

Approved Minutes

Present

Graham Raikes, MBE	Independent Governor, Chair of the Board	GR
Prof Claire Taylor	Vice-Chancellor	CT
Kate Doodson	Independent Governor	KDo
Duncan Swift	Independent Governor	DS
Mark Llewellyn	Co-opted Board Member	ML

In attendance

Prof Michelle Jones	Deputy Vice-Chancellor & Provost	MJ
Stephen Plant	University Secretary & Registrar	SP
Kevin Dixon	Assistant Director of Finance	KD
Lucy Pengelly	Executive Director People & Culture	LP
Laura Wallis	Academic Staff Governor	LW
Alex de Tisi	Senior Executive Officer (note taker)	ADT

1. Welcome, Apologies & Declaration of Conflicts of Interests

- 1.1 Chair of the Board, Graham Raikes, and acting chair of this meeting, welcomed members to the meeting and noted apologies from Prof Patricia Hind (Committee Chair), Reena Bajaj and Katherine George.

2. Context

- 2.1 CT introduced the agenda, noting the focus on three main areas: financial updates for 2023-24, budget planning for 2024-25, and progress on the Health & Wellbeing Hub construction.
- 2.2 CT reminded committee members that at the March F&R Committee meeting the draft mid-year forecast had been presented. At that point the team were working through some financial data queries and identifying immediate savings required.
- 2.3 CT explained that this meeting was presenting the finalised mid-year forecast and focusing on actions required to reduce the deficit. The Executive Team are asking F&R members to confirm support for the outlined approach and the actions being taken to achieve the necessary savings of £2.3m required.
- 2.4 Cash flow is also being closely monitored and the university is working within the bank covenant requirements.
- 2.5 In parallel with driving the work to save the £2m+ savings in-year, the budget is being built for 2024-25 and again the Executive Team are looking for F&R to confirm support for the approach and timeline set out in agenda item 4. The target is to bring the final budget proposal to the June 2024 F&R meeting.

3. Forecast, Budget & Savings 2024

- 3.1 The paper, presented by KD, highlighted the dual purpose of forecasts: planning and control. KD outlined expenditure categories and cash flow management, stressing the importance of consistency in information shared with the bank, Executive Team, and Board.
- 3.2 The plan is to make a 50% saving on the £4m deficit to the Non-staff expenditure (NSE) budget. This is in addition to ongoing strict controls related to staff vacancies (through

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Workforce Development Group) and a freeze on all non-essential spend related to travel, subsistence and staff development.

- 3.3 KD updated committee members on the relationship with the Barclays Bank manager and how this relationship is being carefully managed going forward, with regular 6 weekly meetings between KD and the Bank Manager.
- 3.4 DS noted there has been clear action taken by ELT thus far. DS outlined that the Bank may well conduct an independent credit review and secondly, they may ask if an interim manager is required to assist with the current situation and suggested that ELT should be proactive in this respect
- 3.5 Questions were raised around budget managers reactions to this request to stop spend and action required. It was noted that although budget managers feel this will be a difficult situation to manage, collectively all are understanding of the university's position and are supportive of the Executive Team on achieving the savings target. Budget holders have been given a clear cascade brief to manage the savings.
- 3.6 Updates on progress, including meetings with budget holders, were discussed, with a focus on achieving a 50% reduction in the Non-staff expenditure budget deficit.
- 3.7 Concerns were raised by DS about marketing spend.
- 3.8 ML noted that a small institution like Marjon needs significant marketing spend to support student recruitment and support financial sustainability.
- 3.9 GR added that the principle to look at marketing spend is right but equally noted the need for spend in this area. GR confirmed that it was for the Vice-Chancellor to operationally consider the need for additional interim management support.
ACTION: ELT to continue to review all spend areas.
- 3.10 The committee discussed reporting mechanisms and KDo asked if the timeline and list of actions could be shared with F&R more regularly and in a more detailed way, for example a shared tracker noting the status of actions and tasks. She thanked KD for the paper.
ACTION: ELT to create a Finance Dashboard to be shared with F&R fortnightly that logs the timeline and status of actions outlined.
- 3.11 KDo asked about the communication plan to support this project in relation to supplier communications and external stakeholders. It was confirmed that there have been communications constructed for staff to use when speaking to suppliers and to internal budget holders. **ACTION:** KW to review communication plans
- 3.12 DS added that F&R, and the wider Board must provide enough support to ELT throughout this process.
- 3.13 *F&R Members confirmed the revised 2023/24 Mid-Year (end January 2024) Budget and Forecast and confirmed support of the approach and actions being taken by ELT to reduce the 2023/24 deficit by year end.*

4. Budget 2024-25

- 4.1 The committee received the attached report. CT confirmed that ELT were seeking members support for the approach and timeline to building the 2024-25 budget.
- 4.2 The final budget, including cashflow assurance, is targeted for presentation at the F&R meeting on 26 June. The committee was assured that there have been no additional queries from the OfS since submitting the AFR in February.

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- 4.3 Key points in the report were discussed, including the importance of reviewing staff and student ratios to align with operational needs. MJ emphasised the significance of using student population data as the primary source of information. Changes to forecasting methodologies were explained, focusing on more realistic enrolment projections and retention rates at the school level.
- 4.4 CT thanked MJ for the work undertaken on this revised approach. This is a prudent method going forward to ensure financial resilience.
- 4.5 Chartwells' position was acknowledged.
- 4.6 It was noted that all medium/longer term actions highlighted are aligned with the Marjon 2030 strategy and its four key cross-cutting themes of people, Digital, Partnerships and Operating Sustainably. The more significant aspects of work highlighted as longer term actions (for example around the estate and asset management) are in the process of being packaged as discrete projects that will require additional advice and/or consultancy support.
- 4.7 GR thanked MJ for the work undertaken on the revised student numbers forecast methodology. There has been a previous disconnect with unrealistic student number expectations.
- 4.8 The chair opened for questions. Discussions revolved around potential student growth, modest international student recruitment strategies (targeting approx. 10% of total student population), subsidiary companies and potential working with other Cathedrals Group universities for shared services in relation to this, data quality, and alternative income sources.
- 4.9 Additionally, there were questions and suggestions around benchmarking against other universities and implementing tools to assess financial sustainability and turnaround strategies. Reviewing contracts and exploring additional revenue streams were also mentioned as ways to improve financial resilience. MJ outlines that the OfS hosts a publicly available dashboard related to student metrics, including retention.
ACTION: ELT to consider a future presentation to F&R and/or Board related to OfS student metrics
- 4.10 DS noted that in relation to the forecasting it is helpful to have a chart showing if the university maintains a sustained period of deficiencies, at what point do reserves run out. DS suggested that such a model should run alongside the forecast, in order to aid ELT assess priorities to get that turnaround achieved.
ACTION: KD to consider incorporation of this model into the suite of available financial information
- 4.11 *The chair asked F&R to endorse the approach for 2024-25. The committee approved. F&R members confirmed support of the approach and timeline for building the 24/25 budget, taking note of the actions that have been taken to improve data quality and controls, and approving further plans for income generation and cost reduction for medium term (2024/25) and longer term (2025/26 onwards) impact.*
- 5. Health & Wellbeing Hub Update**
- 5.1 The attached report was received. MJ took the committee through the headlines.
- 5.2 The risks associated with the contract are highlighted on page 5 of the report.

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- 5.3 KDo confirmed that these risks were previously discussed in the Estates sub-committee. The committee questioned if these risks were factored into the cash flow projections. KD clarified that while the contract income is included in the cash flow projections, as it's a capitalised item, it will be depreciated and ringfenced.
- 5.4 MJ highlighted that going forward, there will be a precise breakdown of the monthly expenses for this project. The contract is set to commence in July with the first payment scheduled for August, allowing for adjustments if needed.
- 5.5 *F&R members approved this paper to proceed to award the main construction contract. Financial regulations require documented approval of the chair of the Board for contracts >£500,000 to be signed by Director of Finance, University Secretary and Registrar and Vice-Chancellor. This was process approved, with members agreeing that the chair of the Board should sign the contract, along with the above-named members of staff.*

Part B

6. Minutes of Previous Meeting M3 08.03.2024

- 6.1 The committee approved the minutes of the previous meeting as an accurate record.

7. Reserved Business - see Reserved Business minutes

8. AoB

- 8.1 An update on Marjon Tenancies was added for discussion. The committee received a brief verbal update on Marjon Tenancies, with SP expressing gratitude to DS.
- 8.2 It was explained that similar to the recognition of a bank loan, Marjon tenancies has been under review. Bishop Fleming have been instructed to oversee the voluntary liquidation of Marjon tenancies, which holds a surplus amount of money. Through liquidation, Bishop Fleming will assume the closure risks on the University's behalf to ensure appropriate payments and tax implications, providing a clean break from Marjon tenancies and freeing up approximately £100k. They aim to complete this process by April 30, 2024. SP assured F&R members that this process is underway.
- 8.3 DS mentioned that both SP and SA are directors of Marjon Tenancies and emphasised the importance of SA remaining as a director to facilitate the liquidation before April 30 2024.
- 8.4 *F&R approved this request.*
- 8.5 DS explained the liquidation process to the committee, expecting the funds by early June.
- 8.6 The chair flagged that a press release on this liquidation may be required in case of press interest.
ACTION: KW to develop relevant communications
- 8.7 The EO Board was discussed, with F&R recommending confirmation to the Board that the approach is sound. CT confirmed no new information or papers would be presented at the EO board meeting on April 22.

Close

In closing the meeting, the Chair noted that the university is well positioned to get these actions undertaken and thanked the committee members for their time today.

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Part C- supplementary information

The following report was received for information:

- Register of Interests