR&OD Development Update [Report O027] [Item 14]**

The Finance and Resources Committee considered a report [Report O027] by the Director of Human Resources and Organisational Development providing an HR&OD Development Update.

The Director of Human Resources and Organisational Development presented the Report. Of particular note had been the first Christ Church Staff Recognition Awards, which had generated a fantastic response from across the University and it was planned to build on this each year with a focus for 2022 on the University's Diamond Jubilee. Key projects regarding workload planning and Positive Performance Conversations had been continuing, both of which were extremely important to the ongoing performance and financial operating context. A new Head of EDI and Engagement had been appointed. A series of EDI knowledge and skills development workshops were underway (a mixture on in-house and externally facilitated sessions) to continue to raise awareness across all areas of the University, including aspects related to academic practice in support of the *Closing Our Gap* initiative.

**Action: Consideration be given by Chairs Committee for potential Governor staff recognition**

The Director of Human Resources and Organisational Development was thanked by the Committee Chair for the HR&OD update.

**NOTED**

**50. Changes to TRAC Approval Arrangements [Report O028] [Item 15]**

The Finance and Resources Committee noted a report [Report O028] by the Assistant Director of Finance [Financial Accounting] regarding changes to TRAC Approval Arrangements.

**NOTED**

**51. Accounting Conventions Update [Report O029] [Item 16]**

The Finance and Resources Committee noted a report [Report O029] by the Assistant Director of Finance [Financial Accounting] regarding Accounting Conventions Update.

**NOTED**

**52. Unitemps: Minutes (unapproved) of Medco (CCCU) Limited Board meeting held on 3 June 2021 [Report O030] [Item 17]**

The Committee noted the Report Unitemps: Minutes (unapproved) of Medco (CCCU) Limited Board meeting held on 3 June 2021.

**NOTED**

**53. Any Other Business [Item 18]**

There was no any other business except that in advance of the retirement of the Deputy Vice-Chancellor, Professor James was thanked in respect of invaluable contributions to the Finance and Resources Committee.

**54. Confidentiality [Item 19]**

**RESOLVED**

Commercially sensitive matters in minute 48 should be kept confidential and recorded separately in restricted form. There were no other matters to be kept confidential from published minutes once approved.

**55. Date of next meeting [Item 20]**

The date of the next meeting was confirmed as 2 March 2022 at 9.30am.