

Minutes of the Meeting of the Cardiff University Finance and Resources Committee held on Tuesday 10 November 2020 at 10.00 via videoconference

Present: Alastair Gibbons (Chair), Professor Colin Riordan, Dr Carol Bell (minutes 682-690), Hannah Doe, Tomos Evans, Professor Kim Graham, Professor Karen Holford, Jan Juillerat, Professor Stuart Palmer and John Shakeshaft.

Attendees: Dev Biddlecombe (minutes 682-690), Ms Katy Dale (Minutes), Rashi Jain, Alison Jarvis, Chris Jones, Sue Midha, Claire Morgan (minute 703), Daniel Palmer (minute 698), Melanie Rimmer, Claire Sanders, Professor Ian Weeks (minute 705) and Rob Williams.

Apologies: Dr Steven Luke.

682 Welcome

The Chair welcomed all to the meeting, including Chris Jones and Melanie Rimmer who were observing the meeting.

683 Apologies for Absence

Apologies were provided by Dr Steven Luke.

684 Minutes of Previous Meeting

The minutes of the meeting held on 30 June 2020 (19/829C) were confirmed as a true and accurate record and were approved to be signed by the Chair.

685 Matters Arising

Noted

685.1 that an updated on possible clawback on the Students' Union Block Grant would be covered under minute 698;

685.2 that an update on the Estates Strategy was planned to be brought to Council in July 2021.

686 Declaration of Interests

The Chair reminded the Committee members of their duty to disclose any potential conflicts of interest and asked if there were any declarations.

Noted

686.1 the Students' Union President and Vice-President Education declared an interest in relation to agenda item 17 (Students' Union Budget 2020/21);

686.2 Dr Carol Bell had recently been appointed to the board of Research England;

686.3 that Jan Juillerat declared an interest in relation to agenda item 21 (Annual People Management Report) due to being an associate of Advance HE and Trustee of CRAC (Careers Research and Advisory Centre), both of which were referenced in the paper.

687 Constitution and Membership 2020-21

Received and considered paper 20/167, 'Constitution and Membership'. The Chair introduced the paper.

Noted

- 687.1 that an amendment is proposed to section 2.19; the text relating to thresholds should be amended from "University Executive Board" to "Vice-Chancellor (following recommendation from University Executive Board)" due to UEB being an advisory body to the Vice-Chancellor.

Resolved

- 687.2 to approve the amendment proposed to section 2.19 of the Terms of Reference.

688 Report from the Vice-Chancellor

Received and considered paper 20/168, 'Vice-Chancellor's Report to FRC'. The Vice-Chancellor introduced the paper.

Noted

- 688.1 that there had been improvements to the reported student numbers in Appendix A; international undergraduate figures (IUG) had moved to 64% (from 49% reported) and international postgraduate taught (PGT) had moved to 51% (from 21% reported);

- 688.2 there also remained a number of PGT programmes due to commence later in the month, and so a further increase in these figures was expected;

- 688.3 that a number of international students (both UG & PGT) had applied for remote study; it was therefore expected there would further progress in international student figures as these were approved;

- 688.4 that it was expected the increase in international student numbers would result in a positive improvement on the budget; however, it was important to emphasise the following factors that would impact on possible improvements:

- .1 that the figures recorded those who had registered at the University, as opposed to those who had commenced fee payments;
- .2 that there remained uncertainty over possible pressure for fee refunds;
- .3 that there remained uncertainty over possible future lockdowns and possible restrictions around the return of students to campuses in January 2021;

- 688.5 there were further costs pressures in some areas due to the increased requirements for provision of teaching and to ensure COVID-19 preparedness and this would also impact on the budget;

- 688.6 that given the ongoing changes in student numbers, it was proposed a further meeting of this committee is held in December 2020 to sign off the final budget, following delegation of authority from Council;

688.7 that it was important to ensure the financial impacts on future years is considered, to ensure ongoing sustainability in decisions made at this time;

688.8 that Professor Kim Graham and her team were commended for the large amount of research income achieved and the positive future predictions; the committee were reminded of the ongoing uncertainty over the impact of COVID-19 restrictions on future research grant provision.

Resolved

688.9 for a further meeting of the Committee to be scheduled for December 2020.

689 COVID-19 Update

Received and considered paper 20/169HC, 'COVID-19 Briefing'. The Vice-Chancellor introduced the paper.

Noted

689.1 [Redacted]

689.2 [Redacted]

689.3 [Redacted]

689.4 [Redacted]

689.5 [Redacted]

690 Financial Budget 2020/21 and Financial Projections 2021-23

Received and considered paper 20/170HC, 'Financial Budget 2020'21 and Financial Projections 2021-23'. Rob Williams introduced the paper.

Noted

690.1 [Redacted]

690.2 [Redacted]

690.3 [Redacted]

690.4 [Redacted]

690.5 [Redacted]

690.6 [Redacted]

690.7 [Redacted]

690.8 [Redacted]

690.9 [Redacted]

690.10 [Redacted]

690.11 [Redacted]

690.12 [Redacted]

690.13 [Redacted]

690.14 [Redacted]

690.15 [Redacted]

690.16 [Redacted]

690.17 [Redacted]

Resolved

690.18 to clarify the cashflow position within the paper ahead of issue to Council.

691 Finance Report (Financial Management Accounts)

Received and considered paper 20/171C, 'Financial Report'. Alison Jarvis introduced the paper.

Noted

691.1 that this paper had been based upon the previous estimated deficit of £67m and would be updated once the budget had been approved;

691.2 [Redacted]

691.3 that the University was continuing to use bond funds to support its operating cash flow and was working hard to avoid this going forward.

692 Judgements for the Financial Statements for the Year Ended 31 July 2020

Received and considered paper 20/172C, 'Judgements for the Financial Statements for the year ended 31 July 2020'. Rob Williams introduced the paper.

Noted

692.1 that the key judgments related to pension liability and going concern;

692.2 that the application of actuarial valuations for pension funds formed a large part of the judgements, relating to both the national USS scheme and the local CUPF scheme;

692.2 that other items of note included the increased amount of holiday allowance staff could carry into the next year (and the associated increase in accrual) and debts from students for the previous academic year.

693 Going Concern Review 2020/21 and 2021/22

Received and considered paper 20/175C, 'Going Concern Review 2020/21 and 2021/22'. Rob Williams and Alison Jarvis introduced the paper.

Noted

693.1 that this paper had already been scrutinised by the Audit & Risk Committee and the external auditors (PwC);

- 693.1 that the paper related to the accounting assumption that year end accounts are created on a going concern basis; the auditors must be comfortable there are funds available to ensure the University can meet its obligations for the following 12 months in order to sign off the year end accounts;
- 693.1 this also has an impact on the University's credit rating and ability to borrow money;
- 693.1 that the paper highlighted the University's long-term investments would be utilised over the next two years and the University was therefore aiming to deliver an operating cash surplus to avoid depletion of these reserves; the paper detailed a number of actions already undertaken by the University to address this;
- 693.1 that management was of the view the University has sufficient funds available to December 2021 for the University's financial statements to be prepared on a going concern basis;
- 693.1 that the University was progressing a Revolving Credit Facility (RCF) to address the cashflow issue and was in discussions on a possible bond tap to provide money for investment in the Heath Park site.

Resolved

- 693.1 that the last paragraph of section five should be reworded to read: "the impact of the above initiatives will result in a return to an operating surplus by 2022/23 which will see a positive outcome for cash and replenishment of our longer-term investments."

694 Reconciliation of the Forecast Outturn Vs Statements Year End 31 July 2020

Received and considered paper 20/173C, 'Reconciliation of the Financial Statements to Forecast 2019'20'. Alison Jarvis introduced the paper.

Resolved

- 694.1 for further information on the variance in premises expenditure and write off of assets under construction to be brought to the next meeting of this.

695 Draft Annual Report and Financial Statements for 2019-2020

Received and noted paper 20/174C, 'Draft Annual Report & Financial Statements'. Rob Williams introduced the paper.

696 Capital Investment Plan Update

Received and considered paper 20/176C, 'Capital Investment Plan Update'. Rob Williams introduced the paper.

Noted

- 696.1 that the University continued to progress its contractual commitments to five key projects and the rest remained on hold.

697 Amendment to Deed in relation To CSC

Rob Williams provided a verbal update.

Noted

- 697.1 that the University had entered into a joint venture with IQE and agreed a five-year shareholder agreement which had ended in Summer 2020;
- 697.2 that discussions were being held to progress a deed of variation for the joint venture; this would include an agreement that shareholders would fund any shortfall in operating cash until March 2022, although the venture was predicted to be cash generative throughout the period;
- 697.3 that there was also a need to carry out maintenance on a number of reactors to ensure they remain operational and meet the required standards; to provide the investment for this, a valuation of the reactors had been undertaken and it was proposed to dispose of a reactor to IQE, with the possibility to dispose of a further four;
- 697.4 that a further update would be brought to the committee.

Resolved

- 697.5 to approve the Vice-Chancellor and Chief Financial Officer continue discussions on the deed of variation.

698 Students' Union Budget 2020/21

Received and considered paper 20/177C, 'Students' Union Budget 2020'21'. Daniel Palmer introduced the paper.

Noted

- 698.1 that the annual accounts for the Students' Union would not be presented at this meeting, due to continuing furloughing of staff and the change in the auditing date to November; these would be brought to the meeting in January 2021;
- 698.2 [Redacted]
- 698.3 that the deficit can be met from reserves and does not exceed the amount allowed to be used from reserves;
- 698.4 that it was predicted a small cash surplus would be reported for the 19/20 year; this was due to most of the trading budget being met during the first part of the academic year;
- 698.5 that the Students' Union continued to access the government furlough scheme and expected to continue to use this until March 2021;
- 698.6 [Redacted]
- 698.7 that the Students' Union did not anticipate any cashflow issues during the 20/21 year;
- 698.8 that the Students' Union was congratulated on their work during the unprecedented circumstances.

Resolved

- 698.9 to approve the Students' Union Budget 2020/21.

699 Report from the Estates and Infrastructure Sub-Committee

Received and considered papers 20/178C, 'Report from Chair of Estates & Infrastructure Sub-Committee', 20/179C 'EISC Terms of Reference', 20/180C 'Llanrumney Business Case' and 20/181C 'Cardiff Innovation Campus Update'. The Chair, Rob Williams and Professor Karen Holford introduced the papers.

Update to EISC Terms of Reference (20/179C)

Resolved

- 699.1 to approve the revised Terms of Reference for the Estates & Infrastructure Sub-Committee.

Llanrumney Business Case (20/180C)

- 699.2 that Llanrumney formed one of the three main sporting sites of the campus and was prone to flooding;
- 699.3 that Cardiff Council was looking to improve the conditions for the local community on their adjacent pitches and Cardiff City Football Club was looking to develop their academy on a new site; the business case therefore proposed an agreement between the three institutions to share the land;
- 699.4 the University would benefit from gaining three new all-weather pitches in exchange for leasing land on site;
- 699.5 that the Estates & Infrastructure Sub-Committee had suggested the redevelopment of the hockey pitch is undertaken with other initial redevelopment works and this was being discussed;
- 699.6 that the Chair of Estates & Infrastructure Sub-Committee had met with the Director of Estates and Deputy Director of Estates & Campus Facilities to resolve the outstanding issues raised by the Committee.

Resolved

- 699.7 to endorse the Llanrumney Business Case is approved by Council.

Cardiff Innovation Campus update (20/181C)

- 699.8 that the paper provided detail of two compensation events arising due to COVID-19 restrictions;
- 699.9 [Redacted]
- 699.10 [Redacted]
- 699.11 that there would be a possibility to claw back from the second event, should actual figures be less than those estimated;
- 699.12 that the financial reporting within the paper had been updated in line with the recommendations of the ARUP review;
- 699.13 that the contractor continued to work well with the University.

Resolved

- 699.14 to endorse the requested drawdowns for the CIC project are approved by Council;

699.15 for an update on the revised completion date to be provided to Council.

700 Report from Investment and Banking Sub-Committee

Received and considered papers 20/182C, 'Report from Chair of Investment & Banking Sub-Committee', 20/183C 'IBSC Terms of Reference' and 20/184C 'Annual Treasury Management Report'. Dr Carol Bell introduced the papers.

Noted

Update to IBSC Terms of Reference (20/183C)

Resolved

700.1 to approve the revised Terms of Reference for the Investment & Banking Sub-Committee.

Annual Treasury Management Report (20/184C)

Resolved

700.2 to endorse the Annual Treasury Management Report is approved by Council.

701 UEB Decisions Made Under Delegated Authority

Received and noted paper 20/185C, 'UEB Decisions made Under Delegated authority'.

702 Annual People Report

Received and considered paper 20/186C, 'Annual People Management Report'. Susan Midha introduced the paper.

Noted

702.1 that the report covered data up until the 31st July 2020;

702.2 that in light of the circumstances this year and the difficulty with reviewing benchmarks and trends in the data, the format of the report had been amended to contain narrative at the start and data at the end;

702.3 that a draft revised People Strategy had been included as an appendix, in line with the Recast Way Forward and the current challenges; this was a very early draft and had not yet been widely consulted on;

702.4 the establishment profile had also been included as an appendix;

702.5 that the content of training had been reviewed to ensure it was applicable to the revised ways of working;

702.6 the team were working to build confidence of managers to deliver outputs remotely and encouraging frequent conversations with their team; this was helping to rapidly modernise ways of working;

702.7 that it would be of benefit to include KPIs around student satisfaction and staff costs in future reports;

702.8 that it may be helpful to note that a sustainable workforce should involve an aim for continuous improvement.

703 Widening Participation Strategy

Received and considered paper 20/187C, 'Widening Participation Strategy'. Claire Morgan introduced the paper.

Noted

703.1 that the paper proposed an updated strategy for 2020-2025 which replaced the Widening Access & Retention Strategy implemented in 2016;

703.2 that a strategy group had been established to draft the strategy and consult with stakeholders; this included students, staff, external groups and HEFCW;

703.3 that the proposed strategy shifted its main focus from recruitment of students (which the University was doing well in) to ensure students are successful during their time studying and after they graduate;

703.4 that some minor amendments needed to be made in relation to feedback from students and to align with the proposed Welsh Language Strategy;

703.5 that following approval, the Strategy Group would become a Delivery Group to deliver the implementation plan;

703.6 that the Students' Union President expressed thanks for engaging and involving students with developing the strategy;

703.7 that the University was reviewing how the government funding for student support would be spent and would look to align the strategy with this.

Resolved

703.8 to endorse the Widening Participation Strategy is approved by Council.

704 Pensions Update

Rob Williams provided a verbal update.

Noted

704.1 that the University had responded to the USS consultation on the 2020 valuation (technical provisions) and was awaiting the outcomes of the employer contributions from this consultation; there would then be formal discussions between unions and employers next year for formal consultation and to secure outcomes;

704.2 that the valuation on the local scheme (CUPF) had concluded and informal discussions were being held on proposed changes to a defined contribution or hybrid scheme for new members.

705 COVID-19 Screening Service Funding Position

Received and considered paper 20/188C, 'COVID-19 Screening Service Funding Position'. Professor Ian Weeks introduced the paper.

Noted

- 705.1 that colleagues had worked hard to launch the testing service in October and it was performing well, with over 6000 tests carried out;
- 705.2 that since October, there had been a decline in the number of positive tests results which indicated the investments to create a secure campus had worked;
- 705.3 that the paper requested approval and funding for Stage 3 of the testing service which would allow it to run to July 2021; it was expected to be needed until this time, even if a vaccine was approved and released, given the time to roll out the vaccine process;
- 705.4 that the current budget included costs for the service to run until Easter;
- 705.5 that the positive outcomes of the testing service were being shared with local media, international students and via international social media.

Resolved

- 705.6 to approve Stage 3 funding of £1.26M to operate the screening service to the end of July 2021.

706 Any Other Business

Noted

- 706.1 that the Welsh Government had decided to cancel GCSE and A-Level exams for the 20/21 academic year and it was yet to be seen whether the English Government would take a similar decision.

707 Agenda for Next Meeting

Received and noted paper 20/189, 'Agenda of next meeting'.